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Energy Tax FACT SHEET Updated August 2021

WHAT IS THE UPDATE? On August 19, 2021, legislators unanimously agreed to reinstate the residential exemption of the 4% Energy Tax law (described below), effective December 1, 2021 (upon State approval). **This means that after that date, the Energy Tax will NOT be assessed on any retail sale/use receipts for electricity or heating fuel purchased or delivered in Sullivan County.** The actions taken with this law do not affect commercial users, who remain subject to the tax.

WHAT IS THE ENERGY TAX? Since 1975, the County of Sullivan has assessed a 4% sales and use tax on every local commercial entity's/property's electric and heating fuel delivery bills. Residential entities/properties were exempted. On July 23, 2020, the Sullivan County Legislature unanimously removed the residential exemption, effective Sept. 1, 2020, in order to prepare for anticipated fiscal impacts related to the COVID-19 pandemic – impacts that ultimately did not fully materialize. Thus the Legislature took action a year later to remove the Energy Tax from residential users.

WHEN WILL THIS ENERGY TAX GO AWAY? For residential properties and customers, on December 1, 2021, according to what the NYS Department of Taxation and Finance has told the County. Commercial bills will continue to be taxed as they have been since the law's 1975 enactment.

BY WHAT AUTHORITY WAS THIS TAX UNDERTAKEN? Resolution No. 3 of 1975 of the Sullivan County Board of Supervisors (which was succeeded in 1995 by the Sullivan County Legislature) authorized the collection of a 4% tax on the retail sale or use of fuel oil, coal, wood, propane (except when sold in containers of less than 100 pounds), natural gas, electric and steam. Residential properties were exempted at that time but, as described above, that exemption was temporarily removed.

WHAT “ENERGY” DOES THIS TAX COVER? Every electric bill generated for service provided in Sullivan County since September 1, 2020, has had the 4% Energy Tax assessed, unless the end user was/is exempt from paying sales tax. This includes customers of NYSEG, Central Hudson and Orange & Rockland Utilities, regardless of whether the electricity was generated in Sullivan County (for example, via grid-connected solar panels) or outside the County (for example, an upstate power plant). Until December 1, 2021, all retail sale/use receipts for heating fuel and electricity purchased or delivered in Sullivan County had the 4% Energy Tax assessed. After that date, those receipts (for residential purposes) are no longer subject to the tax.

WHAT “ENERGY” DOES THIS TAX NOT COVER?

- Wholesale transactions
- Energy generated or derived solely from one’s own property and/or materials, and used exclusively for personal benefit, with no sale involved (for example, cutting wood on private property for use in a wood stove or the generation of electricity from solar panels unconnected to the electrical grid)
- Electricity or other energy and fuel sources used outside Sullivan County, even if the bill is the responsibility of a Sullivan County resident
- Propane tanks under 100 pounds
- Highway diesel motor fuel

As of December 1, 2021:

- Electricity
- Oil
- Natural gas
- Propane
- Wood (including wood pellets)
- Biofuel
- Kerosene
- Steam
- Coal

DOES SOMEONE WHO HEATS THEIR HOME WITH ELECTRICITY PAY THIS TAX TWICE?

No, unless the bill for the use of electricity for home heating is generated separately from the household electric (power) bill.

IS ANYONE EXEMPT FROM THE ENERGY TAX?

Only those entities and properties which are already exempt from paying sales tax are exempt from paying the Energy Tax, as this is a form of sales tax. However, come December 1, 2021, all residential properties will once again be exempt from paying the Energy Tax.