



**New York State 2026 Joint Legislative Budget Hearing on FY 2027 Executive Budget:
Taxes**

Written Testimony of Consolidated Edison

February 26, 2026

Introduction

Con Edison Company of New York Inc. (Con Edison) appreciates the opportunity to submit written testimony for the New York State Joint Legislative Hearing on Taxes. Con Edison appreciates the Legislature's focus on tax policy at a time when affordability is one of the most pressing concerns facing New Yorkers. We are testifying today on behalf of our customers to highlight how New York City's property tax system directly affects energy bills and household costs, and to urge a collaborative examination of targeted reforms that can improve affordability while preserving the safety and reliability New Yorkers depend on.

Con Edison serves approximately 10 million people across New York City and Westchester, delivering safe and reliable electric, gas, and steam service to households, small businesses, hospitals, airports, the country's largest transit systems, and critical public infrastructure. Our system underpins nearly every aspect of daily life in New York City, from public health and emergency response to housing, transportation, and economic activity. As a regulated utility, we have an obligation to operate a system that is safe and resilient, even as we work to keep customer bills as affordable as possible. These responsibilities are inseparable: customers cannot afford outages or unsafe infrastructure, and they also cannot absorb unchecked cost increases.

Property Taxes and the Direct Impact on Customer Bills

Under New York City's 4-Class property tax system, utility infrastructure located in New York City is classified as Class 3 property and taxed at a standalone utility rate. These property taxes are a cost of service and are passed directly to customers through the delivery portion of their utility bills. As a result, every increase in Class 3 property taxes translates immediately and directly into higher customer bills.

Because of this structure, Con Edison is already the single largest taxpayer in New York City, and property tax costs borne by customers have grown at an alarming pace. Between 2019 and 2024, property taxes paid by our customers increased by approximately 45 percent. In 2025 alone, those taxes totaled more than \$2.6 billion. These increases compound other affordability pressures facing New Yorkers and disproportionately affect customers who rely on energy for basic needs such as heating, cooling, and medical equipment.

In addition to these rising property tax obligations, Con Edison carries a substantially higher overall tax burden than comparable utilities across the country. Industry data show that Con Edison's taxes, excluding income taxes consistently exceed those of peer utilities by a wide margin, reaching approximately 21 percent in 2023, compared to a peer average of about 12 percent. Other major utilities serving New York and similar jurisdictions operate under far lower

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tax loads, typically ranging between 5 and 17 percent. This disparity illustrates that Con Edison's customers are uniquely exposed to elevated tax-driven charges that utility customers in other regions simply do not face. As property taxes imposed on Con Edison flow directly and immediately into customer bills, any increase in these taxes results in higher costs for ratepayers. These charges are fixed components of delivery rates and customers have no ability to avoid or reduce them. Every additional tax assessment on Class 3 utility property is reflected in the bills paid by households, small businesses, and essential service providers.

This structure places property taxation at the center of energy affordability in New York. Utility infrastructure is taxed at a standalone rate and does not receive the relief mechanisms available to other property classes. Without meaningful reform, these tax-driven pressures will continue to intensify and will directly undermine affordability for New Yorkers who are already facing severe cost-of-living challenges.

Con Edison fully recognizes the importance of property tax revenue to the City of New York. At the same time, the current structure places a growing and concentrated burden on utility customers. Because utilities do not control assessments, classifications, or tax rates, customers bear the consequences of policy choices without corresponding protections. Predictable and equitable tax treatment supports our ability to plan responsibly, invest efficiently, and maintain the safe and reliable system customers expect.

Policy Recommendations to Improve Affordability While Preserving Essential Service

Con Edison respectfully offers the following policy considerations, each of which is aimed at moderating customer bill impacts while maintaining the integrity of essential infrastructure:

- Removing the exclusion of utility property from the Industrial and Commercial Abatement Program (ICAP) would allow critical infrastructure investments to receive treatment consistent with other large-scale capital projects, helping to soften the immediate tax impact of investments that directly benefit customers.
- Extending the Industrial and Commercial Incentive Program (ICIP) exemption in perpetuity would provide long-term stability and predictability, reducing volatility in property tax obligations that are passed through to customer bills.
- Authorizing the Department of Public Service to intervene in special franchise assessments would introduce regulatory oversight aligned with customer affordability interests, recognizing that these assessments directly affect rates and bills.
- Establishing transitional assessment mechanisms for Class 3 properties, consistent with those available to other classes, would help smooth sharp year-over-year increases and protect customers from sudden bill spikes.
- Ending the practice of artificially capping Class 3 share growth beyond the existing five percent state statutory cap would restore balance across property classes and prevent disproportionate tax burden growth from being placed on utility customers.
- Merging Class 3 and Class 4 would reduce the disproportionate tax burden placed on utility customers. This reform would distribute property taxes more evenly across commercial properties and immediately ease the pressure on customer bills.

Conclusion

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Con Edison appreciates the Legislature's attention to affordability and the opportunity to provide this testimony on behalf of the customers we serve. The current property tax treatment of utility infrastructure results in escalating costs that flow directly to customer bills, despite utilities having limited ability to influence those outcomes. Taxes have become central to policy discussions, from proposals to increase taxes on corporations to the Mayor Mamdani's stated intent to raise property taxes by 9.5% across the board; these conversations underscore the urgency of establishing systems that are predictable, equitable and fair for all customers. Thoughtful, targeted reforms can improve fairness and predictability while ensuring continued investment in a safe, reliable, and resilient energy system. We look forward to working collaboratively with the State Legislature, the City of New York, regulators, and stakeholders to advance solutions that put customers at the center of tax and energy policy.

Please do not hesitate to reach out to Naysha Diaz, Department Manager of State Government Affairs (DiazN2@coned.com) with any questions, concerns, or opportunities to collaborate further on this testimony.

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