

NEW YORK SOLAR ENERGY FACILITY TAX UPDATE

Have you Filed your Tax Exemption Applications?

Cleantech Alert

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To obtain a tax exemption for solar energy systems under RPTL 487 you must file two copies of the RP-487 form with the local assessor by the taxable status date. That's March 1 for most, but not all towns. Nassau County towns use a taxable status date of January 2. Westchester County towns have either a May 1 or June 1 taxable status date; contact the assessor. In villages and cities, the taxable status dates vary, and the appropriate assessor should be consulted for the correct date.

If granted, an exemption will apply to the upcoming tax year, usually school tax bills in September and the County and Town bills of the following January 1.

The RP-487 Application is different from the notices of Intent to Construct and Start of Construction under RPTL 487 (8) and (9). These notices (or one combined notice) must go to each taxing jurisdiction separately, to 1) prevent the taxing jurisdiction from opting out of RPTL 487 (making the solar energy system taxable) and to 2) start the 60-day clock for a taxing jurisdiction to demand a PILOT.

Remember that a copy of the RP-487 must be filed with the New York State Energy Research and Development Authority (NYSERDA),

NYSERDA Adds Property Tax Calculator to Solar Toolkit

NYSERDA has been creating tools for municipalities and solar companies in addressing solar project questions. NYSERDA has now created a Property Tax Calculator providing a consistent calculation method for determining the assessed value of solar energy projects. Currently, property tax assessments for solar projects vary widely across New York State depending upon the method used by the applicable tax assessor. This inconsistency – and particularly assessors employing the cost method - has been a deterrent to investment in solar energy as tax liability is difficult to predict and often unexpectedly high. The calculator recognizes the income capitalization method as the appropriate methodology for power generation facilities, and utilizes a discounted cash flow – the valuation device used by solar project sellers and buyers - to determine the appropriate assessed value of a solar project. By creating an assessed valuation more appropriately reflecting the market value of the solar project, the calculator provides municipalities and developers with

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a more predictable tax assessment. The Property Tax Calculator is also useful in that it produces an assessed value figure for solar energy projects that municipalities can input into the NYSERDA Solar PILOT Calculator to generate a recommended PILOT rate. These and other tools can be accessed in the Solar Guidebook for Local Governments, at <https://www.nysersda.ny.gov/SolarGuidebook>.

While the calculator is not implemented by law and therefore is not binding on assessors, the New York State Association of County Directors and Real Property Tax Services, the New York State Assessors' Association, and various solar industry representatives were consulted in the creation of this calculator and have endorsed its use. Widespread use is expected, allowing for more accurate cost projection in solar projects and in turn better market access for developers and investors. The Property Tax Calculator is an important tool regardless of whether projects have a tax exemption, as assessed valuations still need to be fairly determined for special districts and special assessments.