

# Clear River Energy (CRE) Tax Agreement

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**A vote for the Tax Agreement is a vote against the “polluting monster.” Here is why:**

**Just like Oxford, CT, where the Town rejected a Tax Agreement but the plant is now being built, if the EFSB permits the plant, it will be built, with or without a Tax Agreement.**

## Payments

CRE will pay **\$1,175,000** (by January 10, 2017) to the Town which can be used by the Town to fund the lawyers and expert witnesses needed to aggressively and relentlessly pursue the Town’s efforts to kill the proposed plant. CRE will also pay the Town at least an additional **\$1,750,000** by January 15, 2019.

If the EFSB forces the plant on the Town, despite our best efforts to kill it at the EFSB, and possibly at the Supreme Court, then once plant operations begin, the agreement provides for CRE to pay taxes of between **\$92 million** and **\$182 million** over 20 years.

## Rhode Island Municipal Tax Law

State law provides the Town with both a shield and a sword when assessing and collecting taxes. The Town retains all these rights and protections under the CRE Tax Agreement (“CRE TA”).

- Taxes are assessed on property; as the owner of the property, CRE is responsible for the taxes.
- A Town tax lien on property is automatic and superior to all other liens, including mortgages.
- If CRE becomes insolvent, municipal taxes have priority over all other liens, mortgages and debts (except taxes or debts to the federal government or the State of Rhode Island).
- If CRE’s taxes are ever unpaid, the tax collector may take the property, and will sell the property for the full amount owed to the Town.

## Addressing Citizen Concerns

The concerns regarding the CRE TA are easily dispelled with protections provided under Rhode Island municipal tax law and/or the CRE TA itself:

- CRE will be the project owner/operator for the Clear River Energy Project. The EFSB has recognized CRE as the project company.
- CRE will be in excellent financial position to fulfill its obligations to the Town under the CRE TA. The project will cost \$500-800 million to build and will be worth hundreds of millions of dollars. CRE will also receive many millions of dollars in annual ISO-NE capacity payments, together with millions more in energy sales.
- If CRE’s taxes are unpaid, the Town has the full security of the property itself. Annual tax payments would be easily covered by any tax sale of the facility by the Town.
- CRE may not assign the CRE TA if it has any taxes unpaid to the Town.
- CRE’s lenders will require the project to maintain adequate insurance of hundreds of millions of dollars. In addition, the Town maintains its own insurance.
- The CRE TA is purposefully independent of other agreements. Connecting non-tax-related obligations to CRE’s tax obligations to the Town would be improper.
- The CRE TA does need not to be enforced by the EFSB. The Town is fully protected by RI municipal tax law.
- The Town has provided advisory opinions to the EFSB which addressed concerns related to safety, noise limits, air quality and other issues.
- The EFSB has authority to monitor compliance with all licenses it grants and to punish non-compliance with fines, cease and desist orders, and suspension/revocation of the CRE license. Compliance is also monitored and enforced by DEM, EPA, and other governmental agencies.