

DRAFT REPORT

UNDERSTANDING VILLAGE TAXES

Economic Development Working Group

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Special Board
Comprehensive Plan/Local Waterfront Revitalization Plan

The Village of Cold Spring has received a grant from the N.Y. State Hudson River Valley Greenway for this work, and a grant from the N.Y. Department of State has been approved and the contract awaits DOS signature.

COLD SPRING COMPREHENSIVE PLAN/ LWRP ECONOMIC DEVELOPMENT WORK GROUP

UNDERSTANDING VILLAGE TAXES November 2008

Four Collectors of Property Taxes

| <u>Tax Rate</u> per \$1000 assessed value | <u>2008-9</u> | <u>2007-8</u> | <u>2006-7</u> |
|---|---------------|---------------|---------------|
| Village of Cold Spring * | 9.565 | 8.697 | 8.206 |
| Town (Village residents) | 1.598 | 1.56 | 1.43 |
| Putnam County | 4.678 | 3.73 | 3.09 |
| Butterfield Library tax | 0.276 | N/A | N/A |
| Haldane School District | 31.331 | 30.015 | 27.915 |

- Village includes Fireman’s Service Award
- Sources: Village, Mary Saari 11/08; Haldane/Anne Dinio, Business Mngr 9/08; Others/ Joan Clauss, Assistant Tax Collector
- Uniform % of value used to establish assessments was 43.25% for 2008 per Town tax statement

Village Revenues from Real Property Taxes

- For fiscal year 6/08-5/09, total expenditures estimated for general fund is \$1,641,143.
- For same fiscal year, projected % of Village budget raised through taxes is 81.3%.

Village Budget Revenues Other Than Taxation (top four) – ca. 19%

| Adopted Budget 2007-8 | | Adopted Budget 2008-9 | |
|-----------------------------|-----------|-----------------------------|----------|
| 1. Fines/Forfeited Bail | \$ 65,000 | 1. Fines/Forfeited Bail | \$45,000 |
| 2. Mortgage Tax | 50,000 | 2. Mortgage Tax | 40,000 |
| 3. Assorted Fees, Permits | | 3. Assorted Fees, Permits | |
| Licenses & Usage Charges | 38,000 | Licenses & Usage Charges | 33,850 |
| 4. Consolidated Highway Aid | 26,735 | 4. Consolidated Highway Aid | 27,496 |

Village Accountant Ellen Mageean explains that the Mortgage Tax is a revenue sharing amount from Putnam County based on the number of new mortgages that are processed. The Consolidated Highway Aid is reimbursement for expenses under the Consolidated Local Street and Highway Improvement Program (CHIPS) according to a formula in the State Highway Law under which the most important data input for municipalities is local highway mileage (lane-miles), exclusive of parking lanes, under the maintenance jurisdiction of each municipality.

note: line item “Gifts&Donations” (actual for 2007-8, \$ 850.00 & zero budgeted for 2008-9) is an area that can/should be explored formally in a demographic/social community like Cold Spring

Other Tax Issues/ School

- Haldane School Voter Approved Budget For 7/08-6/09 was \$ 19,926,258 which represented a 6.96 % spending increase over the prior year and a tax increase of 1.79% in Philipstown (State Aid represented \$2,648,675 or 13.3% and real property taxes approx 82%)
- In Jan.2007 legislation took effect transferring approx 21,599 acres of NYS owned land in Putnam County to the taxable assessment rolls for fiscal years taxes 2007-8. Previously \$233,000 per year was received by Haldane as PILOT monies from NYS.
- School taxes represent, on a three-year average, approx 66.6% of the property tax bill for Village residents (including basic STAR deduction), while Village taxes are approx 20%, County taxes are approx 9%, and Philipstown/library taxes (for Village residents) approx 3.5%.
- Taxpayers can apply for reduction of school taxes under the New York State STAR program. Basic STAR is available to all homeowners and exempts from taxation \$30,000 (adjusted annually) of the full value of their primary residence. The Enhanced STAR exemption is available only to seniors of limited income. A Middle Class STAR rebate is income-based using a phased scale on incomes under \$250,000. See www.orps.state.ny.us/star for details

Sales Tax

- All sales tax in NYS is collected locally by vendors with the tax paid at the point of sale. Vendors forward tax collections to the NYS Dept of Taxation/Finance , which sends local portions of revenue to Counties via the NYS Controller's Office, less 4% retained by the state.
- 43 of the 57 Counties in NYS have some form of sales tax sharing arrangement with other local governments, 5 of these 43 Counties include School Districts in their formulas.
- Putnam County does not have a sales tax sharing arrangement with its local governments but provides Shared Services in return such as highway salt & storage, weekend refuse collection, tax collection guarantees, County Tourism office support, Village Trolley services, library funding support, highway upgrades/repairs & other service agreements.
- A Sales Tax Revenue Sharing proposal was submitted at the County level in 1998 (didn't pass the legislature) and 2000 (passed legislature, vetoed by County Exec).
- As of 9/07 the combined state & local sales tax rate in Putnam County is 8 3/8% representing 4% NYS tax, 3/8 % Metropolitan Commuter Transportation District & 4% Putnam County local tax

Note: above sales tax information was provided from the NYS Dept of Taxation/Finance & Office of NYS Controller.

- According to the Putnam County Commissioner of Finance, for the period 3/06-2/07 sales tax revenues for the 10516 zip code represented approx \$ 544,850 of which a rough estimate (from a 3-14-08 ED Working Group meeting) was projected for the Village of \$300,000. (note: car sales/leases are attributed to the address where the car is registered; thus a car bought in Yonkers would apply to 10516 if registered here)
- For the 2008 Putnam County Adopted Budget, Sales Tax Revenues represented approx \$ 48 million of the \$130+ million budget, over 2x the amount received from the County property tax.

Controlling the Property Tax Burden

In early 2008, the **NYS Commission on Property Tax Relief** was established to study the root causes of high property taxes & developing a set of recommendations to limiting their growth. Final recommendations to the Governor are to be submitted by Dec. 2008.

A NYS Commission on Local Government Efficiency and Competitiveness

reported in April 2008 on ways to save taxpayers money by improving local government efficiency, citing \$1 billion in potential savings through municipal modernization, shared services, consolidation and mandate relief. Services considered include: assessing, tax collection, emergency dispatch, county jails, school districts of their back-office functions, justice courts, cooperative health benefit plans for employees, and highway shared services.

- Regarding **Economic Development, a common theory** is that increased development will increase the tax base thus lowering the tax burden on taxpayers. A Cost of Community Services (COCS) study is a tool for establishing a relationship between what a typical land use generates in taxes & what it requires in community services (services typically include sewage disposal, water supply, emergency services, schools & roads). According to the 3/1/04 Philipstown Comprehensive Plan Appendix E document, “COCS studies in 21 towns in the northeast show an average of 1.15 for residential development; 0.37 for commercial property & 0.37 for open space” (ex: **a ratio of 1.15 means the town spends \$115 for every \$ 100 it receives in taxes with schools being the largest component in the formula**).
- Village of Brewster has recently initiated a “**room tax**” with revenues generated back to the Village—needs more research to determine the legalities and other possible issues.
- **Discretionary items** in the Village budget are extremely limited. That limitation is based on the current organizational structure and staffing levels. If part of the structure were changed, e.g. consolidation of police or highway, or the staffing level was modified, then new opportunities for saving could emerge. Perhaps we should reconsider how services are delivered or at very least have a non-partisan study performed quantifying the pro’s and cons.