

EDITORIAL

Huntington should Make a deal

BY THE EDITORIAL BOARD

In 1999, the for-profit company that owned two power-generating facilities in Rockland County, the Bowline plant and the Lovett plant, sued to get its tax assessment reduced.

Residents and politicians worried that if the company won the huge and immediate reduction in taxes as well as the substantial refund it sought for prior overpayments, local property taxes would soar. There had been settlement talks that would have cut the

The town faces a possible \$650M bill if it loses LIPA's tax lawsuit, and Northport schools would take a hit

plants' taxes by far less and more slowly than what the suit demanded and dramatically reduced the refund. But at the last minute, the deal was off.

As expected, a state Supreme Court justice in 2006 slashed the taxes and ordered the county, villages and school district to pay a \$225 million refund to the utility. Taxes from the plants plummeted from \$60 million a year to \$20

million. Many local residents saw their tax bills double instantly, and their property values nosedive. New York State did not come to the rescue. Communities were devastated. The North Rockland school district eventually lost about 20 percent of its staff, or 200 positions.

By comparison, the two Rockland plants were not as overtaxed as power

stations on Long Island: Northport, Port Jefferson, Glenwood Landing, and E.F. Barrett in Island Park.

Four years after the Rockland decision, the Long Island Power Authority filed lawsuits seeking 90 percent reductions in the \$185 million it pays in property taxes for those four plants. The facilities are owned by National Grid, but the power is sold to LIPA under a long-term agreement that requires the public authority to pay the taxes, which are passed through to all ratepayers.

Soon after the suits were filed, LIPA began offering settlements to the enti-

Debunking myths about the plant

The Town of Huntington and the Northport-East Northport school district have resisted taking a settlement offered by the Long Island Power Authority to lower the assessment on the Northport power plant. Some flawed claims have been made.

The letter will save us!

Since the Long Island Power Authority filed a lawsuit to seek huge tax reductions on its four legacy power plants — Northport, Port Jefferson, Glenwood Landing and E.F. Barrett — the primary hope of victory for host communities has been the "Kessel letter."

In 1997, then-LIPA Chairman Richard Kessel said in a letter that "neither LIPA nor LILCO will initiate any further tax [challenge] cases" on plant properties unless a municipality "abusively increases" the assessment rate. But last year, Suffolk County state Supreme Court Justice Elizabeth Hazlitt Emerson ruled that the letter's "gratuitous promises" did not bind



The Northport plant covers nearly 40 percent of the local public school district's annual tax levy.

LIPA and was "too vague and indefinite to be enforceable."

Our plant is priceless!

With annual taxes of \$84 million, the Northport power station is reportedly the most highly taxed

property in the United States. Now, 52 years after construction began, the outmoded plant runs only about 18 percent of the time and isn't worth much anymore. According to industry experts, accepted accounting methods for calculating depreciation on a power plant of this vintage give great weight to

LIPA's \$198 million estimate of value, and none to the \$3.4 billion tag Huntington Town has placed on it. The Bowline Plant in Rockland County, of similar age and with two-thirds the capacity of Northport, is now valued at \$134 million after years of legal wrangling.

Seize that plant!

A Huntington Town councilman and some leaders of a grassroots movement fighting LIPA argue that if a judge rules in favor of LIPA and sets the valuation of Northport at \$198 million, the town should take over National Grid's plant via eminent domain and operate it as a municipal utility.

They argue that profits from selling power will lower property taxes and utility rates for residents. But if the town loses the case, it will already owe LIPA about \$650 million in prior-year overpayments. The town might have no customer, because LIPA's power-purchase agreement is with National Grid, not the Northport plant. Besides, the old and inefficient plant can't generate power cheap enough to

be profitable on the open market. And the plant would generate no property taxes, because publicly owned property is tax exempt.

But there is other revenue!

