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May 18, 2011

SENT VIA ELECTRONIC FILING  
Kimberly D. Bose, Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E.  
Room 1-A209  
Washington, D.C. 20426

Re: Docket No. ER11-2224-000 - New York Independent  
System Operator, Inc.

Dear Secretary Bose:

Attached, for filing, is the Motion to Lodge And For Expedited Ruling On An Amendment To The New York Real Property Tax Law To Provide Tax Abatements For Peaking Generating Facilities By The City Of New York And The New York Public Service Commission in the above-entitled proceeding. The parties have also been provided with a copy of this filing, as indicated in the attached Certificate of Service. Should you have any questions, please feel free to contact me at (518) 473-7136.

Very truly yours,

Leonard Van Ryn  
Assistant Counsel

Attachment

cc: Service List

**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

New York Independent System            )            Docket Nos. ER11-2224-000,  
Operator, Inc.                            )            -002, -003, -004, and -005

**MOTION TO LODGE AND FOR EXPEDITED RULING ON AN  
AMENDMENT TO THE NEW YORK REAL PROPERTY TAX LAW  
TO PROVIDE TAX ABATEMENTS FOR PEAKING GENERATING FACILITIES  
BY THE CITY OF NEW YORK AND  
THE NEW YORK PUBLIC SERVICE COMMISSION**

Pursuant to Rule 212 of the Federal Energy Regulatory Commission's ("Commission") Rules of Practice and Procedure, 18 C.F.R. § 385.212, the City of New York ("City") and New York Public Service Commission ("NYPSC") respectfully move to lodge material new information that will have a substantial impact on the Commission's consideration of the petitions for rehearing, and of the New York Independent System Operator, Inc.'s ("NYISO") compliance filings, in these proceedings. On May 18, 2011, New York State Governor Andrew M. Cuomo signed into law Chapter 28 of the Laws of 2011, which amends Title 2-F of Article 4 of the Real Property Tax Law to create an as-of-right property tax abatement for peaking generating facilities located in New York City. The law has an effective date of March 1, 2011. Because this law directly and completely addresses a concern raised by the Commission in its January 28 Order in these proceedings, the Commission should grant this motion expeditiously and consider this law in deciding whether to grant rehearing and modify the January 28 Order, and also in considering the other matters pending in these proceedings.<sup>1</sup>

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<sup>1</sup> *New York Independent System Operator, Inc.*, 134 FERC ¶ 61,058 (2011) ("January 28 Order").

## I. BACKGROUND

In August 2010, the New York City Industrial Development Agency (“NYCIDA”) adopted a revision to its Uniform Tax Exemption Policy (“UTEP”) to provide for property tax abatements and other benefits for certain peaking generating facilities. The UTEP revision was adopted at the request of certain generators and developers to replace a statutory tax abatement program that expired in 2008 and to provide clarity on the eligibility requirements for the tax abatement.

In developing the Installed Capacity Demand Curves for the 2011/2012, 2012/2013 and 2013/2014 Capability Years for New York City pursuant to Section 5.14.1.2 of its Market Administration and Control Area Services Tariff (“Services Tariff”), the NYISO recognized the existence of the tax abatement available to generating facilities including the proxy peaking unit and excluded property taxes in the calculation of the cost of new entry of the proxy peaking unit for New York City.<sup>2</sup> In the January 28 Order, however, the Commission did not accept the NYISO’s decision to recognize the full tax abatement, stating:

We find that it is not just and reasonable to assume full or, in fact, any tax abatement for the NYC LMS100 peaking unit when granting the tax abatement is discretionary under the provisions of the UTEP and not a matter of right as it was under the predecessor program, ICIP.<sup>3</sup>

The City, NYPSC, NYISO, and New York Transmission Owners have provided information to the Commission on the detrimental impact of this determination. Based on the most recent information available, the NYPSC calculates the effect as ranging between \$500

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<sup>2</sup> *New York Independent System Operator, Inc.*, Docket No. ER11-2224-000, “Tariff Revisions to Implement Revised ICAP Demand Curves for Capability Years 2011/2012, 2012/2013 and 2013/2014,” filed November 30, 2010.

