Heating Oil Tax and Update on PLIA

Submitted by the Office of Sustainability and Environment, June 1, 2021

Background:

There are approximately 16,000 oil heated homes in Seattle, contributing approximately 8% of greenhouse gas emissions in the building sector. As part of Mayor Durkan's twelve strategies outlined in the Climate Strategy, legislation was passed to create a funding source from a tax imposed on heating oil, to help households convert from dirty, expensive oil to clean and efficient electric heat pumps. The tax was expected to take effect in September2, 2020 but was delayed to September 2021 due to the impacts of the COVID-19 pandemic and concerns from community. Ordinance 126144 established the delay. This report is in response to the following Council request:

Section 3. The Council requests that the Office of Sustainability and Environment provide a status report by June 1, 2021, regarding the Pollution Liability Insurance Agency's rulemaking for the new Heating Oil Loan and Grant Program, with a focus on how the program will avoid creating a undue economic hardship on low- and middle-income homeowners with oil heating systems, or how the City will implement the Heating Oil Tax and home conversion program to protect low- and middle-income homeowners from undue economic hardship. Additionally, the report should provide a summary of feedback from stakeholders, including but not limited to residents, labor unions, community organizations, the Environmental Justice Committee, and/or the Green New Deal Oversight Board, about whether the effective date of the Heating Oil Tax should be September 1, 2021, or if economic conditions, the status of the 2 COVID-19 pandemic, and other related factors are such that an additional delay is recommended.

Summary of Policy:

The heating oil tax ordinance 125934 created a new license for heating oil service providers and requires licensees to pay a $.236/gallon fee on each gallon of heating oil sold in Seattle; funds will be deposited into a newly created heating oil license account. The funds generated from the heating oil fee will help pay 100% of the costs for the conversion of approximately 1,000 low-income households from oil to electric heat pumps and will expand the existing rebate program to support 1,700 non-low-income homes with a heat pump rebate. Funds will also be used for education and outreach to low-income households, program delivery costs, and workforce training support for 4-5 heating oil service providers and their employees.

Policy goals:

- All homes have converted from oil by 2030
- Increase the equitable adoption of clean heating technologies such as electric heat pumps thereby reducing carbon pollution, overall energy use and heating bills, while improving comfort.
- Prevent future oil tank leaks to homeowner property and groundwater- minimizing future environmental damage, cleanup costs, and economic burdens to households.
- Increase low-income resident access to Office of Housing free weatherization services and the City's Utility Discount Program benefits, all funded through Seattle City Light.

- Support workforce development for oil dealers and to advance clean energy technologies such as heat pumps.

Carbon benefits

The average oil heated home consumes approximately 500 gallons of oil per year which translates to 5 MTCO2e/year. **Converting all homes off oil represents a 16-18% GHG emissions reduction in the residential sector and 8% in the overall building sector (2008 baseline).** These reductions would occur in the near-term and support the accelerated GHG emissions reductions – 45% from 2010 levels by 2030 – called for in the 2018 Intergovernmental Panel on Climate Change (IPCC) report, and the City of Seattle's goal to reduce building sector emissions 39% by 2030.

Energy cost benefits

The average home can expect to save 50%-60% on heating costs by switching from an oil furnace to a heat pump alone. Households who switch can expect to save $800-1,000 on heating costs. Low-income households who participate in the Utility Discount program will then also receive an additional 60% discount from City Light on their electric heating costs once they have switched to electric heat. Additional energy savings would accrue due to weatherization.

Low-Income Example:

Mary pays about $1,800[1] annually to have her 500-gallon oil tank filled for the year. With an efficient heat pump, she can expect to pay on average of $700 on electricity to heat for the year. She also participates in the SCL Utility Discount Program (UDP) and receives a 60% discount- reducing her annual heating costs to $280 - **saving her over $1,500 per year on heating costs.**

Non-energy benefits

- Reduced future incidence of leaking tanks and impact to soil and groundwater and reducing homeowner exposure to potential clean-up costs once the tank has been decommissioned.
- Upgrades such as electrical panel and asbestos mitigation.
- Increased comfort, especially during extreme heating events as heat pumps provide cooling. Last summer we saw a record number of days over 85 degrees, however Seattle is the least air-conditioned metro area in the country.

