



## **7 ■ Environment and Energy**

The 2015-16 Executive Budget increases funding for the Environmental Protection Fund (EPF), maintains State funding for core environmental, parks and agricultural programs, expands outdoor recreational opportunities, provides a new round of capital funding for environmental facilities, and proposes the extension and reform of the Brownfields Cleanup Program. State agency and public authority funding will continue to make New York a leader in the clean tech economy, reduce emissions that contribute to climate change, and allow the transformation of our transmission system to a distributed smart grid network.

## **Overview**

The State's environmental, energy and natural resource agencies support programs including land use planning and preservation, recreation and tourism, agricultural development, protection of water resources, regulatory oversight of environmental laws and regulations, oversight of food supply and food safety programs, and regulation of the State's utilities and energy programs.

The Department of Environmental Conservation's (DEC) mission is to conserve, improve and protect New York's natural resources and environment and to prevent, abate and control water, land and air pollution, in order to enhance the health, safety and welfare of the people of the State and their overall economic and social well-being. DEC is responsible for administration and enforcement of the State's Environmental Conservation Law.

The Office of Parks, Recreation and Historic Preservation (OPRHP) provides safe and enjoyable recreational and interpretive opportunities for New York State residents and visitors and functions as a steward of our valuable natural, historic and cultural

resources. OPRHP operates the State park system that is comprised of 215 State parks and historic sites. In 2013, the system welcomed 60 million visitors to these sites.

Together, DEC and OPRHP oversee 5.1 million acres of open space statewide, including 2.6 million acres in the Adirondack Park and nearly 300,000 acres in the Catskill Forest Preserve.

The Department of Agriculture and Markets (Ag&Mkts) is charged with wide-ranging responsibilities including food safety inspection, agricultural economic development, farmland protection, animal and plant health surveillance, and the control of agricultural runoff (nonpoint source pollution) that can lead to the contamination of water.

The Department of Public Service (DPS), the staff arm of the Public Service Commission (PSC), regulates the rates and services of public utilities – an industry with an estimated \$33 billion in annual revenue – oversees the siting of major utility infrastructure, and provides oversight on cable franchise agreements and telecommunications service. Additionally, in conjunction with the New York State Energy Research and Development Authority (NYSERDA), DPS oversees the State’s energy efficiency and renewable energy

programs. The New York Power Authority (NYPA) supplies power statewide through two large hydroelectric facilities and more than 1,400 miles of transmission lines. NYPA does not receive support from the State.

### **Protecting the Environment**

In Governor Cuomo's first term, he committed more than \$16 billion to environmental and energy programs for infrastructure, resiliency, and clean energy programs. This investment directly benefits the State's economy and is the boldest commitment to the State's environment in any New York Governor's first term in a generation. In 2014, the Governor designated Buffalo Harbor State Park as the State's 180th State Park. This new State Park will transform the City's outer harbor waterfront. Since taking office, Governor Cuomo has made the most significant land acquisition in the Adirondack Forest Preserve in a century, streamlined and reduced hunting and fishing fees through the NY Open for Fishing and Hunting initiative and has opened dozens of new and improved sites to access the State's natural resources. The Executive Budget increases support for critical environmental protection and

energy programs. Funding for the Environmental Protection Fund (EPF), which provides dedicated funding to communities throughout New York to improve the environment, will be increased by \$10 million, to \$172 million. Since taking office, Governor Cuomo has increased annual funding for the Environmental Protection Fund (EPF) by a total of \$38 million. To address a backlog of environmental capital needs, the Budget includes \$155 million of new capital appropriations for DEC, OPRHP, Ag&Mkts, and the Olympic Regional Development Authority (ORDA). This reflects an increase of \$20 million from 2014-15 levels for OPRHP. This infusion of capital funds will accelerate capital infrastructure projects statewide, spur the creation of jobs, and leverage private sector and Federal investment.

## Summary of Spending (All Funds)

Category	2014-15 (millions)	2015-16 ( millions)	Change	
			Dollars (millions)	Percent
Total Environment and Energy Spending	1,417	1,434	17	1.2
Department of Agriculture and Markets	127	115	(12)	(9.4)
Department of Environmental Conservation	887	898	11	1.2
Office of Parks, Recreation and Historic Preservation	292	317	25	8.5

The Budget maintains funding at current levels for parks, environment, and agricultural operating programs. Inflationary factors are offset by administrative and operational efficiencies.