<sup>3</sup> January 28 Order at P 88.

million and \$1.0 billion over the three Capability Years covered by the new in-City Installed Capacity Demand Curves.

In response to the Commission's concerns, and to avoid the deleterious impacts associated with the Commission's January 28 Order, Governor Andrew M. Cuomo signed into law a provision that amends and expands the Industrial and Commercial Abatement Program to encompass all peaking generating facilities constructed in New York City.<sup>4</sup> Pursuant to that now-effective state law, such facilities will receive as-of-right a 100 percent tax abatement on all equipment and structures for a 15-year period.

## **II. THE LAW**

Chapter 28 of the Laws of 2011, a copy of which is attached hereto as Appendix A, amends certain Industrial and Commercial Abatement Program-related provisions of the New York Real Property Tax Law and of the Administrative Code of the City of New York. A brief synopsis of the most pertinent aspects of the Chapter follows.

Section 2 of the Chapter modifies the definition of utility property for purposes of the Industrial and Commercial Abatement Program to exclude peaking units (*i.e.*, peaking units are now defined as industrial property, not utility property, and therefore eligible for an as-of-right tax abatement under the Industrial and Commercial Abatement Program).<sup>5</sup> It also defines a peaking unit as the generating unit selected under Section 5.14.1.2 of the NYISO's Services Tariff, and any other generating unit that has average annual operations of less than 18 hours after each start. Operations during emergency conditions are excluded from the calculation of the

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<sup>4</sup> In 2008, the State Legislature enacted the Industrial and Commercial Abatement Program to replace the expired Industrial and Commercial Incentive Program ("ICIP"), which had provided an as-of-right tax abatement to all utility property, not just electric generating facilities.

<sup>5</sup> Utility property, as previously defined in the statute, remains ineligible for Industrial and Commercial Abatement Program benefits.

annual average, and all equipment that comprises the generating facility is covered by the tax abatement. Section 3 of the Chapter sets the abatement period at 15 years and addresses certain details related to the calculation of the abatement.

Historically, the ICIP was renewed every three years (*i.e.*, the availability of the program would expire unless extended by statutory amendment). Importantly, though, all benefits awarded under the ICIP would remain in effect for the duration of the award period, even if, and when, the program expired.<sup>6</sup> The Industrial and Commercial Abatement Program follows a similar path and its initial term expired as of March 1, 2011. Therefore, Sections 4 and 5 of the Chapter extend the term of the program by four years, and Section 14 establishes the effective date of the Chapter as March 1, 2011 to make the extension seamless and ensure that there is no gap in the availability of the program.<sup>7</sup> The Industrial and Commercial Abatement Program will operate in a similar fashion as the ICIP, meaning that once awarded, all benefits remain in effect for the duration of the award period.

### **III. MOTION TO LODGE**

The City and NYPSC respectfully request that the Commission grant this motion and consider this fundamental change in circumstances in deciding the petitions for rehearing filed by the City, NYPSC, NYISO, and New York Transmission Owners as they relate to the treatment of property taxes for the New York City proxy peaking unit. Further, the City and NYPSC respectfully request that the Commission consider this new information in addressing

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<sup>6</sup> For example, if a property received a 15-year tax abatement under the ICIP in 2006, it will continue to receive that abatement through the end of the 15-year period even though the ICIP expired in 2008.

<sup>7</sup> At the time this legislation was introduced, there was already a bill pending in the Legislature to extend the Industrial and Commercial Abatement Program for four years. For efficiency purposes, the contents of that bill were incorporated into this Chapter and addressed collectively.

the NYISO's compliance filings and its final determination of the 2011/2012, 2012/2013, and 2013/2014 Installed Capacity Demand Curves for New York City. The Commission has granted similar motions in prior proceedings when parties "have presented the Commission with information about a material change in the facts that the Commission relied on in reaching its decision ... and that was not available at the time [the parties] filed their rehearing request."<sup>8</sup>

As discussed above, the primary basis of the Commission's determination on the appropriate property tax treatment for the New York City proxy peaking unit was the absence of an as-of-right tax abatement. The Commission also expressed a lesser concern regarding the eligibility criteria for the discretionary abatement. Chapter 28 fully addresses the Commission's concerns. All peaking units constructed in New York City are now eligible for as-of-right tax abatements for 15-year periods.

