



**THE COUNCIL OF THE CITY OF NEW YORK
FINANCE DIVISION
PRESTON NIBLACK, DIRECTOR
ROBERT NEWMAN, LEGISLATIVE DIRECTOR
FISCAL IMPACT STATEMENT**

PROPOSED INTRO NO.: 194-A

COMMITTEE: Committee on Environmental Protection

TITLE A LOCAL LAW to amend the administrative code of the city of New York, in relation to the use of clean heating oil in New York City

SPONSORS: Council Members Gennaro, Brewer, Fidler, James, Koppell, Lander, Sanders, Jr., Van Bramer, Mark-Viverito, Lappin, Levin, Nelson, Garodnick, Crowley, Mendez, Vacca, Koslowitz, Recchia and Chin

SUMMARY OF LEGISLATION

This bill seeks to make heating oil sold for use in New York City cleaner by blending in biodiesel and by lowering the sulfur content in fuel oil grade No. 4. Specifically, the bill has the following provisions:

- Heating oil that is fuel oil grade no. 2, no. 4 or no. 6 used in the City will be at least 2 percent biodiesel by volume, after October 1, 2012. This shall not apply to heating oil for use in an emergency generator, or for use in a boiler that shares a dual-use tank with an emergency generator. The commissioner of the New York City department of environmental protection (the commissioner) may issue three-month waivers for a particular type of boiler depending on blend availability or price premium, and six-month waivers regarding warranty compatibility or lack of an ASTM specification.
- The upper limit on sulfur content for fuel oil grade no. 4 will be lowered from 0.30 percent sulfur by weight to 0.15 percent, after October 1, 2012. The commissioner may issue a three-month waiver to this new limit if there is not enough fuel oil grade no. 2 of less than 0.0015 percent sulfur by weight to mix with fuel oil grade no. 6 to create a fuel oil grade no. 4 of sulfur content not more than 0.15 percent.

The bill also defines relevant terms and clarifies that “bioheating fuel” (a blend of biodiesel and petroleum-only fuel oil) may be used in heating equipment in New York City. It will require an annual report on waivers starting September 1, 2013, due no later than September 1 each year afterwards. There shall also to be reporting for sales of fuel oil by grade and zipcode, with the average biodiesel percentage and feedstock; it may be in the management report and preliminary management report that is required by section twelve of the New York City charter. Suppliers are to furnish fuel data. It also clarifies that the current limit on fuel oil grade no. 2 is 0.2 percent sulfur by weight and that after June 30, 2012 it will be no more than is set in the environmental conservation law or as provided by executive order of the governor. Failure to use or purchase the correct fuel oil will result in a penalty ranging from \$1,000 to \$10,000, plus twice the monetary benefit realized by noncompliance.

EFFECTIVE DATE This local law would take effect 90 days after enactment, with exception for the commissioner to take necessary actions, prior to its effective date, for its implementation.

FISCAL YEAR IN WHICH FULL FISCAL IMPACT ANTICIPATED: Fiscal 2014

FISCAL IMPACT STATEMENT:

	Effective FY13	FY Succeeding Effective FY14	Full Fiscal Impact FY14
Revenues (+)	\$1.8 million	\$2.6 million	\$2.6 million
Expenditures (-)	(\$1.9 million)	(\$2.8 million)	(\$2.8 million)
Net	(\$150,000)	(\$200,000)	(\$200,000)

IMPACT ON REVENUES: The revenue impact will be a gain of \$1.8 million in Fiscal 2013, and \$2.6 million in 2014. This will be due to additional sales tax revenue generated by higher fuel oil prices.

IMPACT ON EXPENDITURES: The expense impact will be an increase in expenditures of about \$1.9 million in FY13, with full fiscal impact of about \$2.8 million taking effect in FY14. This will be due to greater City expenditure on fuel oil due to higher fuel oil prices.

SOURCE OF FUNDS TO COVER ESTIMATED COSTS: N/A

SOURCE OF INFORMATION: The New York City Council Finance Division

ESTIMATE PREPARED BY: Zaid Sadoun, Legislative Financial Analyst
City Council Finance Division

FIS HISTORY: Introduced as Int. 194 by the full Council and referred to the Committee on Environmental Protection on April 29, 2010. Hearing held and laid over by the Committee on May 28, 2010. A subsequently amended version (Proposed Intro. 194-A) is to be considered by the Committee on Environmental Protection on July 29, 2010.

DATE SUBMITTED TO COUNCIL: April 29, 2010