- Department of Agriculture and Markets.** Primarily due to the discontinuation of one-time local assistance program funds (\$6.9 million) and the completion of one-time capital spending (\$5.5 million), total funding for Ag&Mkts is decreased by \$12 million. State operations spending increases by \$700,000 (0.8 percent) due to increases in personal service expenses.
- Department of Environmental Conservation.** The Budget increases total funding for DEC by \$11 million, reflecting increases to the EPF and employee costs. These are offset by a decrease in

spending due to a discontinuation of one-time local assistance program funds.

- **Office of Parks, Recreation and Historic Preservation.** The Budget increases total funding for OPRHP by \$25 million, reflecting increases in capital spending and increases in staffing costs.

### Capital Investments

Proposal	2014-15 (millions)	2015-16 (millions)
<b>New Capital Commitments:</b>		
Environmental Protection Fund	162	172
Infrastructure Investment	135	155
State Superfund	0	100
<b>Total New Capital Commitments</b>	<b>297</b>	<b>427</b>

### Proposed 2015-16 Budget Actions

- **Environmental Protection Fund.** The Budget includes \$172 million for the EPF, an increase of \$10 million from 2014-15. Appropriations include \$15 million for solid waste programs, \$60 million for parks and recreation, and \$97 million for open space programs.
- **Brownfields Reform.** The Budget includes legislation to extend the Brownfields Cleanup Program for ten years, contingent upon important reforms to protect taxpayers and promote brownfield redevelopment, particularly Upstate. Under the reformed program the remediation tax credits will cover only the actual cleanup costs. The redevelopment credits will be

limited to sites that are located in economically distressed areas, are worth less than the cost to cleanup, or will result in the development of affordable housing.

- **Increase State Superfund by \$100 million.** The Budget includes a new \$100 million appropriation to extend the State Superfund cleanup program, including funding for the Environmental Restoration Program (ERP) to address municipally-owned brownfields. In place for over a decade, the Superfund program has been instrumental in improving public health and the environment by identifying, investigating and cleaning up hazardous waste sites. ERP effectively helps governments cleanup municipally owned brownfield sites, in order to remove blight and spur local economic development.
- **Enhance Oil Spill Preparedness.** In response to the increased volume of crude oil being transported through New York State, the Executive Budget provides DEC with eight new employees and the Division of Homeland Security and Emergency Services with six new employees dedicated to oil spill planning, training and response, and increases the fees for oil transported through New York to 13.75 cents per barrel, irrespective of whether the oil remains in New York or is transferred to another State. The additional revenues will ensure the solvency of the Oil Spill Fund and provide the necessary funding for staff and associated preparedness costs. The funding included in the



Executive Budget will support compliance with Governor Cuomo's Executive Order 125, which outlines steps the State is taking to improve oil spill response and prevention.

- **Southern Tier and Hudson Valley Farm Initiative.** The Budget includes \$50 million from the Special Infrastructure Account to assist farmers and other related businesses in the Southern Tier and Hudson Valley maintain and grow their businesses. Funding would be used for strategic farming initiatives, including preservation of farmland, to ensure that farms in the Southern Tier and Hudson Valley remain intact and vibrant for generations to come.
- **Infrastructure Investment.** The Budget provides \$155 million of new capital appropriations that will address a backlog of environmental capital needs and spur job creation and economic development. Specifically:
  - \$110 million is allocated to OPRHP to support health and safety projects and critical infrastructure rehabilitation.
  - \$40 million is allocated to DEC to address a variety of capital needs including public access projects to connect hunters, anglers, bird watchers and other outdoor enthusiasts to un-tapped State owned lands. This new funding will also provide for investments in information technology, and in health and safety repairs to State infrastructure,

including dams, wetland restoration, State lands and fish hatcheries.

