S T A T E O F N E W Y O R K

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2013-2014 Regular Sessions

I N A S S E M B L Y

June 7, 2013

Introduced by M. of A. GABRYSZAK -- read once and referred to the Committee on Energy

AN ACT to amend the public service law, the public buildings law, the real property tax law and the public authorities law, in relation to expansion of natural gas service

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Legislative intent. The legislature hereby finds that the extension of natural gas lines within the state has multiple benefits to New Yorkers, including a reduction in pollution with the resultant health benefits, increased economic activity with the creation of jobs through improved energy infrastructure, energy cost savings to consumers, and improved energy efficiency.

Natural gas is the cleanest burning fossil fuel. It has a positive impact on the environment by cutting emissions of particulate matter. These emissions have been linked to heart and lung conditions and contribute to asthma rates, particularly in urban areas.

Natural gas prices are at a low point and will result in increased disposable income for consumers and improved operational efficiency for business. Extending the state's natural gas line infrastructure will create a positive business environment for manufacturers and other businesses that are looking to stabilize their energy costs. Natural gas line extensions will spur economic development in the business sector and create jobs.

This legislation will have the effect of protecting the state's natural resources, including protecting its atmosphere from pollution, while at the same time stimulating the development of new jobs and the economy.

S 2. The public service law is amended by adding a new section 27 to read as follows:

EXPLANATION--Matter in ITALICS (underscored) is new; matter in brackets [ ] is old law to be omitted.

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S 27. EXPANSION PERMIT APPLICATIONS. ANY GAS CORPORATION OR COMBINATION GAS AND ELECTRIC CORPORATION APPLYING FOR PERMITS IN CONNECTION WITH THE EXPANSION OF NATURAL GAS SERVICE THROUGH THE EXTENSION OF EXISTING GAS LINES MAY CONFER WITH THE COMMISSION TO OBTAIN ASSISTANCE IN FACILITATING CONTACTS WITH STATE AGENCIES AND LOCAL GOVERNMENTS FOR PROCESSING AND REVIEWING PERMIT APPLICATIONS TO ACHIEVE THE PROMPT AND EFFICIENT PROCESSING AND REVIEW OF APPLICATIONS. THE PUBLIC SERVICE COMMISSION MAY ACT AS LEAD AGENCY PURSUANT TO ARTICLE EIGHT OF THE ENVIRONMENTAL CONSERVATION LAW, IN CONNECTION WITH SUCH PERMIT APPLICATION BY A GAS CORPORATION OR COMBINATION GAS AND ELECTRIC CORPORATION FRANCHISED UNDER THIS CHAPTER. THE DEPARTMENTS OF TRANSPORTATION AND ENVIRONMENTAL CONSERVATION SHALL, TO THE MAXIMUM EXTENT FEASIBLE, ESTABLISH PROCEDURES TO EXPEDITE PERMIT APPLICATIONS IN CONNECTION WITH THE EXPANSION OF NATURAL GAS SERVICE THROUGH THE EXTENSION OF EXISTING GAS LINES.

S 3. The public service law is amended by adding a new section 18-d to read as follows:

S 18-D. SURCHARGES. NOTWITHSTANDING ANY LAW, RULE, REGULATION OR ORDER TO THE CONTRARY, THE COMMISSION SHALL, COMMENCING APRIL FIRST, TWO THOUSAND FOURTEEN, DEDICATE NO LESS THAN TWENTY-FIVE PERCENT OF THE AMOUNTS OF THE SURCHARGE FOR THE SYSTEM BENEFIT CHARGE COLLECTED BY GAS CORPORATIONS AND COMBINATION GAS AND ELECTRIC CORPORATIONS FROM THEIR GAS HEATING CUSTOMERS TO THE EXTENSION AND EXPANSION OF NATURAL GAS FACILITIES. THE COMMISSION SHALL BE AUTHORIZED TO INCREASE SUCH AMOUNTS TO MORE THAN TWENTY-FIVE PERCENT AFTER A PROCEEDING TO CONSIDER SUCH ACTION. THE COMMISSION SHALL ALLOCATE SUCH FUNDS TO GAS CORPORATIONS AND COMBINATION GAS AND ELECTRIC CORPORATIONS THROUGH A STAKEHOLDER PROCESS ESTABLISHED BY THE COMMISSION. SUCH STAKEHOLDER PROCESS SHALL ESTABLISH RULES AND PROCEDURES FOR ALLOCATIONS PURSUANT TO THIS SECTION CONSISTENT WITH THE PUBLIC POLICY GOALS OF THE STATE.

