



Empire State Forest Products Association

The people behind New York's healthy forests and quality wood products
www.esfpa.org

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Memorandum in Support

A 497/S 1699

Honorable Billy Jones
Member of Assembly
551 LOB
Albany, NY 12248

Honorable Patrick Gallivan
Senator
311 LOB
Albany, NY 12247

January 21, 2021

Dear Assemblyman Jones and Senator Gallivan:

The Empire State Forest Products Association (ESFPA) supports **A. 497/S. 1699** which would provide a credible tax credit for residential use of high-density biomass pellets in support of renewable biomass energy and what we believe is leading legislation in today's bio-energy market place.

This is a laudable bill that comes at a very critical time for the wood pellet industry in New York. Sales have stagnated due to warmer than average winters, low competing fossil heating fuel prices for #2 heating oil, propane and natural gas, and other factors. Most NY pellet manufacturers are operating at reduced capacity, if they are operating at all.

This bill will provide a powerful incentive to homeowners who heat with pellets or high efficiency wood appliances or who are considering fuel switching from fossil fuels to these renewable, locally sourced wood fuels. A typical homeowner who uses wood pellets as a primary heat source may consume 3-5 tons per year. At a typical delivered retail price of \$250/ton, this bill would provide the homeowners with a credit equal to \$225-375/year. The credit would effectively reduce the cost of a ton of pellet to about \$175/ton, which is equivalent to about \$1.52 per gallon of heating oil. Thus, if heating oil costs more than this, the credit would help make wood pellets a more affordable option.

This legislation is also supportive of the recently 2019 Climate Leadership & Community Protection Act (CLCPA) in that wood pellets are a renewable energy resource that can substitute for fossil fuels such as oil and propane. In addition, it contributes to the value chain of harvested wood products in New York State whose markets are a leading driver in keeping private forests as forests.

This bill does have a cost to the New York State; however, it will also return revenues to the State because of the retention of fuel dollars in the State's economy when a homeowner uses pellets or wood produced in New York, versus imported fossil heating fuels. Enclosed is a white paper on costs of this legislation.

The legislation authorizes the credit for a period of five years from the effective date. It could be sunset sooner if high fossil heating fuel prices returned, and the tax incentive to use locally sourced, renewable wood pellet heating fuel was no longer necessary to sustain market demand.

ESFPA is prepared to support this legislation and working with you toward passage and enactment.

Cc: Assembly Energy Committee Members
Senate Energy & Telecommunications Committee Members

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