There can be no legitimate dispute that the new law constitutes a material change in the information the Commission relied upon in reaching its initial determination on this issue in the January 28 Order. Inasmuch as the new law was enacted only today, it clearly was not available to the City, NYPSC, or any other party at the time the petitions for rehearing, or any other pleadings, were filed in these proceedings. Moreover, the impact of this new law on these proceedings is substantial. In addition to providing, on an as-of-right basis, millions of dollars of property tax savings to developers of peaking units, it should constitute sufficient evidence for the Commission to reverse its prior decision and modify the increases to the in-City Installed Capacity Demand Curves required under the January 28 Order to arrive at just and reasonable

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<sup>8</sup> *Central Maine Power Company and Maine Public Service Company*, 129 FERC ¶ 61,153 (2009) at P 14; *see also The Salt River Project Agric. Improvement Power Dist. v. Tucson Elec. Power Co.*, 79 FERC ¶ 61,336 (1997) at 62,452 (granting motion to lodge where "information . . . is relevant to our consideration").

rates that will save New York City consumers hundreds of millions of dollars in capacity charges each year.

The beneficial impact of the law on consumers also constitutes good cause for the Commission to grant this motion and consider this information in its determinations in these proceedings. Indeed, because of this law, it would be irrational to assume that a new peaking unit in New York City would not receive a full tax abatement on its equipment and structures. For the same reason, capacity charges that include such an assumption would be unjust and unreasonable.

#### **IV. MOTION TO EXPEDITE CONSIDERATION**

It is not known exactly when the Commission will consider the pending petitions for rehearing or the NYISO's compliance filings. However, it is reasonable to assume that the Commission will take action imminently. For the reasons set forth herein, expeditious consideration of this motion to lodge (*i.e.*, no later than concurrent with the Commission's consideration of the above matters) is in the public interest.

The information at issue is objective in nature and should not be subject to any legitimate dispute or objection. That is, the information provided is now the law of the State of the New York, and the Commission should be aware of, and base its decisions on, the law of the State of New York as it now exists. No party reasonably could ask the Commission to ignore pertinent State law or decide the pending issues in a manner that is inconsistent with, or contrary to, such law. Indeed, any such requests would be improper and can summarily be rejected by the Commission.

As discussed above, the implications of this new law are dramatic. Application of the law to the consideration of the matters raised on rehearing and in the compliance filings will

result in substantial reductions to capacity charges over the three-year period covered by the Demand Curves at issue. Because, as the Commission has frequently noted, its primary purpose is to serve and protect consumers, it should expeditiously grant this motion and factor the law into its analysis of the pending issues and arguments presented by the parties. Because the issue addressed by this motion is narrow in scope and serves to alert the Commission to a material change in New York law that addresses specific concerns raised in the January 28 Order, the motion is not intended to, and should not, provide justification for any party to raise new or unrelated issues or seek to supplement their prior pleadings.

**V. CONCLUSION**

For the reasons set forth herein, the City and NYPSC respectfully request that the Commission grant their motion to lodge, do so on an expedited basis, and consider the new law and as-of-right tax abatement for peaking generating facilities in its decisions on the pending petitions for rehearing and compliance filings.

Dated: May 18, 2011

Respectfully submitted,



Peter McGowan, Esq.  
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Public Service Commission  
of the State of New York

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*s/ Kevin M. Lang*

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*s/ Michael J. Delaney*

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STATE OF NEW YORK

28

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CHAP 28 LAWS OF 20 11

2011-2012 Regular Sessions

IN ASSEMBLY

May 6, 2011

Introduced by M. of A. SILVER, FARRELL -- (at request of the Governor)  
-- read once and referred to the Committee on Ways and Means

