



ABLI & LIBI URGE NYS TO REDUCE ENERGY COSTS FOR 1.1M LIPA CUSTOMERS BY OPPOSING BILL THAT MAINTAINS 5% POWER PLANT TAX

On The Brink of Finally Reaching Fair Phase-Down Settlements for Over-Assessed Power Plants, Bill Would Squander Decades of Progress

Recently Passed NYS Senate Legislation Will Make Living and Working on Long Island More Difficult and More Expensive

Hauppauge, NY (February 28, 2020) – The Association for a Better Long Island (ABLI) and Long Island Builders Institute (LIBI), leading regional economic development advocacy groups, are urging New York State elected officials to oppose legislation that would compel Long Island’s 1.1 million LIPA ratepayers to pay higher rates for obsolete power plants, further damaging the region’s economy.

In a message to Albany leadership, the business leaders warn that the proposed legislation currently making its way through the New York State Assembly ([AB 7786](#)), will saddle all Long Island Power Authority customers with higher rates for an inefficient power plant that produces nearly 80 percent less energy than it did 20 years ago. Additionally, the legislation potentially sets a precedent and a model for a way that other entities and municipalities to over assess properties, creating further financial burdens for Long Islanders.

“This ill conceived and unconstitutional bill squanders decades of progress toward providing energy cost relief to the 1.1 million LIPA customers,” said Kyle Strober, Executive Director, Association for a Better Long Island. “The bill will surely lead to costly and prolonged litigation. It will also delay the execution of fair phase-down settlements, which is the only solution that makes sense, as it would reduce energy costs for all of LIPA’s customers and would ensure the impact on affected communities is minimized.”

“The Long Island Builders Institute firmly supports the efforts of the Long Island Power Authority to ensure that all of its ratepayers pay only the amount of real property taxes which are lawful and not excessive or exorbitant,” said Mitchell H Pally, Chief Executive Officer. “It is unconscionable for the New York State Legislature to pass legislation which would continue the excessive payments of the past to a few municipalities and school districts and to ensure that the ratepayers of Long Island could not contest such payments in court, just like everyone else has the legal right to do.”

The letter was sent to Governor Andrew Cuomo, Assembly Speaker Carl Heastie, and Assemblyman Steve Stern, who introduced the bill. The Senate bill SB 5122A was passed (Y:57/N:5) on February 11,

2020. It was immediately delivered to the Assembly and referred to the Assembly Corporations, Authorities and Commissions Committee.

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February 28, 2020

Hon. Andrew M. Cuomo
Governor of New York State
NYS Capitol Building
Albany, NY 12224

Hon. Carl E. Heastie
Speaker, NYS Assembly
LOB 932
Albany, NY 12248

Hon. Steve Stern
NYS Assembly
LOB 919
Albany, NY 12248

Re: Bill AB 7786 / SB 5122-A – Preventing the Long Island Power Authority from collecting past taxes

Dear Governor Cuomo, Speaker Heastie, Assemblyman Stern:

The Association for a Better Long Island (ABLI) and Long Island Builders Institute (LIBI), leading regional economic development advocacy groups, strongly oppose to AB 7786 / SB 5122-A, which will make living and working on Long Island even more difficult and expensive for all of LIPA's 1.1 million customers, especially its business customers that drive Long Island's economy.

The Northport Power Plant has annual taxes of \$84 million, making it the highest-taxed property in America—a tax bill that exceeds that of Disneyland and the Empire State Building combined. Those costs are being directly passed through to LIPA customers in the form of higher rates. This subsidy is completely absurd for a 49-year-old plant that produces nearly 80 percent less energy than it did 20 years ago.

Instead of promoting a fair phase-down settlement that would benefit all Long Islanders, this legislation would make the problem far worse and incentivize terribly flawed policy. On April 26, 2019, the Newsday called this legislation “likely unconstitutional.” Also stating that “...municipalities could assess plants at infinitely high valuations while knowing the state would guarantee any refund. Besides setting a dreadful precedent, it is likely unconstitutional.” On June 3, 2019, the Newsday Editorial Board again wrote, “the legislation is clearly unconstitutional” and “It’s dangerous because it would allow municipal assessors...to put any value they want on properties without fear of legal challenges seeking repayment.” I am enclosing copies of both Newsday Editorials. This bill will hinder the progress already made, as Brookhaven Supervisor Ed Romaine and the Village of Port Jefferson brokered a fair phase-down settlement, acknowledging the need to reduce energy costs for the majority of its residents.

One cannot overestimate the financial burden this ill-conceived legislation will place on the more than one million LIPA customers. Currently, LIPA customers pay a 5% tax on their energy bill due to the over assessment of these four power plants. Most importantly, this bill is

unconstitutional, as it deprives electric customers of due process. If passed, it will surely lead to costly and prolonged litigation, only delaying the inevitable.

The 3.2 million Long Island residents need energy cost relief now, therefore, we respectfully request that you oppose Assembly Bill AB 7786.

Regards,



Kyle Strober
Executive Director
Association For A Better Long Island



Mitch Pally
CEO
Long Island Builders Institute

cc: Long Island NYS Senate Delegation