Protecting low and middle-income households from undue economic hardship

This policy centers low-income households (80% of area median income) by funding 100% of the costs to convert from dirty and expensive heating oil to energy-efficient heat pumps that provide heating and cooling. The reduction of heating costs is substantial and the conversion from fossil fuels to clean electricity opens up additional City benefits including: **60% discount on electric heating costs for those on the Utility Discount Program and weatherization services through the Office Housing's HomeWise program. Weatherization includes insulation, air-sealing, ventilation, and necessary repairs.**

The tax revenue and other combined funding from the Office of Housing and Seattle City Light will pay 100% of cost of oil conversions in addition to necessary electrical panel upgrades, asbestos mitigation

[1] Based on a $3.60/gallon average over last five years prior to pandemic.

(if needed), and decommissioning of oil tank. The value of the heat pump and tank decommissioning is valued between $15,000 and $17,000 to the homeowner, with cumulative energy savings for the life-span of the heat pump estimated at $22,500. Additional weatherization upgrades, if needed, are valued on average of $11,000.

A tax reimbursement of $120/year on SCL bill is provided to income-eligible households (70% of state median income. e.g. $37,416 for household of 1 and $48,924 for a 2 person household) to help mitigate the impacts of the tax. The reimbursement amount is based on average consumption of 500 gallons/year. The rebate is provided automatically, thereby eliminating any administrative burden on households.

For middle-income households, the City provides:

- An instant rebate of $1,500 through the Clean Heat rebate program
- Financing options: Two community lenders offer low rates for oil conversion projects in addition to other energy-efficient upgrades. OSE has been working with Craft 3 and Puget Sound Community Credit Union for many years and both promote their programs through contractors participating in the rebate program. Craft 3 offers an option for customers to repay their loan on their Seattle City Light bill as a convenience.

Update on Pollution Liability Insurance Agency (PLIA) Rulemaking:

The Pollution Liability Insurance Agency (PLIA) is a WA State agency that provides insurance and funding to help heating oil storage tank owners, both residential and commercial, meet environmental clean-up requirements for underground storage tanks. For residential tanks, the agency provides free insurance to cover up to $60,000 in clean-up costs from a leaking underground oil tank. The annual budget set by statute is $15 million/year.

Legislation passed in 2020:

In 2019, as OSE, in coordination with OIR, engaged with PLIA and the Governor's Office regarding a proposed Seattle heating oil tax, we learned that PLIA was concerned about the impact Seattle and other cities' programs could have on the PLIA budget ($15 million/year). Additionally, PLIA has had concerns about their insurance partner, Colonial Insurance, possibly not renewing the policy in the future. Subsequently, PLIA submitted an agency requested bill to the legislature in order to establish a loan and grant program for residential underground tanks, building off of their existing program for commercial underground storage tanks. OSE advocated that the new program, through rulemaking, "structure funding offers to protect applicants with limited economic resources…" The bill became law in April, 2020 and includes the following components:

- The loan and grant program applies to residential tank owners who are not already registered with the insurance program. Those registered in the insurance program are "grandfathered" in. The loan and grant program offers a maximum loan or grant amount of $75,000. Funds are expanded beyond oil leak clean up and funds can be used to pay for decommissioning/removal or replacement of tank. A $5,000 grant is provided to each applicant to collect the necessary data in order to determine the level of cleanup required and anticipated costs.
- PLIA will enter a MOU with the Department of Health to approve recipients for loans and grants, and the Department of Health will manage the underwriting of the loans and grants and

determine whether a homeowner is eligible for a loan or a grant based on their income, ability to pay and other factors.