S 4. The public buildings law is amended by adding a new section 143 to read as follows:

S 143. CLEAN NATURAL GAS HEAT IN PUBLIC BUILDINGS. EACH CAPITAL PROJECT FOR A PUBLIC BUILDING THAT INCLUDES THE INSTALLATION OR REPLACEMENT OF A BOILER FOR HEATING SHALL REQUIRE THE COMMISSIONER OF GENERAL SERVICES TO UNDERTAKE A STUDY OF ENERGY EFFICIENCY, ENVIRONMENTAL EFFICACY AND COST OF USING NATURAL GAS HEATING. SUCH STUDY SHALL CONSIDER THE BENEFITS TO SURROUNDING COMMUNITIES IN THE EVENT THAT IT IS NECESSARY TO EXTEND A MAIN PIPELINE IN EXCESS OF ONE HUNDRED FEET TO OBTAIN SUCH SERVICES.

S 5. The real property tax law is amended by adding a new section 485-r to read as follows:

S 485-R. EXTENSION AND EXPANSION OF NATURAL GAS SUPPLY THROUGH THE CONSTRUCTION OF NATURAL GAS DISTRIBUTION FACILITIES. 1. DEFINITIONS. (A) FOR PURPOSES OF THIS SECTION, "NATURAL GAS DISTRIBUTION FACILITIES" SHALL MEAN ANY MAIN LINE, SERVICE LINE AND APPURTENANT FACILITIES CONSTRUCTED TO EXTEND EXISTING NATURAL GAS LINE INFRASTRUCTURE TO NEW CUSTOMERS OF A GAS CORPORATION OR A COMBINATION GAS AND ELECTRIC CORPORATION WITH THEIR CONSENT.

2. AFTER A PUBLIC HEARING, THE GOVERNING BODY OF A COUNTY, CITY, TOWN OR VILLAGE MAY ADOPT A LOCAL LAW AND A SCHOOL DISTRICT, OTHER THAN A SCHOOL DISTRICT SUBJECT TO ARTICLE FIFTY-TWO OF THE EDUCATION LAW, MAY ADOPT A LOCAL LAW OR RESOLUTION TO GRANT AN EXEMPTION AUTHORIZED PURSUANT TO THIS SECTION. A COPY OF SUCH LOCAL LAW OR RESOLUTION SHALL BE FILED WITH THE COMMISSIONER AND THE TAX ASSESSOR OF SUCH COUNTY, CITY, TOWN OR VILLAGE WHO PREPARES THE ASSESSMENT ROLL ON WHICH THE TAXES OF SUCH COUNTY, CITY, TOWN, VILLAGE OR SCHOOL DISTRICT ARE LEVIED.

3. SUCH NATURAL GAS DISTRIBUTION FACILITIES SHALL BE EXEMPT TO THE EXTENT OF THE INCREASE IN THE ASSESSED VALUE THEREOF ATTRIBUTABLE TO THE CONSTRUCTION OF SUCH NATURAL GAS FACILITIES. THE LENGTH OF SUCH EXEMPTION AND THE PERCENTAGE OF ASSESSED VALUATION EXEMPT FROM TAXATION SHALL BE SET FORTH IN SUCH LOCAL LAW OR RESOLUTION, BUT IN NO EVENT SHALL IT EXCEED TEN YEARS.

4. SUCH EXEMPTION SHALL BE GRANTED ONLY UPON APPLICATION BY A GAS CORPORATION OR COMBINATION GAS AND ELECTRIC CORPORATION WITH APPROVAL FROM THE PUBLIC SERVICE CORPORATION FOR CONSTRUCTION OF SUCH NATURAL GAS DISTRIBUTION FACILITIES.

