STATE OF NEW YORK

6566

2025-2026 Regular Sessions

IN ASSEMBLY

March 6, 2025

Introduced by M. of A. R. CARROLL -- read once and referred to the Committee on Ways and Means

AN ACT to amend the tax law, in relation to providing a sales tax exemption for certain low-carbon building materials

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. Short title. This act shall be known and may be cited as the "building embodied carbon breakthrough act".

§ 2. Legislative findings and purpose. 1. The legislature finds that reducing greenhouse gas emissions from the building sector is a critical component of the state's climate goals under the Climate Leadership and Community Protection Act.

2. The legislature further finds that embodied carbon in construction materials, such as cement, steel, and other building products, contributes significantly to overall emissions. Studies show that nearly half of emissions from new buildings between 2020 and 2050 will come from embodied carbon under a business-as-usual scenario (Carbon Neutral Buildings Roadmap, NYSERDA).

3. The concrete and steel industries alone account for over 20% of global industrial emissions, with cement production ranking among the largest industrial greenhouse gas emitters in New York state (Final Scoping Plan, NYS Climate Action Council).

4. In New York, 28% of annual building-related emissions are associated with the production of materials such as concrete, steel, aluminum, glass, and insulation (Final Scoping Plan, NYS Climate Action Council). However, specifying lower-carbon alternatives can reduce embodied carbon emissions by up to 33%, and material reuse strategies can achieve reductions of up to 80% (Carbon Neutral Buildings Roadmap, NYSERDA).

5. The legislature recognizes that demand for low-carbon building materials is growing and that New York state has an opportunity to position itself as a national leader in manufacturing, innovation, and

EXPLANATION--Matter in ***italics*** (underscored) is new; matter in brackets [-] is old law to be omitted.

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deployment of these materials. According to the Climate Action Council's Final Scoping Plan, public procurement strategies and tax incentives can accelerate market adoption of these technologies while stimulating economic growth.

6. The legislature acknowledges that New York's Carbon Neutral Buildings Roadmap identifies the manufacturing and supply chain opportunities that will arise from transitioning to low-embodied carbon construction materials. Supporting these industries will not only reduce emissions but also create new jobs and expand economic opportunities across the state.

7. The legislature finds that providing a tax exemption for low-carbon materials will establish an early and stable market for these products, allowing New York-based businesses to develop cutting-edge solutions that can be exported to meet demand beyond state borders. This policy aligns with existing initiatives such as NYSERDA's Carbon Neutral Economic Development Program, which seeks to attract and support businesses working on climate-friendly materials.

8. The legislature further finds that ensuring local access to low-carbon materials will encourage workforce development in advanced manufacturing, sustainable construction, and related trades. Investments in low-embodied carbon industries will provide long-term economic benefits while advancing the state's climate objectives.

§ 3. Section 1115 of the tax law is amended by adding a new subdivision (mm) to read as follows:

(mm) (1) For the purposes of this subdivision, the following terms shall have the following meanings:

(A) "Authority" shall mean the New York state energy research and development authority.

(B) "Division" shall mean the department of state's division of building standards and codes.

(C) "Embodied carbon" shall mean the total greenhouse gas emissions associated with the production, transportation, installation, maintenance, and end-of-life disposal of a building material or product, measured in kilograms of carbon dioxide equivalent (kgCO2e).

(D) "Energy code" shall mean the state energy conservation construction code, as established and administered by the division.

(E) "Environmental product declaration" or "EPD" shall mean a third-party verified document that provides transparent and standardized information about the environmental impact of a product over its life cycle, in accordance with ISO 14025 and related standards.

(F) "Global warming potential" or "GWP" shall mean a metric used to compare the impact of different greenhouse gases on climate change over a specific time horizon, typically 100 years, expressed relative to the warming effect of carbon dioxide (CO2e).

(G) "Global warming potential threshold" shall mean the value established by the state to determine eligibility for the sales tax exemption under this subdivision and financing under the municipal sustainable energy loan program. This threshold represents the median global warming potential of a material, product, or component, based on a representative sample of product-level environmental product declarations for that category, or relative to GWP values previously derived and recognized by the state.