- No new insurance sign ups beyond July 1, 2020. Homes already registered with existing insurance program are grandfathered in the program. Transfers of insurance are allowed when homeowner sells to new buyer.
- Law gives PLIA authority to run a program through "interpretive guidance" while rulemaking adoption is pending. PLIA has indicated that they plan to run the pilot loan and grant program[2] for a year before entering a formal rulemaking process. The draft pilot program documents have been reviewed by OSE and OH and feedback has been provided to PLIA. Additional stakeholder engagement will be conducted by PLIA in the months ahead. Once the pilot grant and loan program is finalized this year, tank owners may apply for grants and loans.
- PLIA next steps: In process to set up stakeholder engagement meetings for feedback on draft pilot program. PLIA intends to implement program as a pilot for a year and then start rulemaking.

Oil Heated Homes – Economic Indicators and Considerations

In evaluating the current economic situation, we looked at several indicators:

- Tank decommissioning rate: Since 2019, more than 2,600 homes decommissioned their tanks and are no longer using heating oil. Last year alone, despite the pandemic, 1,280 homes decommissioned their tanks. **This rate indicates that homes are converting off oil at a consistent rate despite the pandemic.** It is also a factor when projecting future revenues and tax delays.

- Heating Oil Prices: OSE tracked published heating oil prices from Ballard Oil, since the beginning of 2020. Prices started out at $2.86 (for automatic 500 gallon fill up) then dipped as low as $2.05/gallon during the global oil crisis. **As of April 15, 2021 the cost per gallon of oil was $3.25/gallon for the automatic 500-gallon minimum fill up, and $3.87/gallon for the 100-gallon minimum fill up.** The U.S. Energy Information Administration (EIA) projects the outlook for heating oil prices in 2022 to come down to about $2.86/gallon.[3] However, it is worth noting that oil dealers' prices are inclusive of operational costs and OSE doesn't have visibility into how these costs may change the final customer price.

Date	100 gallon min. price	automatic 500 price
1/22/2020	$3.48	$2.86
2/7/2020	$3.39	$2.77
3/9/2020	$3.20	$2.58
3/24/2020	$2.95	$2.33
4/21/2020	$2.67	$2.05
6/8/2020	$2.94	$2.32
8/31/2020	$3.12	$2.50
11/30/2020	$3.45	$2.83

[2] Pilot Heating Oil Loan and Grant Program - The Pollution Liability Insurance Agency (wa.gov)
[3] Short-Term Energy Outlook - U.S. Energy Information Administration (EIA)

1/13/2021	$3.45	$2.83
2/22/2021	$3.53	$2.91
4/15/2021	$3.87	$3.25

- Regional Economic Indicators: **The 2021 King County Economic and Revenue Forecast[4] published March 15, 2021, outlines a number of economic indicators**:
    - The COVID-19 pandemic continues to impact our region and the world. Countries, states, local jurisdictions are balancing health risk and economic activity. As of 5/20/21, of people 12 years+ in King County, 69.6% have received the first dose and 54.9% are fully vaccinated.
    - The King County economy suffered massive contraction but has partially recovered. King County unemployment peaked at 14.9% and is now at around 6%. The County projects unemployment rate to be just under 5% by 2nd quarter of 2022. Unemployment rate in 2018 was 3.7%
    - Year over year consumer spending in King County is down by 8.7% as of 2/6/21.
    - The residential real estate market is up significantly with low inventory.
- **Seattle King County Public Health implemented a CORONA survey to better understand the impact of the pandemic on residents**:
    - Among 6,033 respondents who own their homes, 3.5% reported that since February 2020, they ate less than they felt they should.[5]
    - Among 6,023 respondents who own their homes, 14.5% reported COVID-19 had impact on meeting financial obligations or essential needs.
    - Among, 4702 respondents who own their homes, 33% reported COVID-19 made it difficult to get employment.

