

DRAFT MEMORIALIZING RESOLUTION LANGUAGE

TOWN OF xxx RESOLUTION CONDEMNING THE ULSTER COUNTY INDUSTRIAL DEVELOPMENT AGENCY'S DECISION TO APPROVE KINGSTONIANS APPLICATION FOR A PAYMENT-IN-LIEU-OF-TAX (PILOT) ABATEMENT PROGRAM

WHEREAS: Equitable taxation to fund investments in public education and local infrastructure supports healthy and sustainable communities. Education, in particular, is a public good for which we all have a responsibility to pay taxes because communities benefit from an educated populace; and

WHEREAS: The project is a multi-use development project proposed for the historic Stockade District in Kingston, NY; and

WHEREAS: Components include an apartment complex with 129 market-rate and 14 affordable units, a 32 room boutique hotel, approximately 8,000 to 9,000 sq.ft. of retail space, a 420 space parking garage that will be used primarily by the new development; and

WHEREAS: The developers have applied to the Ulster County Industrial Development Agency (IDA) for a Payment-in-Lieu-of-Tax abatement program (PILOT) which constitutes a deviation from the Agency's Uniform Tax Exemption Policy; and

WHEREAS: The deviated PILOT required consent from Ulster County Legislature, the City of Kingston Common Council, and the Kingston City School District Board of Education; and

WHEREAS: the Kingston City School District (KCSD), the largest in Ulster County with over 21,000 parcels, serves residents from the City of Kingston as well as nine (9) towns whose taxpayers' majority portion of property taxes are for schools. The KCSD spans properties across the City of Kingston and the towns of

Esopus, Hurley, Marbletown, New Paltz, Kingston, Rosendale, Saugerties, Ulster, and Woodstock; and

WHEREAS: PILOT agreements are harmful to local governments and school districts - and as a result, existing property taxpayers - because of the way revenues are accounted for within New York State's property tax cap formula. PILOT revenue may not be used to increase local budgets, even when there are new costs created by the new development; and

WHEREAS: Property taxpayers will likely face one of two outcomes if the Kingstonian developers receive this PILOT. The KCSD Board of Education will have to choose between:

- Cutting school district programming (e.g. teacher and staff layoffs, increased class sizes, etc.), or
- Increasing property taxes

WHEREAS: School districts are primarily funded by property taxes and state aid. Property taxes are levied against the Full Taxable Value of real estate and its calculation is subject to the NYS Property Tax Cap law. Annually, each school district follows an eight-step formula to calculate its Tax Levy Limit (TLL); and

WHEREAS: When there is significant new project construction, the NYS Commissioner of Tax and Finance calculates a Tax Base Growth Factor (TBGF) that increases the TLL to pay for services arising from the new construction; and

WHEREAS: If the Kingstonian is fully taxed, a taxable value of \$19 million for the development would result in a TBGF of approximately 1.0042 and an increase in the district's TLL of more than \$440,000. However, when a new project is subject to a PILOT agreement, its taxable value is never included in the TBGF; and

WHEREAS: Using the most recently proposed PILOT program, the Kingstonian developers would pay approximately \$2.1 million over 25 years in lieu of school taxes. In comparison, if the project was fully taxed with an assessed value of \$19 million at year 1 and the district's '19-'20 TLL of \$105,589,983 escalated 2% annually, the developers would pay \$16.6 million in school taxes; and

WHEREAS: Moreover, harm would be perpetual. During years 26 through 50 the school district could see \$23.8 million less in TLL because of the original PILOT. This would happen because the tax cap formula's Tax Base Growth Factor never adjusts -- even at the end of a PILOT's term when properties become taxable; and

WHEREAS: If the district's board of education opted not to cut programming because of its lowered TLL from the PILOT, the board could try to make up the difference and raise revenue by raising property taxes. This would require asking voters to support a tax cap override. And, a supermajority of 60% or more would be needed to vote in favor of raising taxes to offset the shortfall; and

WHEREAS: In 2020, only 13 districts across the state chose this option; there was a 69% success rate, compared with a 99% success rate for districts that did not need a supermajority approval of their budget. The Kingston board of education has never attempted a budget override; and

WHEREAS: PILOTs significantly limit a school district's ability fund educating new K-12 students created by increases in housing supply; and

WHEREAS: At the December 2, 2020 Kingston City School District's (KSCD) Board of Education (BOE) meeting, the Board trustees rejected the Kingstonian PILOT request by a 6-3 vote.

THEREFORE, BE IT RESOLVED We condemn the Ulster County Industrial Development Agency decision to override the Board of Education's no vote and approve the Kingstonian's application for a PILOT.

Dated: