

STATE OF NEW YORK

7849

IN SENATE

February 26, 2020

Introduced by Sens. GOUNARDES, LANZA -- read twice and ordered printed,
and when printed to be committed to the Committee on Cities

AN ACT to amend the real property tax law and the administrative code of
the city of New York, in relation to applications by certain electric
generating facilities for tax abatements for industrial and commercial
construction work on properties in a city of one million or more
persons

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

1 Section 1. Legislative findings. The legislature hereby finds that the
2 2011 amendment to the industrial and commercial abatement program was
3 successful in preventing a large increase in capacity rates for elec-
4 tricity that would have cost ratepayers in the city of New York hundreds
5 of millions of dollars had the law not been changed. However, in the
6 haste to adopt that law, a new peaking power plant fell through the
7 cracks and has been paying property taxes since it began operations in
8 2012, even though the 2011 statute clearly intended that industrial and
9 commercial abatement program benefits be provided to peaking power
10 plants as a right. This act would correct that defect in the statute and
11 enable the facility to receive industrial and commercial abatement
12 program benefits prospectively.

13 § 2. Subdivision 17 of section 489-aaaaaa of the real property tax
14 law, as amended by chapter 28 of the laws of 2011, is amended to read as
15 follows:

16 17. "Utility property" means property and equipment as described in
17 paragraphs (c), (d), (e), (f) and (i) of subdivision twelve of section
18 one hundred two of this chapter that is used in the ordinary course of
19 business by its owner or any other entity or property as described in
20 paragraphs (a) and (b) of subdivision twelve of section one hundred two
21 of this chapter that is owned by any entity that uses in the ordinary
22 course of business property and equipment as described in paragraphs
23 (c), (d), (e), (f) and (i) of subdivision twelve of section one hundred
24 two of this chapter, without regard to the classification of such prop-
25 erty and equipment for real property tax purposes pursuant to section

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

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1 eight hundred two of this chapter, except that any such property and
2 equipment used solely to serve the building to which they are attached
3 shall not be deemed utility property. Notwithstanding any provision of
4 this title to the contrary, peaking units shall not be considered utili-
5 ty property. For purposes of this title, "peaking unit" shall mean a
6 generating unit that: (a) is determined by the New York independent
7 system operator or a federal or New York state energy regulatory commis-
8 sion to constitute a peaking unit as set forth in section 5.14.1.2 of
9 the New York independent system operator's market administration and
10 control area services tariff, as such term existed as of April first,
11 two thousand eleven; or (b) has an annual average operation, during the
12 calendar year preceding the taxable status date, of less than eighteen
13 hours following each start of the unit; for purposes of calculating the
14 annual average, operations during any period covered by any major emer-
15 gency declaration issued by the New York independent system operator,
16 northeast power coordinating council, or other similar entity shall be
17 excluded; or (c) notwithstanding the requirements and provisions of this
18 title, any peaking unit that was planned, approved and under
19 construction between the effective date of this title and the effective
20 date of chapter twenty-eight of the laws of two thousand eleven, and
21 upon going into service exclusively provides electricity to Zone J,
22 shall be deemed eligible for the benefits of this title; provided,
23 however, that the benefit period for a peaking unit shall be as set
24 forth in paragraph (b-1) of subdivision three of section four hundred
25 eighty-nine-bbbbb of this title; and provided, further, that such bene-
26 fits shall commence upon the effective date of this paragraph. A "peak-
27 ing unit" under this title shall include all real property used in
28 connection with the generation of electricity, and any facilities used
29 to interconnect the peaking unit with the electric transmission or
30 distribution system, but shall not include any facilities that are part
31 of the electric transmission or distribution system; it may be comprised
32 of a single turbine and generator or multiple turbines and generators
33 located at the same site. Notwithstanding any provision of this title to
34 the contrary, a peaking unit shall be considered industrial property,
35 provided however that the benefit period for a peaking unit shall be as
36 set forth in paragraph (b-1) of subdivision three of section four
37 hundred eighty-nine-bbbbb of this title.

38 § 3. Subdivision q of section 11-268 of the administrative code of the
39 city of New York, as amended by chapter 28 of the laws of 2011, is
40 amended to read as follows:

41 q. "Utility property" means property and equipment as described in
42 paragraphs (c), (d), (e), (f) and (i) of subdivision twelve of section
43 one hundred two of the real property tax law that is used in the ordi-
44 nary course of business by its owner or any other entity or property as
45 described in paragraphs (a) and (b) of subdivision twelve of section one
46 hundred two of such law that is owned by any entity that uses in the
47 ordinary course of business property and equipment as described in para-
48 graphs (c), (d), (e), (f) and (i) of subdivision twelve of section one
49 hundred two of such law, without regard to the classification of such
50 property and equipment for real property tax purposes pursuant to
51 section eighteen hundred two of such law, except that any such property
52 and equipment used solely to serve the building to which they are
53 attached shall not be deemed utility property. Notwithstanding any
54 provision of this part to the contrary, peaking units shall not be
55 considered utility property. For purposes of this part, "peaking unit"
56 shall mean a generating unit that: (a) is determined by the New York

1 independent system operator or a federal or New York state energy regu-
2 latory commission to constitute a peaking unit as set forth in section
3 5.14.1.2 of the New York independent system operator's market adminis-
4 tration and control area services tariff, as such term existed as of
5 April first, two thousand eleven; or (b) has an annual average opera-
6 tion, during the calendar year preceding the taxable status date, of
7 less than eighteen hours following each start of the unit; for purposes
8 of calculating the annual average, operations during any period covered
9 by any major emergency declaration issued by the New York independent
10 system operator, northeast power coordinating council, or other similar
11 entity shall be excluded; or (c) notwithstanding the requirements and
12 provisions of this part, any peaking unit that was planned, approved and
13 under construction between the effective date of title two-F of article
14 four of the real property tax law and the effective date of chapter
15 twenty-eight of the laws of two thousand eleven, and upon going into
16 service exclusively provides electricity to Zone J, shall be deemed
17 eligible for the benefits of this part; provided, however, that the
18 benefit period for a peaking unit shall be as set forth in paragraph
19 two-a of subdivision c of section 11-269 of this part; and provided,
20 further, that such benefits shall commence upon the effective date of
21 this paragraph. A "peaking unit" under this part shall include all real
22 property used in connection with the generation of electricity, and any
23 facilities used to interconnect the peaking unit with the electric tran-
24 smission or distribution system, but shall not include any facilities
25 that are part of the electric transmission or distribution system; it
26 may be comprised of a single turbine and generator or multiple turbines
27 and generators located at the same site. Notwithstanding any provision
28 of this part to the contrary, a peaking unit shall be considered indus-
29 trial property, provided however that the benefit period for a peaking
30 unit shall be as set forth in paragraph two-a of subdivision c of
31 section 11-269 of this part.

32 § 4. This act shall take effect immediately.