- \$2.5 million is allocated for ORDA infrastructure, supplementing \$7.5 million of capital appropriations in the Authority's budget.
- \$2.5 million is allocated to the Department of Agriculture and Markets to improve and rehabilitate the State fairgrounds.
- **State Fair Revitalization.** In addition to capital funding and other sources, the State fairgrounds will receive \$50 million from the Special Infrastructure Account to improve the experience for visitors by making enhancements at the fairgrounds and in the surrounding area.
- **Expand Access to New York Grown Agricultural Products.** Building on last year's success, the Budget includes \$1.1 million for the "Taste NY" program. This program is branding and expanding New York's food and beverage industry by making the wide variety of foods and beverages grown and produced in the State readily available and recognizable to New Yorkers and the public nationwide. Taste NY products are available in over 25 retail locations statewide, and over 5.9 million people in 2014 attended the 55 events that Taste NY participated in. The Budget also includes \$350,000 for the FreshConnect farmers' market program, which benefits farmers' and consumers alike by awarding competitive grants to create and expand farmers markets in underserved communities throughout New York. To increase

the availability of locally grown hops for the State's growing craft brew industry, the Budget continues \$40,000 for a program to evaluate and test hop varieties in New York.

- **Commission to Study Protecting Dairy Farmer Profits.** The State will create a commission to evaluate dairy prices and programs that would help maintain dairy farm profitability, including options to encourage dairy farmer participation in a Federal Margin Protection Program. The Federal government recently unveiled a program to address the pricing hazards dairy farms face, and offers protection against losses due to declining milk prices. The Commission, chaired by the Commissioner of the Department of Agriculture & Markets, will develop recommendations intended to encourage farmers to purchase this coverage protection offered through the USDA. The Commission will submit its recommendations to the Governor by May 1, 2015.
- **Maintain Core Agriculture and Markets Local Assistance Funding.** Funding for core agricultural programs that protect health and safety, provide education, and support the promotion of New York State products will continue. These programs include the Migrant Childcare program, Cornell Veterinary Diagnostic Laboratory, Cornell Pro-Dairy, the Wine and Grape Foundation, and Farm Family Assistance.

- **Clean Energy Initiatives.** Under Governor Cuomo’s leadership, New York will continue to implement innovative clean energy programs to reduce air emissions, improve energy efficiency and grow the clean energy economy. Clean energy initiatives include:
  - \$20 million for a clean energy business competition designed to systematically generate new clean energy business ventures in the Southern Tier, while providing mentoring and additional aid for aspiring entrepreneurs, supporting business deployment, and attracting venture funding for early-stage firm growth.
  - A \$5 billion, ten year commitment through the Clean Energy Fund to support programs across the State and give the clean energy industries the certainty they need to invest, mature and become self-sustaining.
  - DEC, in collaboration with NYSERDA and NYPA, will initiate a pilot program in 2016 to ensure that at least 50 percent of new, administrative use vehicles will be zero emission vehicles, including battery electric, plug-in electric, or hydrogen fuel cell vehicles.
  
- **New York Green Bank.** The \$1 billion Green Bank, was launched by Governor Cuomo in 2013 to work in partnership with the private sector to remove market barriers in the clean energy sector. The Green Bank, financed through public

authority resources, will accelerate clean energy deployment and create jobs by partnering with private sector institutions to provide financial products such as credit enhancement, loan loss reserves and loan bundling. In October, the first planned transactions were announced with commitments being made for seven projects, which are expected to close in the first quarter of 2015.

- **Reduce the Cost of Long Island Power Authority (LIPA) Debt.** The Budget proposes Article VII language to allow LIPA to reduce costs by refinancing its debt. Similar to an authorization that was provided in 2013, LIPA would be authorized to issue special securitized restructuring bonds that would reduce the interest rates paid on LIPA's debt and thereby provide electric utility service savings on Long Island.
- **Utilize Regional Greenhouse Gas Initiative (RGGI) Funds for Green Energy and Environmental Programs.** Since its inception, RGGI, through a cap and trade auction program, has reduced carbon emissions in the State and generated over \$630 million for clean energy programs. In 2015-16, NYSERDA is expected to commit an additional \$110 million for these programs, including funding for initiatives such as Renewable Heat NY, NY Sun and Charge NY. In addition, the Budget will authorize the transfer of \$36 million of proceeds from the auction of RGGI carbon allowances to the State to finance the continuation of several green energy tax

credits and to bolster Environmental Protection Fund programs that contribute to carbon reduction.

- **Align DEC Fees with Service Levels.** Several DEC pollution control programs that were designed to be self-supporting are running in the red, even as DEC holds spending for these programs flat. This adjustment will better reflect the operational cost, and shift the burden from State taxpayers to the regulated community while obviating reductions to these important programs. Specifically, the Budget will increase certain fees related to air regulation and enforcement under Federal and State statutes, and oversight of hazardous waste, pesticides and water pollution discharge. The actions will raise approximately \$8 million annually to fund the programs.