# STATE OF NEW YORK

7648

2025-2026 Regular Sessions

# IN SENATE

April 25, 2025

Introduced by Sen. KAVANAGH -- read twice and ordered printed, and when printed to be committed to the Committee on Budget and Revenue

AN ACT to amend the tax law, in relation to providing a sales tax exemption for certain low-carbon building materials (Part A); to establish a grant program for manufacturers of concrete for environmental product declarations (Part B); and to amend the general municipal law, in relation to expanding eligibility for commercial property assessed clean energy financing resources (Part C)

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

Section 1. This act enacts into law components of legislation relating to reducing greenhouse gas emissions in construction. Each component is wholly contained within a Part identified as Parts A through C. The effective date for each particular provision contained within such Part is set forth in the last section of such Part. Any provision in any section contained within a Part, including the effective date of the Part, which makes reference to a section "of this act", when used in connection with that particular component, shall be deemed to mean and refer to the corresponding section of the Part in which it is found. Section three of this act sets forth the general effective date of this act.

PART A

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.

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

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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 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.

PART B

Section 1. Definitions. For the purposes of this act, the following terms shall have the following meanings:

(a) "authority" means the New York state energy research and development authority (NYSERDA);

(b) "concrete" means a mixture of cementitious material, aggregate, and water and is inclusive of ready mix concrete, shotcrete, precast concrete, and concrete masonry units;

(c) "cementitious material" means any material that has cementing value if used in concrete, grout, or mortar;

(d) "aggregate" means granular material used with a cementing medium to form concrete, grout, or mortar;

(e) "asphalt" means a mixture of bituminous material and aggregate used for paving, roofing, and other construction applications, including hot mix asphalt, warm mix asphalt, cold mix asphalt, and asphalt concrete;

(f) "embodied carbon" means 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);

(g) "environmental product declaration (EPD)" means an independently verified product-specific label that discloses the environmental impact of a manufactured product based on a life cycle assessment;

(h) "global warming potential" means the impact on climate change as reported by a life cycle assessment (LCA), reported in units (typically kg) of carbon dioxide equivalent (CO2e); and

(i) "product- and facility-specific environmental product declarations" means a type III environmental product declaration, as defined by the international organization for standardization standard 14025, representing a single product from a single manufacturing facility.

§ 2. Grant program for environmental product declarations. (a) The authority shall establish and administer a grant program to reimburse manufacturers of concrete for the cost of hiring a third party to develop product- and facility-specific environmental product declarations or acquire a software for generating product- and facility-specific environmental product declarations for concrete, asphalt, aggregate, or cementitious products.

(b) The authority, in collaboration with the New York state office of general services, shall adopt rules to implement the program established under this section, including rules establishing:

(i) eligibility criteria for grant applications;

(ii) grant application procedures;

(iii) criteria for evaluating grant applications and awarding grants;

(iv) guidelines related to grant amounts;

(v) limitations on billable rate and maximum hours that can be used for soft costs; and

(vi) procedures for monitoring the use of a grant awarded under this section and ensuring compliance with any conditions of the grant.

(c) The grants shall equal the amount paid for EPD technology implementation and related soft costs manufacturers incur to support the EPD development process up to a maximum of $10,000 per plant.

(d) Within amounts appropriated therefor, the office of general services shall conduct a rigorous and timely review of new and novel materials for inclusion in the New York state approved materials list.

§ 3. Embodied carbon in building codes recommendation report. (a) Within amounts appropriated therefor, the authority shall conduct a study, in collaboration with the office of general services, that includes:

(i) a review of the language addressing embodied carbon used in building codes and policies in other jurisdictions;

(ii) the development of recommendations for language addressing embodied carbon for potential adoption by the state fire prevention and building code council, and the estimated carbon savings from the primary proposed options over a 25-year period; and

(iii) consideration of subject areas including, but not limited to, the applicability to buildings of different sizes with multiple compliance pathways phased in over time; including whole building life cycle assessments (WBLCA); reuse of existing buildings; and compliance with material carbon caps.

(b) In conducting the study, the authority shall provide opportunities for comment from design, construction, and building industry stakeholders.

(c) The authority shall submit a report of the study's findings to the appropriate committees of the legislature by December 1, 2025.

§ 4. This act shall take effect immediately.

PART C

Section 1. Section 119-ff of the general municipal law is amended by adding 5 new subdivisions 1-a, 2-a, 4-a, 4-b and 4-c to read as follows:

**1-a. "Common construction materials" means:**

**(a) concrete, including ready mix concrete, shotcrete, precast concrete, and concrete masonry units;**

**(b) asphalt paving mixtures;**

**(c) steel, including rebar, reinforcing steel and structural steel, hot-rolled sections, hollow sections, plate steel and cold-formed steel; and**

**(d) other materials the department of state designates by rule after consultation with the GreenNY Council reviewed every three years.**

**2-a. "Embodied carbon" means 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).**

**4-a. "Environmental product declaration (EPD)" means an independently verified product-specific label that discloses the environmental impact of a manufactured product based on a life cycle assessment.**

**4-b. "Global warming potential (GWP)" means the impact on climate change as reported by a life cycle assessment (LCA), reported in units (typically kg) of carbon dioxide equivalent (CO2e).**

**4-c. "Global warming potential limit" means the value established by the state to determine eligibility for commercial property assessed clean energy (PACE) financing under this article. 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 global warming potential values previously derived and recognized by the state.**

§ 2. Section 119-gg of the general municipal law is amended by adding a new subdivision 10 to read as follows:

**10. a. Municipal corporations may provide financing for embodied carbon reduction improvements in common construction materials, defined**

as materials with at least a twenty-five percent reduction in global warming potential relative to the global warming potential threshold for covered materials.

b. All qualifying materials, including labor costs, and related engineering expenses associated with their installation at a building construction location, may be financed by the loan, provided there is full compliance with all other rules and requirements of the sustainable energy loan program.

c. Loans made under the sustainable energy loan program for low-carbon materials shall be subject to verification through Type III environmental product declarations, whole life carbon analysis (WLCA), or other processes, and compliance with municipal or state procurement standards.

d. The authority shall oversee the implementation and compliance of embodied carbon reduction loans under the commercial property assessed clean energy (PACE) framework, in consultation with responsible development corporations and municipal authorities responsible for activities related to loan marketing, approval, and disbursement.

e. Materials used in building construction shall be eligible for sustainable energy loans, provided that they have been determined to be compliant with all material evaluation and acceptance criteria required by the municipal jurisdiction having authority.

§ 3. This act shall take effect immediately.

§ 2. Severability clause. If any clause, sentence, paragraph, subdivision, section or part of this act shall be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder thereof, but shall be confined in its operation to the clause, sentence, paragraph, subdivision, section or part thereof directly involved in the controversy in which such judgment shall have been rendered. It is hereby declared to be the intent of the legislature that this act would have been enacted even if such invalid provisions had not been included herein.

§ 3. This act shall take effect immediately provided, however, that the applicable effective dates of Parts A through C of this act shall be as specifically set forth in the last section of such Parts.