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

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

1 Section 1. Legislative findings. The legislature hereby finds that the  
2 New York city industrial and commercial incentive program granted, as of  
3 right, reductions in real property taxes to new industrial and commer-  
4 cial projects, including power plants. That program lapsed in 2008 and  
5 its successor, the industrial and commercial abatement program, enacted  
6 by chapter 119 of the laws of 2008, did not provide for tax abatements  
7 for new electricity generating facilities in New York city. In August  
8 2010 the board of directors of the New York city industrial development  
9 agency revised its uniform tax exemption policy to provide a discretion-  
10 ary tax abatement program, and other benefits, for certain peaking  
11 generating facilities. However, the tax benefits of the program were  
12 not recognized by the federal energy regulatory commission in setting  
13 the installed capacity demand curves for the City of New York for  
14 2011/2012, 2012/2013 and 2013/2014, potentially resulting in a signif-  
15 icant increase in the level of the demand curves and corresponding  
16 capacity prices paid by customers in the city of New York. The legisla-  
17 ture further finds that it is in the best interest of customers to  
18 prevent such impacts by amending the real property tax law for the  
19 purpose of making peaking units eligible for benefits, as of right,  
20 under the industrial and commercial abatement program.

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

LBD12038-06-1

1 § 2. Subdivision 17 of section 489-~~aaaaa~~ of the real property tax  
2 law, as added by chapter 119 of the laws of 2008, is amended to read as  
3 follows:

4 17. "Utility property" means property and equipment as described in  
5 paragraphs (c), (d), (e), (f) and (i) of subdivision twelve of section  
6 one hundred two of this chapter that is used in the ordinary course of  
7 business by its owner or any other entity or property as described in  
8 paragraphs (a) and (b) of subdivision twelve of section one hundred two  
9 of this chapter that is owned by any entity that uses in the ordinary  
10 course of business property and equipment as described in paragraphs  
11 (c), (d), (e), (f) and (i) of subdivision twelve of section one hundred  
12 two of this chapter, without regard to the classification of such prop-  
13 erty and equipment for real property tax purposes pursuant to section  
14 eighteen hundred two of this chapter, except that any such property and  
15 equipment used solely to serve the building to which they are attached  
16 shall not be deemed utility property. Notwithstanding any provision of  
17 this title to the contrary, peaking units shall not be considered utili-  
18 ty property. For purposes of this title, "peaking unit" shall mean a  
19 generating unit that: (a) is determined by the New York independent  
20 system operator or a federal or New York state energy regulatory commis-  
21 sion to constitute a peaking unit as set forth in section 5.14.1.2 of  
22 the New York independent system operator's market administration and  
23 control area services tariff, as such term existed as of April first,  
24 two thousand eleven; or (b) has an annual average operation, during the  
25 calendar year preceding the taxable status date, of less than eighteen  
26 hours following each start of the unit; for purposes of calculating the  
27 annual average, operations during any period covered by any major emer-  
28 gency declaration issued by the New York independent system operator,  
29 northeast power coordinating council, or other similar entity shall be  
30 excluded. A "peaking unit" under this title shall include all real prop-  
31 erty used in connection with the generation of electricity, and any  
32 facilities used to interconnect the peaking unit with the electric trans-  
33 mission or distribution system, but shall not include any facilities  
34 that are part of the electric transmission or distribution system; it  
35 may be comprised of a single turbine and generator or multiple turbines  
36 and generators located at the same site. Notwithstanding any provision  
37 of this title to the contrary, a peaking unit shall be considered indus-  
38 trial property, provided however that the benefit period for a peaking  
39 unit shall be as set forth in paragraph (b-1) of subdivision three of  
40 section four hundred eighty-nine-~~bbbbbb~~ of this title.

