

LACKAWANNA

Law would allow city to tax windmills

By Harold McNeil NEWS STAFF REPORTER

The Lackawanna City Council on Monday unanimously adopted a law that would allow the city to collect property taxes on a portion of the Steel Winds turbine project.

By state law, renewable energy projects, like the partially completed Steel Winds farm along Lake Erie on the old Bethlehem Steel site, are tax-exempt. However, municipalities that host such projects are allowed to opt out if they adopt a local law rescinding that tax exemption, which the Lackawanna Council did Monday at its regular meeting.

The developers, Clipper Windpower, broke ground in 2005 on the \$40 million wind-energy project, erecting eight turbines along the lakeshore after agreeing to pay the city \$100,000 annually over the next 15 years.

In all, as many as 26 windmills are planned for the site, but the local law removing the project's property tax exemption status would pertain only to the property on which the last 13 windmills will be built, or what developers call Phase II of the project.

"We were fortunate the last time, because we entered into an alternative type agreement, not a taxation agreement," City Attorney Arc J. Petricca explained.

The alternative agreement, which was negotiated by Mayor Norman Polanski, covers property on which the first 13 turbines are installed under Phase I of the project. It includes the eight that already exist on the site, as well as five additional windmills yet to be built.

After the meeting, 1st Ward Councilwoman Andrea Haxton and Council President Ronald R. Spadone disagreed over whether the mayor had authority to negotiate an alternative monetary agreement on the city's behalf.

"Before anything can proceed forward, it all has to be on the approval of the City Council," Haxton said. "That wasn't done in 2005."

But Spadone insisted there were sound reasons for having Polanski negotiate the first phase of the Steel Winds project and the city taking a different route on the second phase.

"As this unfolds, it becomes more of a competitive situation," Spadone said.

"The laws are changing, so it becomes more difficult to negotiate a good business deal. That's why [negotiations are] being approached differently," he added.

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