



Legislation Text

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Res. No. 464

Resolution calling upon the New York State Legislature to adopt and the Governor to sign legislation A.5851/S.4637, which relates to the repeal of the tax exemption for residual petroleum products sold by a business registered as a residual petroleum business to a consumer for exclusive use as a bunker fuel for vessels, or for use by the residual petroleum business as bunker fuel for its own vessels.

By Council Members Nelson, Lander, Mealy, Rodriguez, Mark-Viverito and Gonzalez

Whereas, Article 13-A of the New York State Tax Law imposes a privilege tax on petroleum and aviation fuel businesses operating in New York; and

Whereas, The tax is determined on the basis of volume of fuel imported or produced in New York; and

Whereas, Generally, bunker fuel is any type of fuel oil used aboard ships and derives its name from the containers on ships and in ports that it is stored in; and

Whereas, Technically, bunker fuel is a residual petroleum product that is the end product of an oil refining process, in which crude oil is transformed into gasoline and other types of fuels; and

Whereas, This leftover waste (bunker fuel) is then burned by marine vessels as an energy source; and

Whereas, Although the use of this fuel is more economical than the use of others, burning this fuel releases harmful gases including sulfate particles, primary particulate matter; sulfur dioxide, which is one of the main contributors to acid rain; and nitrogen oxides, one of the key contributors to smog; and

Whereas, Exposure to this fuel may cause health problems such as cancer, decreased life expectancy, and asthma; and

Whereas, Port workers and residents in communities along coast routes have commonly exhibited these health issues; and

Whereas, According to research performed by the Environmental Advocates of New York, while other states have made efforts to reduce its use of bunker fuel because of its harmful effects, New York's bunker fuel sales are on the rise; and

Whereas, Many environmental regulators have commented that less harmful alternatives to bunker fuel exist, such as the relatively low-sulfur marine gas oil (0.2% or less), or ordinary seawater; and

Whereas, Providing a tax exemption for this waste product undoubtedly encourages the use of this harmful product; and

Whereas, On the average, New York State loses \$34.4 million per year because of inability to tax the fuel; and

Whereas, Although Article 13-A imposes a privilege tax on petroleum and aviation fuel businesses operating in New York, bunker fuel is exempt from such tax so long as the bunker fuel is sold by such petroleum business to a consumer for use exclusively as bunker fuel for vessels or if such product is used by such petroleum business exclusively as bunker fuel in its own vessels; and

Whereas, On January 6, 2010, the New York State Assembly and New York State Senate introduced A.5851/S.4637; and

Whereas, A.5851/S.4637 relates to the repeal of the tax exemption for residual petroleum products sold by a business registered as a residual petroleum business to a consumer for exclusive use as a bunker fuel for vessels, or for use by the residual petroleum business as bunker fuel for its own vessels; and

Whereas, Specifically, A.5851/S.4637 repeals paragraph 4 of subdivision (a) of section 301-b of the Tax Law, which provides a tax exemption for residual petroleum products sold by a business registered as a residual petroleum business to a consumer for exclusive use as a bunker fuel for vessels, or for use by the residual petroleum business as bunker fuel for its own business; and

Whereas, The repeal of the exemption of bunker fuel will be the government's effort to stop the encouragement of this waste and to put our residents' health first; now, therefore, be it

Resolved, That the Council of the City of New York calls upon the New York State Legislature to adopt and the Governor to sign legislation A.5851/S.4637, which relates to the repeal of the tax exemption for residual petroleum products sold by a business registered as a residual petroleum business to a consumer for exclusive use as a bunker fuel for vessels, or for use by the residual petroleum business as bunker fuel for its own vessels.