

5536--C

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I N S E N A T E

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Introduced by Sens. MAZIARZ, BALL, DeFRANCISCO, GRISANTI, LARKIN, PARKER, RITCHIE, SAMPSON -- read twice and ordered printed, and when printed to be committed to the Committee on Energy and Telecommunications -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee -- recommitted to the Committee on Energy and Telecommunications in accordance with Senate Rule 6, sec. 8 -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

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:

1 Section 1. Legislative intent. The legislature hereby finds and
2 declares that the extension of natural gas distribution lines within the
3 state has multiple benefits to New Yorkers, including a reduction in
4 emissions with the resultant health benefits, increased economic activ-
5 ity with the creation of jobs through improved energy infrastructure,
6 energy cost savings to consumers, and improved energy efficiency.
7 Natural gas is the cleanest burning fossil fuel. It has a positive
8 impact on the environment by cutting emissions of particulate matter.
9 These emissions have been linked to heart and lung conditions and
10 contribute to asthma rates, particularly in urban areas.
11 Natural gas prices are at a low point and will result in increased
12 disposable income for consumers and improved operational efficiency for
13 business. Extending the state's natural gas distribution line infras-
14 tructure will create a positive business environment for manufacturers
15 and other businesses that are looking to stabilize their energy costs.

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

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1 Natural gas distribution line extensions will spur economic development
2 in the business sector and create jobs.

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

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

8 S 27. EXPANSION PERMIT APPLICATIONS. ANY GAS CORPORATION OR COMBINA-
9 TION GAS AND ELECTRIC CORPORATION APPLYING FOR PERMITS IN CONNECTION
10 WITH THE EXPANSION OF NATURAL GAS DISTRIBUTION SERVICE THROUGH THE
11 EXTENSION OF EXISTING NATURAL GAS DISTRIBUTION LINES MAY CONFER WITH THE
12 COMMISSION TO OBTAIN ASSISTANCE IN FACILITATING CONTACTS WITH STATE
13 AGENCIES AND LOCAL GOVERNMENTS FOR PROCESSING AND REVIEWING PERMIT
14 APPLICATIONS TO ACHIEVE THE PROMPT AND EFFICIENT PROCESSING AND REVIEW
15 OF APPLICATIONS. THE COMMISSION MAY ACT AS LEAD AGENCY PURSUANT TO ARTI-
16 CLE EIGHT OF THE ENVIRONMENTAL CONSERVATION LAW, IN CONNECTION WITH SUCH
17 PERMIT APPLICATION BY A GAS CORPORATION OR COMBINATION GAS AND ELECTRIC
18 CORPORATION FRANCHISED UNDER THIS CHAPTER. THE DEPARTMENTS OF TRANSPOR-
19 TATION AND ENVIRONMENTAL CONSERVATION SHALL, TO THE MAXIMUM EXTENT
20 FEASIBLE, ESTABLISH PROCEDURES TO EXPEDITE PERMIT APPLICATIONS IN
21 CONNECTION WITH THE EXPANSION OF NATURAL GAS DISTRIBUTION SERVICE
22 THROUGH THE EXTENSION OF EXISTING NATURAL GAS DISTRIBUTION LINES.

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

25 S 18-D. SURCHARGES. NOTWITHSTANDING ANY LAW, RULE, REGULATION OR ORDER
26 TO THE CONTRARY, THE COMMISSION SHALL, COMMENCING APRIL FIRST, TWO THOU-
27 SAND FIFTEEN, DEDICATE NO LESS THAN TWENTY-FIVE PERCENT OF THE AMOUNTS
28 OF THE SURCHARGE FOR THE SYSTEM BENEFIT CHARGE COLLECTED BY GAS CORPO-
29 RATIONS AND COMBINATION GAS AND ELECTRIC CORPORATIONS FROM THEIR GAS
30 HEATING CUSTOMERS TO THE EXTENSION AND EXPANSION OF NATURAL GAS DISTRIB-
31 UTION FACILITIES. THE COMMISSION SHALL BE AUTHORIZED TO INCREASE SUCH
32 AMOUNTS TO MORE THAN TWENTY-FIVE PERCENT AFTER A PROCEEDING TO CONSIDER
33 SUCH ACTION. THE COMMISSION SHALL ALLOCATE SUCH FUNDS TO GAS CORPO-
34 RATIONS AND COMBINATION GAS AND ELECTRIC CORPORATIONS THROUGH A STAKE-
35 HOLDER PROCESS ESTABLISHED BY THE COMMISSION. SUCH STAKEHOLDER PROCESS
36 SHALL ESTABLISH RULES AND PROCEDURES FOR ALLOCATIONS PURSUANT TO THIS
37 SECTION CONSISTENT WITH THE PUBLIC POLICY GOALS OF THE STATE.

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

40 S 143. CLEAN NATURAL GAS HEAT IN PUBLIC BUILDINGS. EACH CAPITAL
41 PROJECT FOR A PUBLIC BUILDING THAT INCLUDES THE INSTALLATION OR REPLACE-
42 MENT OF A BOILER FOR HEATING SHALL REQUIRE THE COMMISSIONER OF GENERAL
43 SERVICES TO UNDERTAKE A STUDY OF ENERGY EFFICIENCY, ENVIRONMENTAL EFFI-
44 CACY AND COST OF USING NATURAL GAS HEATING. SUCH STUDY SHALL CONSIDER
45 THE BENEFITS TO SURROUNDING COMMUNITIES IN THE EVENT THAT IT IS NECES-
46 SARY TO EXTEND A MAIN NATURAL GAS DISTRIBUTION PIPELINE IN EXCESS OF ONE
47 HUNDRED FEET TO OBTAIN SUCH SERVICES.

