

Closure of nuclear power plant imperils finances of school district

By Eric D. Randall
EDITOR-IN-CHIEF

In January, the Entergy power company announced that by 2021 it would close both reactors at the Indian Point nuclear facility in Westchester County. Many cheered the news, because Indian Point's Unit 2 has been ranked last in safety among the nation's 104 reactors for years. Gov. Andrew Cuomo, Attorney General Eric Schneiderman and environmental groups had urged the U.S. Nuclear Regulatory Commission not to renew Indian Point's license to operate, in part, due to fears of a nuclear accident at the plant, which is located just 25 miles north of Manhattan.

But the closing is bad news for the Hendrick Hudson Central School District in Buchanan, where the plant is located. Entergy's payment-in-lieu-of-taxes (PILOT) agreement was slated to continue for the next eight years and comprises approximately 30 percent of the district's revenue, or \$23.6 million, for the 2017-18 school year.

In 2025, the final year of the currently negotiated PILOT, the district stood to receive just shy of \$27 million. As a result of the abrupt shutdown of Indian Point, the district will now receive just \$1.3 million.

Shortly after Entergy's announcement, the district got more bad financial news. Officials learned the district's bond rating might be lowered. A planned \$14 million capital improvement project was shelved; banks informed the district that they could not guarantee that the district could borrow money at a favorable interest rate.

The announcement was made without any advance warning. District officials, staff and families all learned of the announcement on TV news.

District officials say their goal is to figure out "how to continue providing a world-class education to students and maintain its standing as a 'destination district,' while instilling hope, quelling fears and moving forward."

"Taxing our way out of a 30 percent revenue



Joseph Hochreiter

shortfall, or upwards of \$27 million, is not an option for the community," said Superintendent Joseph Hochreiter. "Cutting \$27 million in programs for students cannot be an option either."

But changes in proposed tax rates are expected as the district prepares for expiration of the PILOT. The district's property taxes currently are among the lowest in Westchester County and have increased only about 1 percent per year over the last five years.

In the state budget, the Legislature authorized the Hendrick Hudson school board to create, with voter approval, a tax stabilization reserve fund "to lessen or prevent increases in the school district's real property tax levy resulting from decreases in revenue due to the closure of the Indian Point nuclear power plant."

The Legislature also increased state funding for any locality dealing with loss of revenue due to power plant closures.

Another issue is that Indian Point nuclear facility employs 1,250 workers.

"We don't have to look far to see what happens in communities throughout New York State when businesses close, jobs are lost, and school funding goes away," said Hochreiter.

Hochreiter has teamed up with local officials to create a 23-member task force to identify ways to respond to the closure's potential local tax and workforce impacts.

Also, the superintendent was named to the Governor's Indian Point Task Force, a group of state agencies and community stakeholders charged with addressing a wide range of issues surrounding Indian Point's impending closure.

Since the 2013 Annual Business Meeting, NYSSBA has advocated for the state to help districts, such as Hendrick Hudson, that suffer sudden, devastating changes to their tax base. The position statement reads: "NYSSBA supports legislation to hold school districts financially harmless whenever they experience the unanticipated, significant loss of revenue due to tax certiorari cases or the unexpected loss of a significant portion of the value of their taxable property."

For example, the 2017-18 state budget included financial relief for the North Rockland Central School District in response to a court judgment in a tax certiorari case that cost the district more than \$200 million. The district must pay \$11.5 million annually to Mirant Corporation through 2037 because a judge found the district overcharged the company for two power plants for more than a decade. The district will receive targeted state funding over a 30-year period, as well as having access to debt refinancing options through the state dormitory authority.

NYSSBA has also lobbied for legislation to ensure school districts are not taken by surprise when Industrial Development Agencies end or alter PILOTs that affect school districts. NYSSBA's position statement calls for the state Legislature to ensure that IDAs "provide a meaningful opportunity for school districts to be heard prior to voting upon or approving any such tax exemption."

ADVOCACY Briefs



Kindergarten now mandatory for 5-year-olds in two districts

Gov. Andrew Cuomo has signed legislation that will make kindergarten attendance mandatory for 5-year-olds in two Capital Region school districts.

Chapter 277 of the Laws of 2017 authorizes the Cohoes and Watervliet city School Districts to make kindergarten attendance compulsory for 5-year-olds in the districts. An exemption would apply for parents who opt to enroll their students in the following school year. Such authority is already in place for the Syracuse, New York City, Rochester, Buffalo, Yonkers and Utica school districts.

The legislation was sponsored in the Senate by Sen. Neil Breslin and in the Assembly by Assembly member John McDonald. Both Democrats, they represent parts of the Capital Region, including the Cohoes and Watervliet city school districts.

At the specific request of the districts, NYSSBA supported



Cohoes kindergarteners participate in a school parade.
Photo courtesy of the Cohoes City School District

the bill and worked closely with both sponsors on the issue throughout the legislative session.

— Brian Fessler, Senior Governmental Relations Representative

New law on heating oil for downstate

Gov. Andrew Cuomo has signed legislation that requires all heating oil sold in Nassau, Suffolk, and Westchester counties to contain at least 5 percent biodiesel on or after July 1, 2018. This bill was sponsored by Sen. Phil Boyle (R-Suffolk) and Assembly member Steven Englebright (D-Suffolk).

NYSSBA expressed concerns with the legislation. "While the goal is laudable – to protect public health and the environment – there are practical concerns," said Julie M. Marlette, director of governmental relations. "Biodiesel is more expensive, and school districts are looking to lower costs."

This law also grants the governor the ability to temporarily suspend this requirement, at any time, after consulting with the New York State Energy Research and Development Authority and the Department of Environmental Conservation regarding the availability and price of biofuel.

— Belinda Heckler, Governmental Relations Representative