(H) "Interior" shall mean a building's interior spaces, including but not limited to flooring, furniture, wall panels, ceiling systems, cabinetry, partitions, and interior insulation.

(I) "Low-carbon" shall designate materials, products and components used in building construction that meet or exceed the product level global warming potential threshold established by the authority by a minimum of fifteen percent.

(J) "Municipal sustainable energy loan program" shall mean the program authorized under article five-l of the general municipal law.

(K) "Product category rule" shall mean a set of specific rules, requirements, and guidelines developed in accordance with ISO 14025 that establish the methodology for conducting life cycle assessments and creating environmental product declarations for a given product category, ensuring consistency and comparability in environmental performance data.

(L) "Significant embodied carbon reduction improvement" means a modification to construction materials, products and components that result in at least a fifty percent reduction in GWP compared to the global warming potential threshold established for that material, product or component product category.

(M) "Standards development organization" or "SDO" means an entity recognized for developing and maintaining technical standards through a consensus-based process. SDOs establish guidelines, test methods, and specifications to ensure product quality, safety, and environmental performance.

(N) "Uniform code" means the uniform fire prevention and building code, as established and administered by the division.

(2) (A) Qualifying low-carbon building materials, products, and components shall be exempt from tax under this article. A purchaser seeking exemption under this subdivision shall present a completed form developed by the department to the seller at the time of purchase. Low-carbon building materials, components, and products eligible for an exemption from tax under this article shall include:

(i) concrete and cementitious materials.

(ii) structural steel and reinforcing bar.

(iii) engineered wood products and mass timber.

(iv) insulation.

(v) flooring.

(vi) architectural coatings.

(vii) flooring materials, including carpet, laminate, ceramic, resilient, and wood flooring.

(viii) gypsum panel products.

(ix) flat glass.

(x) pressure-treated wood products.

(xi) floor coatings.

(xii) single-ply roofing membranes.

(xiii) pedestrian and revolving doors.

(xiv) water-resistive and air barriers.

(xv) insulation.

(xvi) interior furniture components including seating, storage, tables, and office furniture workspace products.

(xvii) additional material, product, and component categories included at the discretion of the commissioner in consultation with the authority and the division, provided that current product category rules have been published by recognized standards development organizations.

(B) The authority shall establish the product-level GWP threshold for building materials, products, and components. Such thresholds shall be reviewed and revised every three years by the authority, in consultation with the division, based on the most current recognized product category rules for each category, and an evaluation of recent statistically significant samples of EPDs for eligible materials, products, and components.

(C) The division, in consultation with the authority, shall be responsible for evaluating and approving materials, products and components for exemption under this subdivision.

(D) The department, in consultation with the authority, shall maintain a publicly accessible database of materials and manufacturers that qualify for exemption under this subdivision.

(E) Materials, products, and components used in building construction and interior design shall be eligible for exemption under this subdivision where:

(i) a corresponding product category rule has been published by an accredited standards development organization and approved by the state for that material, product or component.

(ii) a statistically significant sample of EPDs for the material, product and component category and relevant sub-categories, as defined in the product category rule, has been generated and made publicly available for review and analysis by the authority in order to derive a median global warming potential threshold that is representative of that material, product, or component.

(iii) the material, product, or component has been determined to be compliant with all rules, regulations and guidelines of the state uniform code and energy code, as well as material evaluation and acceptance criteria required by the local municipal jurisdiction having authority.

(F) Purchasers availing the exemption under this subdivision shall retain records of all transactions made under this exemption, including documentation of the product's environmental product declaration, for a period of at least five years.

§ 4. This act shall take effect on the first of January next succeeding the date on which it shall have become a law and shall apply to taxable years beginning on or after such date. Effective immediately, the addition, amendment and/or repeal of any rule or regulation necessary for the implementation of this act on its effective date are authorized to be made and completed on or before such effective date.