S 6. The real property tax law is amended by adding a new section 485-q to read as follows:

S 485-Q. EXTENSION AND EXPANSION OF NATURAL GAS DISTRIBUTION FACILITIES. 1. DEFINITIONS. (A) FOR PURPOSES OF THIS SECTION, "NATURAL GAS DISTRIBUTION FACILITIES" SHALL MEAN ANY MAIN LINE, SERVICE LINE AND APPURTENANT FACILITIES CONSTRUCTED TO EXTEND EXISTING NATURAL GAS LINE INFRASTRUCTURE TO NEW CUSTOMERS OF A GAS CORPORATION OR A COMBINATION GAS AND ELECTRIC CORPORATION WITH THEIR CONSENT.

2. (A) WITHIN A CITY HAVING A POPULATION OF ONE MILLION OR MORE, AFTER A PUBLIC HEARING, THE GOVERNING BODY OF SUCH A CITY MAY ADOPT A LOCAL LAW OR RESOLUTION TO GRANT AN EXEMPTION AUTHORIZED PURSUANT TO THIS SECTION. A COPY OF SUCH LOCAL LAW OR RESOLUTION SHALL BE FILED WITH THE COMMISSIONER AND THE TAX ASSESSOR OF SUCH CITY WHO PREPARES THE ASSESSMENT ROLL ON WHICH THE TAXES OF SUCH CITY ARE LEVIED.

(B) SUCH NATURAL GAS DISTRIBUTION FACILITIES SHALL BE EXEMPT TO THE EXTENT OF THE INCREASE IN THE ASSESSED VALUE THEREOF ATTRIBUTABLE TO THE CONSTRUCTION OF SUCH NATURAL GAS FACILITIES. THE LENGTH OF SUCH EXEMPTION AND THE PERCENTAGE OF ASSESSED VALUATION EXEMPT FROM TAXATION SHALL BE SET FORTH IN SUCH LOCAL LAW OR RESOLUTION, BUT IN NO EVENT SHALL IT EXCEED TEN YEARS.

3. CONSTRUCTION OF NATURAL GAS DISTRIBUTION FACILITIES SHALL BE DEEMED TO HAVE COMMENCED WHEN THE AGENCY OR DEPARTMENT OF THE CITY HAVING JURISDICTION HAS ISSUED A PERMIT FOR CONSTRUCTION WORK AND SUCH WORK HAS BEGUN IN GOOD FAITH IN ACCORDANCE WITH SUCH PERMIT.

4. APPLICATION FOR EXEMPTION UNDER THIS SECTION SHALL BE FILED WITH THE ASSESSORS BETWEEN FEBRUARY FIRST AND MARCH FIFTEENTH OF THE CALENDAR YEAR AND BASED ON APPROVAL BY THE PUBLIC SERVICE COMMISSION OF CONSTRUCTION OF SUCH NATURAL GAS DISTRIBUTION FACILITIES, THE ASSESSORS SHALL CERTIFY TO THE COLLECTING OFFICER THE AMOUNT OF THE EXEMPTION FROM LOCAL AND MUNICIPAL TAXES. NO SUCH APPLICATION SHALL BE ACCEPTED BY THE ASSESSORS UNLESS ACCOMPANIED BY AN APPROVAL FROM THE PUBLIC SERVICE COMMISSION.

5. SUCH EXEMPTION SHALL BE GRANTED ONLY UPON APPLICATION BY A GAS CORPORATION OR COMBINATION GAS AND ELECTRIC CORPORATION WITH APPROVAL FROM THE PUBLIC SERVICE CORPORATION FOR CONSTRUCTION OF SUCH NATURAL GAS DISTRIBUTION FACILITIES.

S 7. Section 1001 of the public authorities law is amended by adding a new undesignated paragraph to read as follows:

IT IS FURTHER DECLARED THAT THERE ARE SIGNIFICANT ECONOMIC BENEFITS FROM THE EXTENSION OF NATURAL GAS LINE INFRASTRUCTURE. A CRITICAL ELEMENT OF NATURAL GAS LINE EXTENSIONS IS THE FINANCING OF THE CONSTRUCTION AND INVESTMENT NECESSARY FOR SUCH NATURAL GAS LINE EXTENSIONS. THE AUTHORITY IS AUTHORIZED TO MAKE LOANS TO GAS CORPORATIONS AND COMBINED GAS AND ELECTRIC CORPORATIONS TO EFFECTUATE THE EXTENSION OF EXISTING NATURAL GAS LINE INFRASTRUCTURE WHICH IS APPROVED BY THE PUBLIC SERVICE COMMISSION.

