



February 14, 2023

JOINT LEGISLATIVE PUBLIC HEARING ON 2023 EXECUTIVE BUDGET PROPOSAL:
ENVIRONMENTAL CONSERVATION

WRITTEN TESTIMONY FROM GRANT LOOMIS, VICE PRESIDENT OF GOVERNMENT
AFFAIRS & ECONOMIC DEVELOPMENT, BUFFALO NIAGARA PARTNERSHIP

Dear members of the committee:

After reviewing the Executive Budget proposal, I offer the following comments on behalf of the Buffalo Niagara Partnership, the region's chamber of commerce whose members employ over a quarter million people in the region.

The Executive Budget proposal does address many important environmental needs, including strengthening clean water infrastructure, protecting natural resources, and supporting environmental remediation. However, the proposal contains numerous provisions that would stifle our state economy.

The BNP urges the Legislature to make the following considerations as it finalizes the state budget:

1. Remove the All-Electric Buildings Act from the budget.

In Part WW of the TED budget bill, Governor Hochul proposes to gradually ban natural gas connections and appliances. This proposal is deeply impractical and irresponsible.

Under this legislation, it would be illegal to construct a building with natural gas, propane, oil heaters, boilers, piping systems, or other infrastructure beginning in 2025. New buildings would be required to be powered by electricity only. By 2030, the sale of gas-powered appliances would also be prohibited.

The practical impact of this legislation would be that building construction would become significantly more expensive. Traditional fuel sources are used because of their cost-effectiveness and reliability. Banning those fuel sources would make property ownership even less attainable for low-income New Yorkers.

Additionally, the BNP has major concerns about our electric grid's ability to handle such a change. Natural gas is the #1 source of energy in New York State. Phasing out this fuel source will increase the load on our energy grid, which will already struggle to meet current demands while switching to renewable energy sourcing. Moreover, since natural gas-fired generators are the state's primary source of electricity, this change may not even reduce emissions.

Making all buildings exclusively reliant on the electric grid is a security risk. Natural gas is reliable, and its underground infrastructure makes service interruptions extremely rare. Conversely, renewable energy generators can be less reliable, and fallen power lines are common. As we saw in December's blizzard, if electricity is the only option for home heating, a power outage can become lethal.

The natural gas ban should be removed from the final budget.

2. Invest in transmission capacity.

As state leaders aim to power more of our economy through electricity, they must ensure that our power grid has the transmission capacity to meet increasing electricity demand. Expanding grid capacity should be viewed as an essential prerequisite to phasing out traditional fuels. To electrify at the pace of the Climate Leadership and Community Protection Act's goals, the state should be urgently providing financial support and regulatory relief for new transmission projects.

3. Reject the Governor's Cap-and-Invest proposal.

In Part AAA of the TED budget bill, Governor Hochul proposes a "Cap and Invest" system. This proposal would radically transform our state economy and should not be rushed through the state budget.

Cap and Invest would force businesses to purchase "emissions allowances" through competitive auctions. By adding this requirement, both existing and prospective New York employers would see a stark difference in operating costs in New York compared to other states, discouraging business here.

Additionally, this system would put smaller employers at an extreme disadvantage. Those lacking the resources to transform their operations or submit winning bids against major corporations or would struggle to compete in New York.

The added costs would eventually be passed on to consumers, who cannot afford another increase during a prolonged inflationary period.

Cap and Invest will stifle our state economy, and it should be rejected by state leaders.

4. Work with industry leaders to craft workable recycling reforms.

Part PP of the TED budget bill proposes an Extended Producer Responsibility recycling system reform. The BNP has long opposed such proposals.

The BNP acknowledges that changes in the global recycling market may necessitate some recycling reforms. However, those reforms should be crafted with the input of affected businesses and those in the waste disposal industry. The proposal as written in the Executive Budget fails to strike the proper balance between achieving needed reforms and protecting consumers and employers.

5. Incentivize Brownfield remediation projects.

Last year, the state recognized the importance of the Brownfield Cleanup Program when it authorized a 10-year extension of the credit. However, in the process, the state added a \$50,000 application fee to the program.

While the fee may be feasible for major downstate developments, it is stifling to Brownfield cleanup projects in smaller markets like Buffalo Niagara.

In this budget, state leaders should repeal the Brownfield Cleanup Program's application fee.

State leaders can and must protect our environment and our economy simultaneously. By incorporating these recommendations into the state budget, lawmakers can strike that balance better than the Executive Budget proposal does. Thank you in advance for your consideration.

Sincerely,



Grant Loomis
Vice President, Government Affairs & Economic Development
Buffalo Niagara Partnership