41 § 3. Subdivision 3 of section 489-~~bbbbbb~~ of the real property tax law  
42 is amended by adding a new paragraph (b-1) to read as follows:

43 (b-1) Abatement for industrial construction work on a peaking unit.  
44 Upon approval by the department of a final application for benefits, an  
45 applicant who has performed industrial construction work in any area on  
46 a peaking unit, shall be eligible for an abatement of real property  
47 taxes, as follows:

48 (i) Amount of abatement. The first year of the abatement shall be the  
49 tax year with the first taxable status date that follows the sooner of  
50 (A) completion of construction; or (B) four years from the date the  
51 first building permit was issued, or if no permit was required, the  
52 commencement of construction. For years one through fifteen, the abate-  
53 ment shall be the amount of the abatement base. The abatement shall be  
54 adjusted for inflation protection as provided in subparagraph (ii) of  
55 this paragraph. The following table illustrates the abatement computa-  
56 tion:

1 Tax year during benefit period:                    Amount of abatement:  
 2 Years 1 through 15                                    100% of abatement base  
 3 (ii) Inflation protection. (A) Industrial construction work, effect of  
 4 assessed valuation increases. For years two through thirteen of the  
 5 benefit period, except as provided in clause (B) of this subparagraph,  
 6 if there is any increase in tax in that year that is based on an  
 7 increase of taxable assessed valuation since the immediately prior tax  
 8 year, such excess tax liability shall be added to the amount of the  
 9 abatement base. Such addition to the amount of the abatement base shall  
 10 be determined using the initial tax rate.

11 (B) Physical increases. Notwithstanding the provisions of clause (A)  
 12 of this subparagraph, if in any of years two through thirteen of the  
 13 benefit period, a physical change to the property results in an increase  
 14 in the taxable assessed value of the property of more than five percent  
 15 for that year, then any increase in taxes for that year shall not be  
 16 added to the amount of the abatement base in any year.

17 (C) If the taxable assessed value upon which an adjustment to the  
 18 abatement under this paragraph is based is later reduced by a court  
 19 order or application to the tax commission, then the appropriate adjust-  
 20 ment to the abatement base shall be made in accordance with the reduced  
 21 taxable assessed value.

22 (iii) Minimum required expenditure. For industrial construction work  
 23 on a peaking unit, the minimum required expenditure is thirty percent of  
 24 the property's taxable assessed value in the tax year with a taxable  
 25 status date immediately preceding the issuance of the first building  
 26 permit, or if no permit was required, the commencement of construction.  
 27 Expenditures for residential construction work or construction work on  
 28 portions of property to be used for restricted activities shall not be  
 29 included in the minimum required expenditure.

30 § 4. Paragraph (a) of subdivision 1 of section 489-ddddddd of the real  
 31 property tax law, as amended by chapter 138 of the laws of 2008, is  
 32 amended to read as follows:

33 (a) Application for benefits pursuant to this title may be made imme-  
 34 diately following the effective date of a local law enacted pursuant to  
 35 this title and continuing until March first, two thousand [eleven]  
 36 fifteen.

37 § 5. Section 489-ddddddd of the real property tax law is amended by  
 38 adding a new subdivision 3 to read as follows:

39 3. (a) No benefits pursuant to this title shall be granted for  
 40 construction work performed pursuant to a building permit issued after  
 41 April first, two thousand fifteen.

42 (b) If no building permit was required, then no benefits pursuant to  
 43 this title shall be granted for construction work that is commenced  
 44 after April first, two thousand fifteen.

45 § 6. Subdivision 1 of section 489-eeeeeee of the real property tax law,  
 46 as added by chapter 119 of the laws of 2008, is amended to read as  
 47 follows:

48 1. Continuing use. For the duration of the benefit period, the recipi-  
 49 ent of benefits shall file biennially with the department, on or before  
 50 the appropriate taxable status date, a statement of the continuing use  
 51 of such property and any changes in use that have occurred, provided,  
 52 however, that any recipient of benefits receiving benefits for property  
 53 defined as a peaking unit shall file such statement biennially. This  
 54 statement shall be in a form determined by the department and may be in  
 55 any format the department determines, in its discretion, is appropriate,  
 56 including electronic format. The department shall have authority to

1 terminate such benefits upon failure of a recipient to file such state-  
2 ment by the appropriate taxable status date. The burden of proof shall  
3 be on the recipient to establish continuing eligibility for benefits and  
4 the department shall have the authority to require that statements filed  
5 under this subdivision be certified.