Consultation with Stakeholders

Survey to Oil Heated Homes:

OSE created a survey to gather insights from households using heating oil and to better understand the impact of COVID-19 on household finances and their ability to pay a tax. The survey was sent to approximately 400 households from an email list of homes heating with oil. The survey was also distributed through Next Door (3,384 impressions) and through Beacon Hill neighborhood email listservs: As of 4/30/21, the survey received 305 responses with 227 respondents who heat with oil and live in Seattle. Responses were represented from neighborhoods across Seattle[6]. Below is a summary of the survey results:

- Majority of respondents own their home: 96.28% own and 3.72% rent.
- Heating oil costs: More than 57% say they spend more than $1,000/year on heating oil.
- Heating oil usage since pandemic started: 56% indicated that their usage either somewhat increased or drastically increased. This is likely due to more people working and learning from home due to the stay-at-home orders.

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4 . 2020 King County Economic and Revenue Forecast Presentation to the King County Forecast Council
5 https://kingcounty.gov/depts/health/covid-19/data/impacts/corona.aspx
6 98115, 98117, 98108, 98144, 98125, 98118, 98116, 98178, 98103, 98105, 98136, 98146, 98133, 98106, 98199, 98107, 98177, 98126

- The pandemic's impact on meeting financial obligations such as mortgage, rent, food, utilities: On a scale from 0 to 10, we asked respondents to indicate how the pandemic has impacted their household's ability to meet financial obligations with "0" ranked as "easily able to meet my financial obligations" and "10" ranked as "very difficult to meet my financial obligations." The average ranking was 4 out of 10 across 215 responses. 49% chose a ranking of 3 or below and 11% chose a ranking of 8-10. The average ranking for respondents with incomes $50,000 and below was 5.
- We asked the respondents to indicate their ability to pay a tax (about $10/month), using a scale from 0-100, where a 0 indicates the "additional cost does not affect me and I have the ability to pay," and 100 indicates "the additional cost greatly affects me and will strain my finances." The average ranking across 215 responders was 39. For responders, whose income is $50,000 (state median income) and less, the average ranking 60. Note: In 2019, OSE sent a survey asking how likely the household was to support an energy conservation fee on heating oil and approximately 66% were neutral, likely or very likely to support it.
- When asked about whether the household was registered with the state's free tank insurance program, 60% responded "yes," nearly 15% responded "no," and 25% didn't know. Note: Due to state law, PLIA is restricted from sharing insurance registration data with the City or any third party.

OSE also reached out to labor organizations, community-based organizations, and others on whether the effective date of the tax should be delayed. Below is a summary of the feedback:

- **Teamsters Local 174 represents heating oil delivery truck drivers.** The union also represents many other categories of workers from public and private sectors, including food processing, freight, healthcare, industrial trades, and passenger transportation to name a few. The Teamsters communicated that the pandemic has had an impact on represented workers. Some of these workers are heating their home with oil and the heating oil tax presents an additional cost at a challenging time. **They have asked the City to consider a 6 month to 1 year delay given the impacts of the pandemic, time to reach vaccination goals, and the uncertainty of the economic recovery ahead.**
- **The IBEW (electrical union) represents furnace technicians employed by heating oil dealers.** The pandemic has not affected the heating oil business negatively as they are considered an essential service. Workers that maintain oil furnaces have been busy and there have been no layoffs. IBEW continues to maintain that their HVAC members do not need training. Most of the oil dealers are providing biofuels to their customers (biofuels are exempt from the tax). In terms of any potential tax delay, **IBEW has indicated that a six-month delay could be beneficial due to impacts of the pandemic broadly to their members.**
- We reached out to a number of organizations and community members to gather feedback (Beacon Hill Council, Denis Comer from Central Area Collaborative and former EJC member, Emerald Cities, Nancy Huizar from Got Green and former EJC member, 350 Seattle, Front and Centered, Puget Sound Sage, Duwamish River Clean Up Coalition and co-chairs from the Environmental Justice Committee). Below is a summary of feedback from those who responded:
    - **Beacon Hill Community Council: Members voted at their Council meeting 5/4/21 in favor of a one-year delay.**

