

LIPA looks to reduce 'tax' bill

■ **Weighs annual \$500M payments to districts**

■ **Some municipal, school budgets rely on the funds**

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The Long Island Power Authority has quietly begun the process of reviewing the \$500 million it makes in annual tax payments to local municipalities and school districts. The move could cut electric bills as much as 10 percent but also ignite protest from districts that most benefit.

LIPA makes the payments to communities that host power plants, substations and other properties owned by the authority and plant operators such as National Grid.

LIPA chief Kevin Law said on Thursday that he has directed internal staff and an outside firm to examine the issue.

"I think LIPA has been paying exorbitant property taxes, and I'm exploring options to reduce them," he said.

He declined to be more specific, but board members in the past have said the taxes could be lowered with the use of tax certiorari filings. That's how homeowners and businesses routinely challenge high taxes based on property revaluations and other factors.

LIPA board member Michael Fragin in 2007 noted that ratepayers are paying these taxes through their LIPA bills, but getting no deduction for it.

Because LIPA as a nonprofit doesn't technically pay taxes, it makes "payments in lieu of taxes."

At least a dozen communities

that host power plants, in particular, rely on the millions of dollars LIPA pumps into school districts, villages, police departments and other agencies.

Noting LIPA payments constitute 40 percent of the Port Jefferson school district's budget, superintendent Max Riley said any attempt to reduce it "would be of enormous concern to the school board, the town and our taxpayers."

Added state Sen. Kenneth LaValle (R-Port Jefferson): "This is the wrong time to pull the rug out from municipalities and schools" given state budget woes.

Port Jefferson Village Treasurer Donald Pearce said the only alternative would be to raise taxes. "God forbid they ever close the [Port Jefferson] power plant," Pearce added.

But others support LIPA's position.

The Association for a Better Long Island, a group representing large real-estate interests, on Friday requested copies of tax assessments of plants to challenge LIPA's payments. The group noted that some older LIPA power plants run only intermittently, yet LIPA still makes the same hefty payments as when they ran frequently. The group charges that the "unfair" and "illegal" overassessment of older plants burdens its members with inordinately high LIPA bills.

"When the entire 60-year-old Port Jefferson facility is worth less than \$100 million and it has a \$25-million tax bill, it is obvious something is terribly wrong here," said Desmond Ryan, the group's executive director. "That would be akin to having a house appraised at \$800,000 paying taxes of \$250,000."

Power plant payments

As a nonprofit, LIPA technically doesn't pay property taxes. Instead, it makes "payments in lieu of taxes" to dozens of Long Island municipalities and school districts. It amounts to **\$500 million a year**. Here's how much the major power plants pay the communities.

Northport
\$64.4 million

Barrett (Island Park)
\$34.3 million

Port Jefferson
\$25 million

Glenwood
\$21.6 million

Far Rockaway
\$2.8 million