6 § 7. Section 489-fffff of the real property tax law is amended by  
7 adding a new subdivision 5-a to read as follows:

8 5-a. Conversion of use by peaking units. Any applicant whose property  
9 has been granted benefits under this title for industrial construction  
10 work as a peaking unit and who converts such property in any tax year to  
11 a use that no longer qualifies it as a peaking unit, or who uses such  
12 property in a manner inconsistent with the definition of a peaking unit,  
13 shall be ineligible for abatement benefits during any such tax year. Any  
14 such recipient of benefits shall pay with interest taxes for which an  
15 abatement was claimed during any portion of such tax year.

16 § 8. Subdivision q of section 11-268 of the administrative code of the  
17 city of New York, as added by local law number 47 of the city of New  
18 York for the year 2008, is amended to read as follows:

19 q. "Utility property" means property and equipment as described in  
20 paragraphs (c), (d), (e), (f) and (i) of subdivision twelve of section  
21 one hundred two of the real property tax law that is used in the ordi-  
22 nary course of business by its owner or any other entity or property as  
23 described in paragraphs (a) and (b) of subdivision twelve of section one  
24 hundred two of such law that is owned by any entity that uses in the  
25 ordinary course of business property and equipment as described in para-  
26 graphs (c), (d), (e), (f) and (i) of subdivision twelve of section one  
27 hundred two of such law, without regard to the classification of such  
28 property and equipment for real property tax purposes pursuant to  
29 section eighteen hundred two of such law, except that any such property  
30 and equipment used solely to serve the building to which they are  
31 attached shall not be deemed utility property. Notwithstanding any  
32 provision of this part to the contrary, peaking units shall not be  
33 considered utility property. For purposes of this part, "peaking unit"  
34 shall mean a generating unit that: (a) is determined by the New York  
35 independent system operator or a federal or New York state energy regu-  
36 latory commission to constitute a peaking unit as set forth in section  
37 5.14.1.2 of the New York independent system operator's market adminis-  
38 tration and control area services tariff, as such term existed as of  
39 April first, two thousand eleven; or (b) has an annual average opera-  
40 tion, during the calendar year preceding the taxable status date, of  
41 less than eighteen hours following each start of the unit; for purposes  
42 of calculating the annual average, operations during any period covered  
43 by any major emergency declaration issued by the New York independent  
44 system operator, northeast power coordinating council, or other similar  
45 entity shall be excluded. A "peaking unit" under this part shall include  
46 all real property used in connection with the generation of electricity,  
47 and any facilities used to interconnect the peaking unit with the elec-  
48 tric transmission or distribution system, but shall not include any  
49 facilities that are part of the electric transmission or distribution  
50 system; it may be comprised of a single turbine and generator or multi-  
51 ple turbines and generators located at the same site. Notwithstanding  
52 any provision of this part to the contrary, a peaking unit shall be  
53 considered industrial property, provided however that the benefit period  
54 for a peaking unit shall be as set forth in paragraph two-a of subdivi-  
55 sion c of section 11-269 of this part.

1 § 9. Subdivision c of section 11-269 of the administrative code of the  
 2 city of New York is amended by adding a new paragraph 2-a to read as  
 3 follows:

4 (2-a) Abatement for industrial construction work on a peaking unit.  
 5 Upon approval by the department of a final application for benefits, an  
 6 applicant who has performed industrial construction work in any area on  
 7 a peaking unit, shall be eligible for an abatement of real property  
 8 taxes, as follows:

9 (a) Amount of abatement. The first year of the abatement shall be the  
 10 tax year with the first taxable status date that follows the sooner of  
 11 (i) completion of construction; or (ii) four years from the date the  
 12 first building permit was issued, or if no permit was required, the  
 13 commencement of construction. For years one through fifteen, the abate-  
 14 ment shall be the amount of the abatement base. The abatement shall be  
 15 adjusted for inflation protection as provided in subparagraph (b) of  
 16 this paragraph. The following table illustrates the abatement computa-  
 17 tion:

18 <u>Tax year during benefit period:</u>	<u>Amount of abatement:</u>
19 <u>Years 1 through 15</u>	<u>100% of abatement base</u>

20 (b) Inflation protection. (i) Industrial construction work, effect of  
 21 assessed valuation increases. For years two through thirteen of the  
 22 benefit period, except as provided in clause (ii) of this subparagraph,  
 23 if there is any increase in tax in that year that is based on an  
 24 increase of taxable assessed valuation since the immediately prior tax  
 25 year, such excess tax liability shall be added to the amount of the  
 26 abatement base. Such addition to the amount of the abatement base shall  
 27 be determined using the initial tax rate.