- **Denis Comer, Central District Collaborative: Did not favor a delay but was also concerned about the ability for oil dealers to pass along the tax and if the City could impose restrictions to limit passing on the tax.** He further indicated they would like the City to prioritize the Central District for the low-income oil conversion program and coordinate efforts with Byrd Barr Place to establish an EcoDistrict.
- **Nancy Huizar, Got Green staff and former EJC member: Indicated would like the City to provide more technical assistance to households to help navigate the process in an advisory role.** She indicated challenges in paying for heating oil at the same time as other utility bills.
- **Emerald Cities: Does not favor a delay.**
- **350 Seattle: Favors a delay and encourages the City to convert low-income households from oil as quickly as possible.**
- **Environmental Justice Committee co-chairs: Support a six-month delay and recommend that the tax reimbursement to low-income households be provided as soon as the tax is implemented rather than at the end of the year, to minimize impact.**

Scenarios and Impacts:

High Level Conclusions:

- A number of economic indicators suggest that the economy is on the upward trajectory, with housing values increasing and unemployment rates decreasing. Additionally, about 70% of eligible King County residents and 75% of Seattle residents, have now received at least one dose of the vaccine.
- Survey respondents, in general, did not indicate significant financial hardship or burden with meeting financial obligations. However, we recognize many residents have not recovered economically and households making less than $50,000/year have indicated in the survey their challenge in paying the heating oil tax. Additionally, more than 50% of respondents to the survey said their oil use increased or drastically increased, most likely due to an increase in working and learning from home.
- PLIA insurance is no longer an option for oil tank owners who are not currently registered and instead will have access to a new grant or loan product to support any clean-up costs and tank decommissioning costs. Implementation of the Oil Tax ultimately helps to reduce homeowner exposure to potential clean-up costs once the tank has been decommissioned. OSE will continue to work with the state to identify barriers and burdens associated with the new program.
- Oil conversions have continued to keep pace through the pandemic, with nearly 1,300 tanks decommissioned in 2020.
- In conversations, specific stakeholders indicated that a six-month to one-year extension would be helpful, and in some cases, strongly recommended.
- Any tax delay reduces key financial and other benefits to households heating with oil today and reduces overall program impact (number of customers we can serve) through lost revenue. With that in mind, the following scenarios were developed to quantify impacts:

No Additional Delay: The tax implementation date of September 1, 2021 would start and heating oil dealers would be taxed on all applicable heating oil, with an exemption for biofuels. The revenue expected to be generated from September-December 2021 is over $788,000 which will help fund 50 low-income households in 2021 and support workforce development programs such as HVAC and heat pump training. This scenario and the additional scenarios, factors in hiring of a program implementation staff position to manage the Clean Heat rebate program, coordinate efforts with the Office of Housing for low-income conversions and serve as an energy advisor to the public.

