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Energy Tax

FACT SHEET

Updated December 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 (required to gain State approval). **This means that after that date, the Energy Tax is NO LONGER being 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 DID THE ENERGY TAX GO AWAY? For residential properties and customers, on December 1, 2021, though some users may in the following months receive Energy Tax-assessed bills for services rendered and/or charges incurred prior to that date. **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” DID THIS TAX COVER? Every electric bill generated for service provided in Sullivan County between September 1, 2020, and December 1, 2021 had the 4% Energy Tax assessed, unless the end user was exempt from paying sales tax. This included 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). After December 1, 2021, those receipts (for residential purposes) were no longer subject to the tax.

WHAT “ENERGY” DID 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 was the responsibility of a Sullivan County resident
- Propane tanks under 100 pounds
- Highway diesel motor fuel

After December 1, 2021:

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

WAS ANYONE EXEMPT FROM THE ENERGY TAX?

Only those entities and properties which were already exempt from paying sales tax were exempt from paying the Energy Tax, as this was a form of sales tax.