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## Home Improvement, With Tax Collector as Lender

By [KATE GALBRAITH](#)

New York has joined more than a dozen other states in approving a fast-spreading new method of financing renewable-energy and energy-efficiency improvements.

This week, the legislature passed a bill enabling homeowners and businesses to finance improvements through higher property taxes — thus avoiding hefty up-front payments. It was signed by Gov. David Paterson on Thursday.

By enabling homeowners to pay for clean-energy projects through increased property taxes, the financing model allows them to avoid the high up-front costs often associated with these projects. Typically, the municipality, which can borrow at low rates, covers the up-front costs, and then a homeowner provides reimbursement through taxes. In a [report released last month](#) by Vice President Joseph R. Biden Jr.'s office, the federal government said that it would also help to finance the up-front costs. New York clearly wanted its municipalities to have access that new pool of funds.

“To ensure New York’s ability to tap into this federal funding, we needed to pass this legislation, which authorizes municipalities to administer” the programs, Mr. Paterson said today in a statement.

Since the financing mechanism is through property taxes, the system allows homeowners to pass on the cost of energy improvements to future owners, if the house is sold.

Without the legislation, “each municipality (county, town, city, village) would have to get their own special enabling legislation passed in Albany allowing them to set up such a program,” said Carol Murphy, executive director of the [Alliance for Clean Energy New York](#), in an e-mail message.

“The passage of this law means that all municipalities now have the ability to enact such a program once they also pass a local law,” Ms. Murphy added. But she emphasized that New York also needed to fix a law that provides incentives to businesses, schools and nonprofit groups to put in solar systems that meet only a fraction of their energy needs.

According to the [Database of State Incentives for Renewables and Efficiency](#), 16 states — including New York — now allow these programs, which originated in California and Colorado last year.

New York has had a somewhat similar mechanism, perhaps modeled on a [widely praised efficiency initiative from the town of Babylon](#), in place since August, according to the database. But Ms. Murphy of the Alliance for Clean Energy New York said the new law was far more inclusive. For example, she said, the August version applied only to towns, but the new law includes towns, cities, villages and counties.