Revenue and Expenses 2021-2029										
	2021	2022	2023	2024	2025	2026	2027	2028	2029	Total
Estimated Revenue	$ 788,175	$ 1,401,200	$ 1,217,575	$ 1,028,300	$ 839,025	$ 649,750	$ 502,850	$ 355,950	$ 209,050	$ 6,991,875
Existing General Fund	$ 200,000	$ 200,000	$ 200,000	$ 200,000	$ 200,000	$ 200,000	$ 200,000	$ 200,000	$ 200,000	$ 1,800,000
Total Funding	**$ 988,175**	**$ 1,601,200**	**$ 1,417,575**	**$ 1,228,300**	**$ 1,039,025**	**$ 849,750**	**$ 702,850**	**$ 555,950**	**$ 409,050**	**$ 8,791,875**
Expenses										
Standard Rebate	$ 200,000	$ 200,000	$ 250,000	$ 250,000	$ 250,000	$ 250,000	$ 200,000	$ 200,000		$ 1,800,000
Low-Income Conversion	$ 250,000	$ 625,000	$ 625,000	$ 625,000	$ 625,000	$ 625,000	$ 625,000	$ 625,000	$ 625,000	$ 4,625,000
Low-Income fee exemption	$ 126,000	$ 120,000	$ 105,000	$ 90,000	$ 75,000	$ 60,000	$ 45,000	$ 30,000	$ 15,000	$ 651,000
Low-income conversion program delivery (OH)	$ 50,000	$ 125,000	$ 125,000	$ 125,000	$ 125,000	$ 125,000	$ 125,000	$ 125,000	$ 125,000	$ 925,000
Marketing/Outreach	$ 30,000	$ 40,000	$ 40,000	$ 30,000	$ 30,000	$ 20,000	$ 10,000	$ 10,000		$ 210,000
Contractor Training	$ 50,000	$ 50,000	$ 50,000					$ -		$ 150,000
Program FTE	$ 58,340	$ 116,680	$ 120,048	$ 120,048	$ 120,048					$ 535,164
Tax administration	$ 46,667	$ 46,667								$ 93,333
Total Expenses	**$ 764,340**	**$ 1,276,680**	**$ 1,315,048**	**$ 1,240,048**	**$ 1,225,048**	**$1,080,000**	**$1,005,000**	**$ 990,000**	**$ 765,000**	**$ 8,989,497**

6 Month Delay: This scenario assumes a tax implementation date of April 1, 2022. The anticipated revenue impact is a shortfall of approximately $1,300,000 (revenue from September 1, 2021-March 31, 2022) which means that <u>funding for 50 low-income homes would be eliminated</u> from being converted in 2021.

Revenue and Expenses 2022-2029									
	2022	2023	2024	2025	2026	2027	2028	2029	Total
Estimated Revenue	$ 871,230	$ 1,218,253	$ 1,028,978	$ 839,703	$ 650,428	$ 503,528	$ 356,628	$ 209,728	$ 5,678,476
Existing General Fund	$ 200,000	$ 200,000	$ 200,000	$ 200,000	$ 200,000	$ 200,000	$ 200,000	$ 200,000	$ 2,000,000
Total Funding	**$ 1,071,230**	**$ 1,418,253**	**$ 1,228,978**	**$ 1,039,703**	**$ 850,428**	**$ 703,528**	**$ 556,628**	**$ 409,728**	**$ 7,678,476**
Expenses									
Standard Rebate	$ 200,000	$ 250,000	$ 250,000	$ 250,000	$ 250,000	$ 200,000	$ 200,000		$ 1,600,000
Low-Income Conversion	$ 625,000	$ 625,000	$ 625,000	$ 625,000	$ 625,000	$ 625,000	$ 625,000	$ 625,000	$ 4,375,000
Low-Income fee exemption	$ 114,000	$ 99,000	$ 84,000	$ 69,000	$ 54,000	$ 39,000	$ 24,000	$ 9,000	$ 483,000
Low-income conversion program delivery (OH)	$ 125,000	$ 125,000	$ 125,000	$ 125,000	$ 125,000	$ 125,000	$ 125,000	$ 125,000	$ 875,000
Marketing/Outreach	$ 40,000	$ 40,000	$ 30,000	$ 30,000	$ 20,000	$ 10,000	$ 10,000		$ 180,000
Contractor Training/Workforce	$ 50,000	$ 50,000	$ 50,000				$ -		$ 150,000
Program FTE	$ 58,340	$ 116,680	$ 120,048	$ 120,048	$ 120,048				$ 535,164
Tax administration	$ 46,667	$ 46,667							$ 93,333
Total Expenses	**$ 1,212,340**	**$ 1,305,680**	**$ 1,284,048**	**$ 1,219,048**	**$1,194,048**	**$ 999,000**	**$ 984,000**	**$ 759,000**	**$ 8,291,497**
								Shortfall	$ 613,021

