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**MEMORANDUM IN SUPPORT OF
S.3277-A (Parker)/A.7316 (Cusick)
In relation to establishing a sales tax
exemption for energy storage**

March 2022

The Alliance for Clean Energy New York (ACE NY) supports S.3277-A/A.7316 and urges its immediate passage. This bill would exempt from state sales and use taxes the retail sale and installation of energy storage equipment for both residential and commercial uses. The legislation would also provide local governments with the authority to exempt energy storage from local sales and use taxes, if they chose.

Energy storage is an essential technology to achieving New York State's clean energy and greenhouse gas emissions reduction goals. Currently, energy storage technologies are not eligible for exemption from state sales tax for residential and commercial installation. However other similar clean energy technologies, such as residential and commercial solar energy equipment and commercial fuel cells are eligible. The Department of Taxation and Finance issued an advisory opinion¹ stating that in order to be eligible for state sales and use tax exemptions like solar and fuel cell equipment and installation, energy storage must meet specific, narrowly defined technical requirements that effectively make it difficult to impossible to qualify for the exemption.

This legislation would ensure that clean energy technologies are treated similarly under State tax law, thus creating a level playing field for these technologies. Importantly, this bill ensures that "stand-alone" energy storage projects would be eligible for a state sales tax exemption and thereby help to spur deployment of energy storage projects and enable the state's electric grid to reap the many benefits of this critical technology.

New York aims to reach 1,500 MW of energy storage on the grid by 2025 and is currently mandated to reach 3,000 MW of storage on the grid by 2030, and 100 percent zero carbon electric supply by 2040 under the 2019 Climate Leadership and Community Protection Act (CLCPA). Importantly, Governor Hochul in her 2022 State of the State address, called for the State storage goal to be increased to 6,000 MW by 2030 in support of the State's decarbonization goals.

Energy storage is a key technology for enabling the development of renewable energy, improving grid flexibility and resilience, and reducing greenhouse gas emissions. However, the cost of residential and commercial storage siting and deployment continues to be high. This bill will reduce a portion of those costs.

For the above reasons, the Alliance for Clean Energy New York supports this legislation. For more information contact Deb Peck Kelleher, Director of Policy Analysis & Operations, at (c) 518-698-3211. All of ACE NY's memos on legislation are available at <https://www.aceny.org/legislative-updates>.

¹ https://www.tax.ny.gov/pdf/advisory_opinions/sales/a09_36s.pdf