48 S 5. The real property tax law is amended by adding a new section
49 485-r to read as follows:

50 S 485-R. EXTENSION AND EXPANSION OF NATURAL GAS SUPPLY THROUGH THE
51 CONSTRUCTION OF NATURAL GAS DISTRIBUTION FACILITIES. 1. DEFINITIONS. (A)
52 FOR PURPOSES OF THIS SECTION, "NATURAL GAS DISTRIBUTION FACILITIES"
53 SHALL MEAN ANY MAIN LINE, SERVICE LINE AND APPURTENANT FACILITIES
54 CONSTRUCTED TO EXTEND EXISTING NATURAL GAS DISTRIBUTION LINE INFRASTRUC-
55 TURE TO NEW CUSTOMERS OF A GAS CORPORATION OR A COMBINATION GAS AND
56 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 DISTRIBUTION 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 DISTRIBUTION 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 DISTRIBUTION 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:

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

9 S 8. The public authorities law is amended by adding a new section
10 1005-b to read as follows:

11 S 1005-B. ADDITIONAL SPECIAL POWERS OF THE AUTHORITY WITH RESPECT TO
12 THE EXTENSION OF NATURAL GAS DISTRIBUTION LINE INFRASTRUCTURE. IN ORDER
13 TO EFFECTUATE THE PURPOSES OF THIS TITLE, THE AUTHORITY SHALL HAVE THE
14 FOLLOWING ADDITIONAL SPECIAL POWERS: TO EXTEND CREDIT AND MAKE LOANS TO
15 A GAS CORPORATION OR A COMBINED GAS AND ELECTRIC CORPORATION FRANCHISED
16 BY THE PUBLIC SERVICE COMMISSION IN CONNECTION WITH A NATURAL GAS
17 DISTRIBUTION LINE EXTENSION PROJECT APPROVED BY THE PUBLIC SERVICE
18 COMMISSION FOR COSTS INCURRED WITH SUCH PROJECTS COMPLETED OR NOT,
19 COMPLETED AT THE TIME OF SUCH CREDIT OR LOAN, WHICH CREDITS OR LOANS
20 MAY, BUT NEED NOT BE SECURED BY MORTGAGES, CONTRACTS OR OTHER INSTRU-
21 MENTS, UPON SUCH TERMS AND CONDITIONS AS THE CORPORATION MAY DEEM
22 REASONABLE IN CONNECTION WITH SUCH CREDITS OR LOANS. IN THE EXERCISE OF
23 POWERS GRANTED IN THIS SECTION IN CONNECTION WITH A NATURAL GAS DISTRIB-
24 UTION LINE EXTENSION PROJECT APPROVED BY THE PUBLIC SERVICE COMMISSION
25 FOR A GAS CORPORATION OR A COMBINED GAS AND ELECTRIC CORPORATION, TO
26 REQUIRE THE INCLUSION IN ANY CONTRACT, LOAN AGREEMENT OR OTHER INSTRU-
27 MENT, OF SUCH PROVISIONS FOR THE FINANCING OF SUCH PROJECT AND SUCH
28 OTHER FINANCIAL AND OTHER COVENANTS APPLYING TO SUCH GAS CORPORATIONS OR
29 A COMBINED GAS AND ELECTRIC CORPORATION, AS THE CORPORATION MAY DEEM
30 NECESSARY OR DESIRABLE AND TO DO ALL THINGS AND TO EXECUTE ALL INSTRU-
31 MENTS NECESSARY AND DESIRABLE IN CONNECTION THEREWITH. IN CONNECTION
32 WITH THE EXTENSION OF ANY SUCH CREDIT OR LOAN, THE AUTHORITY MAY FIX AND
33 COLLECT SUCH FEES AND CHARGES, INCLUDING BUT NOT LIMITED TO REIMBURSE-
34 MENT OF ALL COSTS OF FINANCING BY THE CORPORATION AS SHALL BE REASON-
35 ABLE. IN CONNECTION WITH SUCH EXTENSION OF CREDIT OR LOAN AS PROVIDED
36 FOR HEREIN SUCH GAS CORPORATION OR A COMBINED GAS AND ELECTRIC CORPO-
37 RATION SHALL SUBMIT TO THE AUTHORITY AN APPLICATION FOR THE EXTENSION OF
38 CREDIT OR LOAN AS SET FORTH IN THE APPLICATION. THE AUTHORITY MAY DENY
39 ANY SUCH APPLICATION FOR ANY REASON IT DEEMS IN THE PUBLIC INTEREST. THE
40 EXTENSION OF ANY SUCH CREDIT OR LOAN IS SUBJECT TO APPROVAL BY THE
41 PUBLIC SERVICE COMMISSION OF THE PROJECT OR PROJECTS FOR SUCH NATURAL
42 GAS DISTRIBUTION LINE EXTENSION.

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

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

54 S 10. This act shall take effect immediately.