



LIPA Update

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Northport Power Plant Tax Revenue

- LIPA operates powerplants and substations on behalf of National Grid on Long Island, including the Northport Power Plant
- Total taxes paid by LIPA on the Northport Power Plant (Town and School District) equal approximately **\$84,000,000** – or just 1.8% of LIPA's 4.5 billion total annual budget
- However, the Northport Power Plant represents 38% of the School District's annual tax revenue
 - 38% of 2018-2019 tax levy is approximately **\$55 million**

Background

- LIPA seeks to significantly reduce the assessed valuation of the Northport Power Plant and, as a result, obtain a substantial reduction of property taxes paid to the Northport-East Northport School District and the Town of Huntington
- If LIPA successfully reduces the assessed value of the Northport Power Plant as dramatically as they seek (up to 90%), taxpayers will face a gaping hole in the School District's budget – all for about \$1.50 per month in savings to ratepayers
- This effort is part of a larger tax reduction attack that LIPA is preparing on all school districts and municipalities across Long Island.
- This second line of attack on Long Island schools and municipalities could lead to an additional \$250 million reduction of LIPA's tax payment obligations

A Brief History

- In 2011, the Board of Education, united with the Town of Huntington, took decisive action in responding with litigation challenging LIPA's and National Grid's right to sue for a massive reduction in taxes paid on the Northport Power Plant
- During the period of this litigation (8 years), there has been no reduction in tax revenue received from the Northport Power Plant, nor any increase in the tax burden on residents of the School District
 - Preserved well over \$400 million of tax revenue during this period

Litigation Status

Tax Certiorari proceedings

- Brought by LIPA and National against the Town of Huntington as the “Assessing Authority” beginning in 2010 seeking a 90% reduction in the assessed value of the Northport Power Plant
 - The School District is not a party to the tax certiorari proceedings
 - Trial began in February and will continue in April

Third Party Beneficiary Breach of Contract lawsuit

- Commenced by the School District and the Town of Huntington against LIPA and National Grid in May of 2011 asserting that LIPA and National Grid promised never to seek a reduction of the assessed valuation of the Northport Power Plant and other plants on Long Island, unless certain limited conditions occurred
 - August 2018 - Judge denied School District’s motion for summary judgment and granted LIPA and National Grid’s motions for summary judgment
 - The School District has filed an appeal of the Judge’s August decision/Appellate papers are being prepared

Litigation Status

Mediation Efforts

- Mediation between LIPA, National Grid, Town of Huntington and School District is ongoing
- The School District has been adamant in demanding that any reduction in taxes be reasonable, recognizing the value of the Power Plant and the environmental impact on the Northport community for the past 50 years
- LIPA has thus far demonstrated less than an acceptable position during mediation

Other LIPA breach of contract lawsuits/tax certiorari proceedings

- No decision issued in the North Shore CSD and Island Park UFSD third party beneficiary breach of contract actions to date
- Town of Brookhaven has reached a less than favorable settlement agreement with LIPA

How a Negative Ruling in the Tax Certiorari Proceeding Could Impact Taxpayers

- If LIPA is successful in the tax certiorari proceedings, the assessment of the Northport Power Plant will be reduced by an amount to be determined by the Judge, which could be up to a 90% reduction to the assessed value of the Plant
- Based on that reduced assessment, Northport taxpayers (and Town of Huntington taxpayers) will be forced to make up for LIPA's windfall in reduced property taxes
- All taxpayers of the Town of Huntington will likewise be responsible for a refund of any overpayment in taxes
 - *Potentially hundreds of millions of dollars in refund liability for all tax years challenged*

Impact on School District

Taxpayers should LIPA be Completely Successful at Trial

Individual Impact	Base	Year 1	Year 3	Year 5	Year 8	Cumulative % Increase
Litigation (90% reduction) Estimated						
Home Tax Bill 3700 AV	6,765	10,442	10,864	11,303	11,995	
Home Tax Bill 6860 AV	12,542	19,361	20,143	20,957	22,239	77.31%

Community Impact	Base	Year 1	Year 3	Year 5	Year 8	School Tax Shift to Community
Litigation (90% reduction) Estimated						
LIPA School Levy	\$55,020,026	\$8,493,017	\$8,836,135	\$9,193,114	\$9,755,807	
Community School Levy	\$90,957,765	\$140,404,330	\$146,076,665	\$151,978,162	\$161,280,442	
Total School Levy	\$145,977,791	\$148,897,347	\$154,912,800	\$161,171,277	\$171,036,248	\$54,709,049

-Assistance from Albany-

How can our lawmakers help us?

- **First, urge LIPA to honor its promise to our School District and our community to NEVER challenge the taxes it pays OR at least:**
 - Demand that the Governor immediately intervene and direct LIPA to agree to a reasonable and equitable settlement proposal to stave off what would assuredly be a detrimental impact to our schools and community
- **Hold LIPA, an unelected governmental agency, accountable to the public and our community – after all, a majority of the LIPA Board is selected by the Governor.**
- **Implement mitigation measures/enact legislation:**
 - Tax Stabilization Reserve Fund to be extended to school districts affected by these tax certiorari lawsuits
 - School District access to available and sufficient funds to assist with the protection of educational programs and to help ease the burden on taxpayers

A Solution is Needed Before it is Too Late!

- Thank you Senator Gaughran for keeping this issue a priority in our community and among elected officials
- To our community: please bring this matter to the attention of the Governor and ask for action before it is too late!

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