In casting about for ways to justify Huntington's valuation of the plant, LIPA opponents point to other operations at the site adding value. The Iroquois pipeline that comes ashore there supplies natural gas to the region. An offshore oil platform sits at the site. A crucial fiber optic line carrying data across the Atlantic Ocean terminates at the plant. And the power plant is the connecting hub to the Cross-Sound cables that carry power from Long Island to the mainland. But industry experts, LIPA and National Grid officials say these operations are conducted via fairly inexpensive land leases and easements and do not add significant taxable value to the property or significant revenue to National Grid's coffers.

ties that would have to pay the refunds: Nassau County, which assesses Barrett and Glenwood Landing; Huntington Town, which assesses the Northport plant; and Brookhaven Town, which assesses Port Jefferson.

LIPA is offering to forgo the refunds and phase in a reduction of its taxes over nine years, at which point it would pay 50 percent of its current taxes. For years, the three taxing bodies — spurred on by the host school districts, which have no liability for the refunds — banded together in resistance.

Then last year, Edward Romaine, the canny Republican Brookhaven supervisor, took the deal. The taxes on the Port Jefferson plant will be reduced from \$33 million to \$17 million over nine years, and the threat of a potential \$200 million refund is gone.

Romaine did the right thing. Nassau is close to settling as well.

Huntington, which is now fighting LIPA in court, needs to follow suit.

Town Supervisor Chad Lupinacci, all but invisible for the past year as he flounders in the job and deals with personal troubles, needs to step up and lead. The town board is stupidly chasing its own tail, terrified of grassroots agitators from the Northport-East Northport school district aggressively demanding that the town fight on in a case that is not going well. They all need to wise up. No one is going to help them if

Hold out for more!

One accusation leveled against LIPA — that it's not willing to negotiate much off its offer to the town of a 50 percent reduction in taxes over nine years — is worth debating. The authority accuses Huntington Town of not coming to the negotiating table, but says the utility won't offer much wiggle room if the town does come to the table. And the argument of LIPA opponents that the deal is actually a 68 percent tax reduction, not 50 percent, because the amount won't jump with annual tax hikes, is strong. But these are not issues a judge can consider when deciding value. And court valuations of similar properties suggest LIPA is right to say it's already giving plenty with an offer that would cut the taxes on the plants by 50 percent over nine years rather than 90 percent immediately.

Albany will save us!

Some residents of Huntington Town and of the Northport-East Northport school district hope to be saved by a

LIPA wins big.

A bill proposed in the State Senate to bar LIPA and National Grid from garnering overpayment refunds won't pass and would be unenforceable even if it became law. The argument that the Northport plant is not overassessed is a loser. The hope that LIPA can be held to a promise not to challenge assessments has been dashed in court. The dream that the state will arrive with cash to fund the shortfall is unrealistic.

Northport has hosted a big, ugly and polluting plant for five decades, but it was compensated by having the rest of Long Island pay a good chunk of its school taxes. For 2018-19, the plant paid the school district \$53 million, or 38 percent of its local tax levy. There was never a guarantee it would go on forever. The judge is signaling that Huntington should deal.

If LIPA wins in court, Huntington will be devastated by a \$650 million bill and the Northport-East Northport school district and its residents will take a financial pounding. Residential and commercial LIPA ratepayers will demand that LIPA refund the money they overpaid.

Now is the time for the town to put an offer on the table and start negotiating.

Otherwise, the economic tornado that hit northern Rockland County in 2006 will touch down next in the Town of Huntington.

bill recently introduced by state Sens. James Gaughran and John Flanagan that would bar LIPA and National Grid from clawing back property-tax overpayments from any municipality or school district. This would erase the \$650 million payback Huntington could owe LIPA if the town loses in court, even though LIPA would still pay less tax in the future. However, this bill is dead on arrival in Albany because if it did pass, 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.

Albany must save us!

