

**NEW PALTZ CENTRAL SCHOOL DISTRICT BOARD OF EDUCATION
RESOLUTION ON PAYMENT IN LIEU OF TAX (PILOT) AGREEMENTS**

(Approved by the Board of Education on December 18, 2013)

Recommendation – that the Board of Education, upon the recommendation of the Legislative Action Committee, does hereby approve the following:

NEW PALTZ CENTRAL SCHOOL DISTRICT BOARD OF EDUCATION RESOLUTION ON PAYMENT IN LIEU OF TAX (PILOT) AGREEMENTS

WHEREAS, the New Paltz Central School District’s Board of Education (“The Board”) is committed to maintaining the fiscal health of the New Paltz Central School District (“The District”) and recognizes excellent fiscal planning as a key factor in attaining the District’s educational goals and priorities; and

WHEREAS, the Board’s budget development shall be carefully organized and planned to ensure thorough understanding of the District’s financial needs within the context of the community’s fiscal resources; and

WHEREAS, the District has seen a decline in State and Federal Aid over the last several years that has shifted the burden of education funding to the local taxpayer; and

WHEREAS, The New York State 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 the 2009-2010 school year; and

WHEREAS, New York State has implemented an unprecedented number of new unfunded mandates that have placed significant financial pressure on the District; and

WHEREAS, in 2011 the New York State Legislature and the Governor enacted "Chapter 97" legislation that establishes a “property tax cap” on the amount that a local government’s or school district’s property tax levy can increase each year, limiting the District’s ability to raise local revenue; and

WHEREAS, the New Paltz Central School 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; and

WHEREAS, while payment-in-lieu-of-tax (“PILOT”) agreements may supply some revenue to the New Paltz Central School District, they also have the negative effect of lowering the District’s tax levy limit; and

WHEREAS, the New York State Education Department (“NYSED”) provides [Tax Cap Guidance](#) on the NYSED website that states that “Districts with increasing or new PILOTs could have a tax levy limit that represents a change from the prior year that is less than zero. They would have to successfully seek an override from the voters to increase the levy above that limit.”; and

WHEREAS The Board cannot overlook the adverse financial implications that the District must endure as a result of New York State property tax cap legislation when coupled with PILOT arrangements granted by Industrial Development Agencies (“IDAs”) as exemplified in the following presentations:

- [Camoin Associates’ 2012 presentation](#) to the New York State Economic Development Corporation’s Board of Directors: “NYS Tax Cap Legislation - Impact of IDA PILOTs”
- Thomas, Drohan, Waxman, Petigrow & Mayle, LLP’s 2013 presentation at the New York State School Boards Association’s Convention: “Navigating the PILOT Maze in the Tax Cap Age;” and

WHEREAS, according to the aforementioned presentations property value increases brought on by investments under IDA programs are excluded from the Tax Base Growth Factor (“TBGF”), which partially determines the allowed tax levy increase; and

WHEREAS, according to the aforementioned presentations PILOT arrangements exempt the real property improvements and therefore suppress the TBGF; and

WHEREAS, according to the aforementioned presentations harm is perpetual, since the TBGF does not get adjusted at the end of the PILOT when the property becomes taxable; and

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WHEREAS, Michael N'dolo, Camoin Associates, stated the following in his [2012 memo](#) to the Saratoga County Industrial Development Agency and the Saratoga Economic Development Corporation:

With a suppressed Tax Base Growth Factor, the municipality or school district has a lower maximum local revenue level (which includes both the maximum tax levy plus any PILOT payments) than if the PILOT did not exist... In effect, the way the legislation is currently formulated, school districts and municipalities are materially adversely affected by PILOT arrangements. As such, it is natural to assume that school districts and municipalities may strongly oppose any PILOT agreements; and

WHEREAS, the Board is not opposed to the original intention of New York State legislation enabling PILOT agreements, envisioned to facilitate economic development and improve local economic conditions, which created IDAs and the Ulster County Industrial Development Agency ("UCIDA"); and

WHEREAS, the District is the only interested taxing authority that needs referendum approval to leverage taxes, and needs a 60% supermajority vote of the voting public to exceed the tax cap;

BE IT RESOLVED that the New Paltz Central School District Board of Education declares its opposition to any PILOT agreements that result in a reduction of real property taxes versus full taxation based on a full market value assessment determined by the New Paltz assessor's office; and

BE IT FURTHER RESOLVED that that New Paltz Central School District Board of Education calls on the UCIDA to recognize the District's position that PILOT agreements have an adverse impact on school districts due to the Tax Levy Limit formula.