28 (ii) Physical increases. Notwithstanding the provisions of clause (i)  
 29 of this subparagraph, if in any of years two through thirteen of the  
 30 benefit period, a physical change to the property results in an increase  
 31 in the taxable assessed value of the property of more than five percent  
 32 for that year, then any increase in taxes for that year shall not be  
 33 added to the amount of the abatement base in any year.

34 (iii) If the taxable assessed value upon which an adjustment to the  
 35 abatement under this paragraph is based is later reduced by a court  
 36 order or application to the tax commission, then the appropriate adjust-  
 37 ment to the abatement base shall be made in accordance with the reduced  
 38 taxable assessed value.

39 (c) Minimum required expenditure. For industrial construction work on  
 40 a peaking unit, the minimum required expenditure is thirty percent of  
 41 the property's taxable assessed value in the tax year with a taxable  
 42 status date immediately preceding the issuance of the first building  
 43 permit, or if no permit was required, the commencement of construction.  
 44 Expenditures for residential construction work or construction work on  
 45 portions of property to be used for restricted activities shall not be  
 46 included in the minimum required expenditure.

47 § 10. Paragraph 1 of subdivision a of section 11-271 of the adminis-  
 48 trative code of the city of New York, as added by local law number 47 of  
 49 the city of New York for the year 2008, is amended to read as follows:

50 (1) Application for benefits pursuant to this part may be made imme-  
 51 diately following the effective date of the local law that added this  
 52 section and continuing until March first, two thousand [eleven] fifteen.

53 § 11. Section 11-271 of the administrative code of the city of New  
 54 York is amended by adding a new subdivision c to read as follows:

1 c. (1) No benefits pursuant to this part shall be granted for  
2 construction work performed pursuant to a building permit issued after  
3 April first, two thousand fifteen.

4 (2) If no building permit was required, then no benefits pursuant to  
5 this part shall be granted for construction work that is commenced after  
6 April first, two thousand fifteen.

7 § 12. Subdivision a of section 11-272 of the administrative code of  
8 the city of New York, as added by local law number 47 of the city of New  
9 York for the year 2008, is amended to read as follows:

10 a. Continuing use. For the duration of the benefit period, the recipi-  
11 ent of benefits shall file biennially with the department, on or before  
12 the appropriate taxable status date, a statement of the continuing use  
13 of such property and any changes in use that have occurred, provided,  
14 however, that any recipient of benefits receiving benefits for property  
15 defined as a peaking unit shall file such statement biannually. This  
16 statement shall be in a form determined by the department and may be in  
17 any format the department determines, in its discretion, is appropriate,  
18 including electronic format. The department shall have authority to  
19 terminate such benefits upon failure of a recipient to file such state-  
20 ment by the appropriate taxable status date. The burden of proof shall  
21 be on the recipient to establish continuing eligibility for benefits and  
22 the department shall have the authority to require that statements filed  
23 under this subdivision be certified.

24 § 13. Section 11-273 of the administrative code of the city of New  
25 York is amended by adding a new subdivision e-1 to read as follows:

26 e-1. Conversion of use by peaking units. Any applicant whose property  
27 has been granted benefits under this part for industrial construction  
28 work as a peaking unit and who converts such property in any tax year to  
29 a use that no longer qualifies it as a peaking unit, or who uses such  
30 property in a manner inconsistent with the definition of a peaking unit,  
31 shall be ineligible for abatement benefits during any such tax year. Any  
32 such recipient of benefits shall pay with interest taxes for which an  
33 abatement was claimed during any portion of such tax year.

34 § 14. This act shall take effect immediately and shall be deemed to  
35 have been in full force and effect on and after March 1, 2011.


**APPROVED**

  
MAY 18 2011

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated: Albany, New York  
May 18, 2011



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