Since LIPA started filing tax grievances, there's been a push for the State Legislature to pay to help residents in the Long Island communities that would be hit hard by big reductions in plant taxes. But a bailout is not likely. Rockland County residents were not saved by the state in 2006 when a court-ordered

\$275 million refund and a huge reduction in taxes on two plants resulted in the doubling of property taxes. And with as many as 40 aging power plants likely to wind down operations in New York in the next 20 years, Long Islanders have no special claim to help.

We'll deal if we lose!

The last-stand plan of residents who oppose taking LIPA's deal is the idea that even if LIPA wins in court, it would agree to the same deal it is offering Huntington now. And it is true that LIPA doesn't want to crush Huntington or the Northport school district. But if LIPA does win in court, the \$650 million it could reap in prior overpayments could mean a \$325 check for every household on Long Island, plus huge payouts for commercial customers. Then, the pressure to give the town and school district a break would face off against the rest of Long Island demanding, "Where's my refund check?"

— The editorial board

Warning signs we must heed

Ignoring obvious red flags leads us deeper into dangers we could prevent



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The car breaks down on a remote stretch of road. The six teenagers inside begin to look for help.

As darkness falls, they come upon an isolated house. It's big and old and kind of creepy. They walk up the cracked sidewalk to the front door. The tall weeds on the lawn are strewn with motley garbage. A broken gutter hangs haphazardly. A shadow fleets across an upstairs window.

No one answers the doorbell but the door itself is unlocked. So the teens go in.

And they always, always, pay dearly for not paying attention to signs of danger.

That cinematic trope has endless iterations and it animates all sorts of horror films. But it's hard to say these movies are a form of escapism. Because they function as unerring metaphors for what we as humans increasingly seem to be — a species that often fails to heed warnings.

We've been spectacularly good lately at living down to that characterization.

In Sri Lanka, security officials ignored warnings of imminent suicide bombings. And hundreds of people were killed or injured in the horrendous Easter attacks on churches and hotels.

In Europe, calls to repair and protect thousands of historic buildings have long been downplayed or ignored. And Notre Dame cathedral became the latest treasure to suffer a devastating fire.

In Illinois, child welfare workers did not act upon numerous visual warnings of abuse in their repeated interactions with a 5-year-old boy. And he was found last week in a shallow grave, allegedly beaten to death by his parents.

In the United States, parents ignored warnings from health authorities about vaccinating their

children against potentially deadly measles. And the disease, declared eradicated in the United States in 2000, has infected 695 people this year, a record though it's only April, and quarantines are in place at two universities in Los Angeles.

Special counsel Robert Mueller's report and indictments warned of Russia's direct and indirect meddling in the election of 2016 and others to come. And former Homeland Security chief Kirstjen Nielsen was told by acting White House Chief of Staff Mick Mulvaney not to talk to President Donald Trump about preparing to safeguard the 2020 election.

YouTube executives were warned for years about viral videos on their platform that espoused hate or anti-vaccination hogwash. And they rejected ideas to control that to keep growing and reaping profits, inaction that looks more like malpractice than a business decision.

Then there's climate change, where we receive warning after unmistakable warning, from raging wildfires to more intense hurricanes, from rising seas to lengthy droughts, from record-setting temperatures to shrinking glaciers, from altered ocean currents to the latest measure, that Greenland's ice melted nearly six times faster in the past decade than in the 1980s. And some of our leaders continue to ignore those signs, exacerbating every trend.

Why isn't the warning that nearly half of Americans would find it difficult to cover an unexpected \$400 cost a five-alarm fire for politicians of every stripe?

Why do we fail to take seriously warnings about looming extinctions of various species, to the point that we can't do anything to reverse them?

Why don't many of us seek help for the troubled young man with disturbing ideas?

Why do some of us ignore the pain in our chest or the spot on our arm, until it's too late?

Whether it's false bravado, willful blindness, genuine confusion, malignant inefficiency, sheer stupidity or political cravenness, we have to stop walking into that house. Because it's killing us.

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