



July 2, 2014

New Paltz Central School District's Board of Education

**Position Statement on Housing and Dormitory PILOTs**

The members of the New Paltz Central School District's Board of Education are compelled to respond to the inaccuracies that have been presented in various media about the proposed Payment-in-Lieu-of-Tax (PILOT) abatement in New Paltz. As a Board, we strongly voiced our objections to all PILOTs because of the harmful impacts they have on a school district's budget under the 2011 New York State tax cap legislation. We created a resolution against all PILOTs on December 18, 2013 (see attached).

The proposed State University of New York at New Paltz's Dormitory PILOT creates specific potential harmful impacts for the school district that go beyond the general concerns of how PILOTs negatively impact our district.

Housing or Dormitory PILOTs, that increase the K-12 student population, are harmful to school districts because the 2011 New York State property tax cap legislation prevents school districts from receiving any additional net revenue from these PILOTs. The funds that are received from a PILOT are not allowed to be used to increase the school budget, even when there may be additional costs to the district. There is no "new money" that the District can use, because the law is specific about how PILOT funds are offset by decreases in other forms of revenue. Our District has no other mechanism for increasing the budget to cover additional costs other than a 60% supermajority vote of the voting public to exceed the tax cap. This has been shown to be nearly insurmountable as only 1% of New York State school districts were able to obtain the required supermajority in 2013.

We are not merely concerned with an increase of K-12 students that could result from SUNY New Paltz's proposed faculty housing. Instead we are concerned about a potential secondary impact on our District from the shift of student population from off-campus housing to the new housing. There may be a significant shift since SUNY New Paltz has specified that they have neither the intention to grow undergraduate enrollments nor the infrastructure capacity to handle more students.

An increase in housing stock in New Paltz is likely to be absorbed by some families with K-12 students attracted to our District's reputation for achievement and our community's many well-known advantages and distinctions young families are seeking. Since the new housing project is being proposed as a PILOT project, it will not pay taxes and the district will be forced to handle an increase of student population without adding any new net revenue to the tax base. This is significantly different from creating new housing that is fully taxed. Funds that are collected through a PILOT have repeatedly been used as evidence that our District will have 'some money' which is better than 'no money'. However, PILOT funding results in no net revenue increase thereby prohibiting the district from increasing the budget to accommodate the cost of new students.

Our District has seen a decline in State and Federal Aid over the last several years that have shifted the burden of education funding to the local taxpayer. The NYS Gap Elimination Adjustment (GEA) has significantly reduced the total amount of state aid the District has received with an average loss of \$1.9 million dollars per year since 2009-2010.

New York State has implemented an unprecedented number of new unfunded mandates that have placed significant financial pressure on the District. Our District's Board of Education has been forced to make difficult choices to balance the budget with reduced revenue including making programmatic cuts and depleting reserve funds. We have endured a net reduction of teachers and staff by over sixty (60) individuals since 2008. We have previously studied the tipping points in which our District's buildings are beyond capacity, and where substantial bonds for expansion, with no guarantee of public approval, come into play. Increasing the population of K-12 students brings us close to that tipping point.

The New Paltz Central School District Board of Education wants to make sure that the ramifications of housing or dormitory PILOTs that increase K-12 student housing are recognized and understood. We believe that there is strong likelihood for harm while under the tax-cap legislation.