S 8. The public authorities law is amended by adding a new section 1005-b to read as follows:

S 1005-B. ADDITIONAL SPECIAL POWERS OF THE AUTHORITY WITH RESPECT TO THE EXTENSION OF NATURAL GAS LINE INFRASTRUCTURE. IN ORDER TO EFFECTUATE THE PURPOSES OF THIS TITLE, THE AUTHORITY SHALL HAVE THE FOLLOWING ADDITIONAL SPECIAL POWERS: TO EXTEND CREDIT AND MAKE LOANS TO A GAS CORPORATION OR A COMBINED GAS AND ELECTRIC CORPORATION FRANCHISED BY THE PUBLIC SERVICE COMMISSION IN CONNECTION WITH A NATURAL GAS LINE EXTENSION PROJECT APPROVED BY THE PUBLIC SERVICE COMMISSION FOR COSTS INCURRED WITH SUCH PROJECTS COMPLETED OR NOT, COMPLETED AT THE TIME OF SUCH CREDIT OR LOAN, WHICH CREDITS OR LOANS MAY, BUT NEED NOT BE SECURED BY MORTGAGES, CONTRACTS OR OTHER INSTRUMENTS, UPON SUCH TERMS AND CONDITIONS AS THE CORPORATION MAY DEEM REASONABLE IN CONNECTION WITH SUCH CREDITS OR LOANS. IN THE EXERCISE OF POWERS GRANTED IN THIS SECTION IN CONNECTION WITH A NATURAL GAS LINE EXTENSION PROJECT APPROVED BY THE PUBLIC SERVICE COMMISSION FOR A GAS CORPORATION OR A COMBINED GAS AND ELECTRIC CORPORATION, TO REQUIRE THE INCLUSION IN ANY CONTRACT, LOAN AGREEMENT OR OTHER INSTRUMENT, OF SUCH PROVISIONS FOR THE FINANCING OF SUCH PROJECT AND SUCH OTHER FINANCIAL AND OTHER COVENANTS APPLYING TO SUCH GAS CORPORATIONS OR A COMBINED GAS AND ELECTRIC CORPORATION, AS THE CORPORATION MAY DEEM NECESSARY OR DESIRABLE AND TO DO ALL THINGS AND TO EXECUTE ALL INSTRUMENTS NECESSARY AND DESIRABLE IN CONNECTION THEREWITH. IN CONNECTION WITH THE EXTENSION OF ANY SUCH CREDIT OR LOAN, THE AUTHORITY MAY FIX AND COLLECT SUCH FEES AND CHARGES, INCLUDING BUT NOT LIMITED TO REIMBURSEMENT OF ALL COSTS OF FINANCING BY THE CORPORATION AS SHALL BE REASONABLE. IN CONNECTION WITH SUCH EXTENSION OF CREDIT OR LOAN AS PROVIDED FOR HEREIN SUCH GAS CORPORATION OR A COMBINED GAS AND ELECTRIC CORPORATION SHALL SUBMIT TO THE AUTHORITY AN APPLICATION FOR THE EXTENSION OF CREDIT OR LOAN AS SET FORTH IN THE APPLICATION. THE AUTHORITY MAY DENY ANY SUCH APPLICATION FOR ANY REASON IT DEEMS IN THE PUBLIC INTEREST. THE EXTENSION OF ANY SUCH CREDIT OR LOAN IS SUBJECT TO APPROVAL BY THE PUBLIC SERVICE COMMISSION OF THE PROJECT OR PROJECTS FOR SUCH NATURAL GAS LINE EXTENSION.

S 9. Subdivision 1 of section 1010 of the public authorities law, as amended by chapter 972 of the laws of 1969, is amended to read as follows:

1. The authority shall have power and is hereby authorized from time to time to issue its negotiable bonds in conformity with applicable provisions of the uniform commercial code for the purpose of financing any project authorized by this title, including the acquisition of any real or personal property or facilities deemed necessary by the authority, AND FOR THE MAKING OF LOANS TO A GAS CORPORATION OR A COMBINATION GAS AND ELECTRIC CORPORATION FRANCHISED BY THE PUBLIC SERVICE COMMISSION FOR THE PURPOSES OF SECTION ONE THOUSAND FIVE-B OF THIS TITLE.

S 10. This act shall take effect immediately.