

Memorandum in Support of S.7730 (Flanagan) / A.10875 (Magee)

June 11, 2010

S.7730 (Flanagan) / A.10875 (Magee) AN ACT to amend the real property tax law, in relation to extending certain energy exemptions

The Independent Power Producers of New York, Inc. (IPPNY) is a trade association representing companies involved in the development of electric generating facilities, the generation, sale, and marketing of electric power, and the development of natural gas facilities in the State of New York. IPPNY represents almost 75 percent of the electric generating capacity in New York.

IPPNY supports the passage of S.7730 / A.10875. These bills would extend, until January 1, 2015, a real property tax exemption under Section 487 of the Real Property Tax Law for wind and other energy systems that otherwise would expire on January 1, 2011. The exemption was first established in 1977, reauthorized in 1991, and extended in 1996 and in 2006.

Existing law, which would be extended by these bills, provides that real property, which includes a wind energy system, is exempt from taxation for a period of fifteen years, to the extent of any increase in the value of the property by reason of the inclusion of the wind energy system. A county, city, town, village or school district that has not acted to remove the real property tax exemption may require the owner of a property, which includes a wind energy system, to enter into a contract for payments in lieu of taxes (PILOTs). Absent the real property tax exemption, increases in upfront costs for wind project developers can result in the project becoming economically unviable. For many small towns, payments from wind energy projects result in a significant increase in revenue, in comparison to other local revenue sources.

Furthermore, extension of this real property tax exemption would further New York States energy policy, which is to obtain and maintain safe, reliable, and diverse energy supplies, accelerate the development and use of renewable energy resources, decrease the states dependence on imported petroleum products, and promote the states economic growth.

In a manner consistent with expanding fuel diversity, this real property tax exemption would help implement the states commitment to increasing renewable energy supplies, such as wind energy systems.

For the reasons stated above, IPPNY supports S.7730 / A.10875.