

# Selkirk Cogen PILOT

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# What is Selkirk Cogen, and why is this “PILOT” so important?

- Natural gas “cogeneration” plant in Selkirk
- Capacity – 345 megawatts electricity
- Provides electricity to other utilities & the adjacent plastics plant
- In 1992, entered into 20-year agreement with Bethlehem IDA including “PILOT” payments & special water supply agreement.
- PILOT expires on Dec. 31, 2012, after which Selkirk Cogen pays regular property taxes
- Potential annual revenue loss for Town of \$1.5 to \$1.7 million

# What is a PILOT?

## Payment In Lieu of Taxes (PILOT)

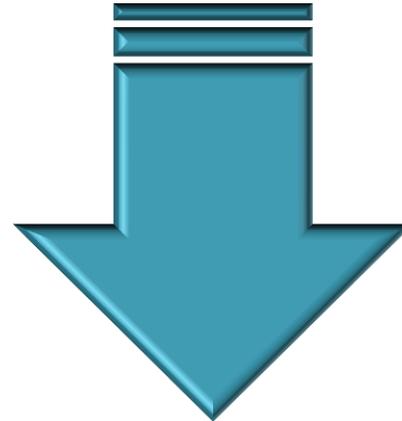
- Incentive to stimulate new business/industry
- Partial offset to regular property taxes
- Typically PILOTs are less than property tax would be – that's why it's an incentive – but often the benefit is phased out over time
- Bethlehem IDA currently has 13 PILOTs
- Selkirk Cogen PILOT is **unique**, negotiated 20 years ago, before current uniform policy adopted

# Selkirk Cogen Pilot

- Unlike most PILOTs which are based on estimated property value, Cogen was a set amount, probably based on projected growth from 20 years ago, starting with very low payments and growing over time
- PILOT payments go to Town of Bethlehem and Ravena-Coeymans-Selkirk School District (RCS)
- **PILOT payments in recent years far exceed estimated property taxes for Cogen**

# PILOT Payments

	Total PILOT	Split Between:	
		School District - RCS	Town - General & Highway Funds
1993	350,000	150,150	199,850



2012	4,400,000	2,640,000	<b>1,760,000</b>
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# PILOT vs. Property Tax

Town Funds (Combined)	General Fund	Highway Fund
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## Last 3 years of PILOT Revenues:

2010	1,680,000	579,733	1,100,267
2011	1,720,000	590,736	1,129,264
2012	1,760,000	592,622	1,167,378

## Projected Range of 2013 Property Tax

Low	50,536	17,016	33,520
High	295,443	99,481	195,962

## Estimated Annual Loss:

Low	(1,464,557)	(493,141)	(971,416)
High	(1,709,464)	(575,605)	(1,133,858)

# Property Tax Cap

- Will allow Town to adjust levy to recover loss in PILOT revenue
- But increase would be 15 - 18% (not realistic)
- Challenge will be to cope with revenue loss
- Magnitude:
  - Loss of 17.7% of combined Property Tax and Pilot revenues in General Fund
  - Loss of 17.8% of combined Property Tax and Pilot revenues in Highway Fund
  - Loss of more than 2 X all revenue brought in by Parks and Recreation
  - Loss of 3.7% of all Town revenue