1 Year Delay: This scenario assumes a tax implementation date of September 1, 2022. The anticipated revenue impact is a shortfall of nearly $1,500,000 (revenue from September 1, 2021 – August 30, 2022 which means that <u>funding for approximately 75 low-income homes would be eliminated (50 in 2021 and 25 in 2022).</u> Because revenue is tied to oil retail sales during the heating season, the revenue shortfall from a one- year delay is affected by the incremental heating months compared to the six-month delay scenario. This delay impacts the continuity of the low-income conversion program, implemented by the Office of Housing as there are no other funding sources identified/available for this work.

Revenue and Expenses 2022-2029									
	2022	2023	2024	2025	2026	2027	2028	2029	Total
Estimated Revenue	$ 699,809	$ 1,226,728	$ 1,037,453	$ 848,178	$ 658,903	$ 512,003	$ 365,103	$ 218,203	$ 5,566,380
Existing General Fund	$ 200,000	$ 200,000	$ 200,000	$ 200,000	$ 200,000	$ 200,000	$ 200,000	$ 200,000	$ 2,000,000
Total Funding	**$ 899,809**	**$ 1,426,728**	**$ 1,237,453**	**$ 1,048,178**	**$ 858,903**	**$ 712,003**	**$ 565,103**	**$ 418,203**	**$ 7,566,380**
Expenses									
Standard Rebate	$ 200,000	$ 250,000	$ 250,000	$ 250,000	$ 250,000	$ 200,000	$ 200,000		$ 1,600,000
Low-Income Conversion	$ 500,000	$ 625,000	$ 625,000	$ 625,000	$ 625,000	$ 625,000	$ 625,000	$ 625,000	$ 4,250,000
Low-Income fee exemption	$ 120,000	$ 108,000	$ 93,000	$ 78,000	$ 63,000	$ 48,000	$ 33,000	$ 18,000	$ 543,000
Low-income conversion program delivery (OH)	$ 100,000	$ 125,000	$ 125,000	$ 125,000	$ 125,000	$ 125,000	$ 125,000	$ 125,000	$ 850,000
Marketing/Outreach	$ 40,000	$ 40,000	$ 30,000	$ 30,000	$ 20,000	$ 10,000	$ 10,000		$ 180,000
Contractor Training/Workforce	$ 50,000	$ 50,000	$ 50,000				$ -		$ 150,000
Program FTE	$ 58,340	$ 116,680	$ 120,048	$ 120,048	$ 120,048				$ 535,164
Tax administration	$ 46,667	$ 46,667	$ 46,667						$ 140,000
Total Expenses	**$ 1,068,340**	**$ 1,314,680**	**$ 1,293,048**	**$ 1,228,048**	**$1,203,048**	**$ 1,008,000**	**$ 993,000**	**$ 768,000**	**$ 8,248,164**
									$ 681,784

Recommendation for Consideration

In review of various tax implementation scenarios, we recognize the challenge of meeting our climate goals at a time of anxiety and uncertainty. With support from the Environmental Justice Committee Co-Chairs, OSE proposes a six-month tax delay to be effective April 1, 2022.

While the six-month delay would eliminate funding for 50 low-income households to convert from oil and would mean that these households would not receive the financial, health and comfort benefits of the oil conversion, the delay would help alleviate the concerns voiced by certain stakeholders about the impact on the broader group of individuals who would be impacted by the tax. The delay would provide a respite in tax for a full heating season, after which more people are expected to return to work and school in person and heating oil usage would return to normal. Heating oil prices are also expected to come down by 2nd quarter 2022. This delay will also provide additional time for PLIA to conduct stakeholder engagement and establish their grant and loan program, which has taken longer than expected. OSE will continue to work with PLIA and participate in stakeholder engagement processes for the new loan and grant program to help ensure that households with lower incomes have equitable access to grants to cover clean-up costs.