STATE OF NEW YORK

260

2017-2018 Regular Sessions

IN ASSEMBLY

January 5, 2017

Introduced by M. of A. PAULIN, TITONE, RIVERA, OTIS, MOYA, GOTTFRIED, CRESPO, COLTON, CAHILL, BARRETT, ABINANTI, CROUCH -- Multi-Sponsored by -- M. of A. BUCHWALD, COOK, LOPEZ, MAGEE, THIELE -- read once and referred to the Committee on Real Property Taxation

AN ACT to amend the real property tax law, in relation to exemption from taxation for certain energy systems

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. The section heading and subdivisions 2, 3 and 4 of section 487 of the real property tax law, as amended by chapter 515 of the laws of 2002, subdivision 2 as amended by section 3 of part P of chapter 57 of the laws of 2016, are amended to read as follows:

Exemption from taxation for certain [~~solar or wind energy systems or farm waste~~] energy systems.

2. Real property which includes a solar or wind energy system [~~or~~], farm waste energy system, micro-hydroelectric energy system, fuel cell electric generating system, micro-combined heat and power generating equipment system, or electric energy storage equipment and electric energy storage system approved in accordance with the provisions of this section shall be exempt from taxation to the extent of any increase in the value thereof by reason of the inclusion of such solar or wind energy system [~~or~~], farm waste energy system, micro-hydroelectric energy system, fuel cell electric generating system, micro-combined heat and power generating equipment system, or electric energy storage equipment and electric energy storage system for a period of fifteen years. When a solar or wind energy system or components thereof [~~or~~], farm waste energy system, micro-hydroelectric energy system, fuel cell electric generating system, micro-combined heat and power generating equipment system, or electric energy storage equipment and electric energy storage system also serve as part of the building structure, the increase in value which shall be exempt from taxation shall be equal to the assessed

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

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value attributable to such system or components multiplied by the ratio of the incremental cost of such system or components to the total cost of such system or components. The exemption provided by this section is inapplicable to any structure that satisfies the requirements for exemption under section four hundred eighty-three-e of this title.

3. The president of the authority shall provide definitions and guidelines for the eligibility for exemption of the solar and wind energy equipment and systems [~~and~~], farm waste energy equipment and systems, micro-hydroelectric equipment and systems, fuel cell electric generating equipment and systems, micro-combined heat and power generating equipment and systems and electric energy storage equipment and electric energy storage system described in paragraphs (a) [~~and~~], (b), (e), (f), (g), (h), (i), (j), (k), (l), (m) and (n) of subdivision one of this section.

4. No solar or wind energy system [~~or~~], farm waste energy system, micro-hydroelectric energy system, fuel cell electric generating system, micro-combined heat and power generating equipment system, or electric energy storage equipment and electric energy storage system shall be entitled to any exemption from taxation under this section unless such system meets the guidelines set by the president of the authority and all other applicable provisions of law.

§ 2. Subdivision 1 of section 487 of the real property tax law is amended by adding eight new paragraphs (g), (h), (i), (j), (k), (l), (m) and (n) to read as follows:

(g) "Micro-hydroelectric energy equipment" means any energy storage device, penstock, turbine, generator and other materials, hardware and equipment necessary to the process by which the flow of stream or river water or water from other water bodies is (i) converted into electrical energy; (ii) protected from unnecessary dissipation; and (iii) distributed. It does not include pipes, controls, insulation or other equipment which are part of the normal heating, cooling, or insulation system of a building. It does not include insulated glazing or insulation to the extent that such materials exceed the energy efficiency standards established by law.

(h) "Micro-hydroelectric energy system" means an arrangement or combination of micro-hydroelectric energy equipment designed to provide electrical energy by the use of flowing water. It does not include pipes, controls, insulation or other equipment which are part of the normal heating, cooling, or insulation system of a building. It does not include insulated glazing or insulation to the extent that such materials exceed the energy efficiency standards established by law.

(i) "Fuel cell electric generating equipment" means a solid oxide, molten carbonate, proton exchange membrane or phosphoric acid fuel cell with a combined rated capacity of not more than two thousand kilowatts. It does not include insulated glazing or insulation to the extent that such materials exceed the energy efficiency standards established by law.

(j) "Fuel cell electric generating system" means an arrangement or combination of equipment designed to produce electrical energy through reaction of chemicals, including but not limited to hydrogen, oxygen, methane and natural gas.

(k) "Micro-combined heat and power generating equipment" means an integrated, cogenerating building heating and electrical power generation system, owned, leased or operated by a residential customer, located at such customer's premises, operating on any fuel and of any applicable engine, fuel cell or other technology with a rated capacity

of at least one kilowatt and not more than ten kilowatts electric and any thermal output that has a design total fuel use efficiency in the production of heat and electricity of not less than eighty percent, and annually produces at least two thousand kilowatt hours of useful energy in the form of electricity that may work in combination with supplemental or parallel conventional heating systems, that is manufactured, installed and operated in accordance with applicable government and industry standards, that is connected to the electric system and operated in conjunction with an electric corporation's transmission and distribution facilities. It does not include pipes, controls, insulation or other equipment which are part of the normal heating, cooling, or insulation system of a building. It does not include insulated glazing or insulation to the extent that such materials exceed the energy efficiency standards established by law.

(l) "Micro-combined heat and power generating equipment system" means an arrangement or combination of equipment designed to produce electrical energy and heat for a residential customer on such customer's premises.

(m) "Electric energy storage equipment" means a set of technologies capable of storing electric energy and releasing that energy as electric power at a later time. Electric energy storage technologies may store energy as potential, kinetic, chemical or thermal energy, that can be released as electric power and include, but are not limited to, various types of batteries, flywheels, electrochemical capacitors, compressed air storage and thermal storage devices.

(n) "Electric energy storage system" means an arrangement or combination of equipment designed to store electrical energy in electric energy storage equipment and release electric power at a later time.

§ 3. Subdivision 5 of section 487 of the real property tax law, as amended by chapter 344 of the laws of 2014, is amended to read as follows:

5. The exemption granted pursuant to this section shall only be applicable to (a) solar or wind energy systems or farm waste energy systems which are [~~(a)~~] (i) existing or constructed prior to July first, nineteen hundred eighty-eight or [~~(b)~~] (ii) constructed subsequent to January first, nineteen hundred ninety-one and prior to January first, two thousand twenty-five, and (b) micro-hydroelectric energy systems, fuel cell electric generating systems, micro-combined heat and power generating equipment systems, or electric energy storage equipment or electric energy storage system which are constructed subsequent to January first, two thousand eighteen and prior to January first, two thousand twenty-five.

§ 4. Paragraph (a) of subdivision 8 of section 487 of the real property tax law, as amended by chapter 344 of the laws of 2014, is amended to read as follows:

(a) Notwithstanding the provisions of subdivision two of this section, a county, city, town or village may by local law or a school district, other than a school district to which article fifty-two of the education law applies, may by resolution provide either (i) that no exemption under this section shall be applicable within its jurisdiction with respect to any solar or wind energy system or farm waste energy system which began construction subsequent to January first, nineteen hundred ninety-one or the effective date of such local law, ordinance or resolution, whichever is later, and/or (ii) that no exemption under this section shall be applicable within its jurisdiction with respect to any micro-hydroelectric energy system, fuel cell electric generating system,

micro-combined heat and power generating equipment system, or electric energy storage equipment or electric energy storage system constructed subsequent to January first, two thousand eighteen or the effective date of such local law, ordinance or resolution, whichever is later. A copy of any such local law or resolution shall be filed with the commissioner and with the president of the authority.

§ 5. This act shall take effect January 1, 2018.