

# Welcome!

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THE SYRACUSE UNIVERSITY PST 101 AT SCHALMONT HIGH SCHOOL

# THE TAX DILEMMA IN THE SCHALMONT SCHOOL DISTRICT

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PRODUCED BY SYRACUSE UNIVERSITY PST 101 AT SCHALMONT HIGH SCHOOL



# WHAT IS THE PROBLEM?

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- The inequitable tax burden on businesses in the Schalmont School District hinders the economic development in the Town of Rotterdam, New York.



# NEGATIVE IMPACTS ON THE COMMUNITY

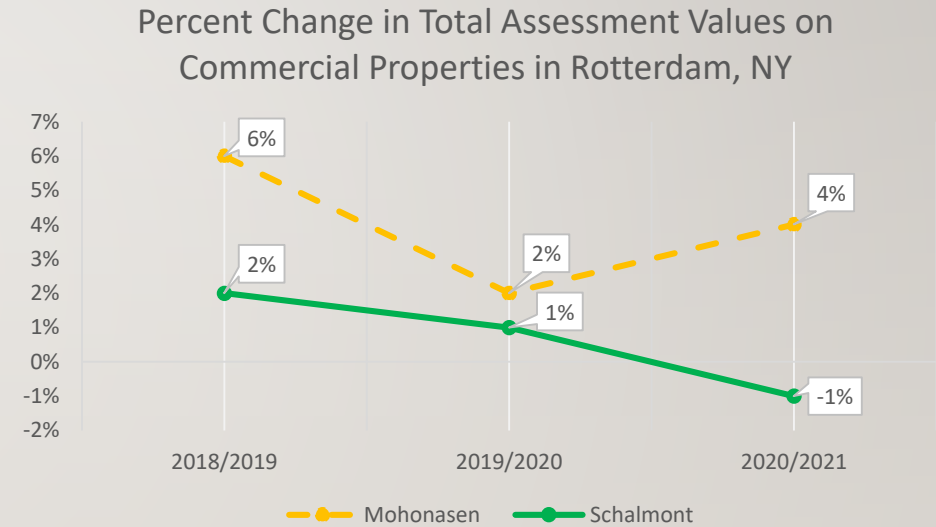
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In the Schalmont School District...

- Inequitable school tax rates for commercial and residential properties
- Depreciating business value
- Number of businesses stagnated
- Businesses receive PILOT agreements
  - (Payment In Lieu Of Taxes)
- Limited economic development

# EVIDENCE OF THE PROBLEM

- In the last four years, the value of commercial properties has increased in the Mohonasen School District. However, in the Schalmont School District, the value of commercial properties has decreased.



Source: Town of Rotterdam Assessor's Office

# COMMERCIAL PROPERTIES IN SCHALMONT AND MOHONASEN DISTRICTS

\*INCLUDES APARTMENTS AND HEAVY MANUFACTURING

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Year	Schalmont	Mohonasen
2017	206	362
2018	208	361
2019	209	365
2020	204	363
2021	208	361

Source: Rotterdam Town Assessor B. Canning via Personal Communication, 2021

# HOMESTEAD TAX EXEMPTION

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- The Homestead Tax Exemption is an exemption on property taxes given to residential properties.
- Establishes two property tax rates within a municipality
  - Homesteaded property: Residential property
  - Non-Homesteaded: Commercial property, vacant land, and any residential property over 10 acres
- In NYS, the Homestead Tax Exemption is made available to school districts by their local municipalities. The school board can then decide if they would like to allow the Homestead Tax Exemption to be put in place.

# CAUSES OF THE PROBLEM

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- The Homestead Exemption was implemented by the Rotterdam Town Board in 2007

Source: Article VII § 255-14, Rotterdam Town Code

- In Rotterdam, the Schalmont School District implemented the Homestead Tax exemption while the Mohonasen School District did not.
- Town of Rotterdam Reassessed Properties in 2004-2005
  - Source: Rotterdam Town Assessor, 2021



# SCHOOL TAX RATES FOR SCHALMONT CSD IN ROTTERDAM, NY

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<b>Time Period</b>	<b>Homestead Tax Rate in \$ Per Thousand</b>	<b>Non-Homestead Tax Rate in \$ Per Thousand</b>
2017	20.109626	25.069598
2018	20.324295	23.997271
2019	19.875837	26.273008
2020	19.237114	25.831486
2021	19.350354	25.831413

Source of data: Rotterdam Town Second Deputy Receiver of Taxes

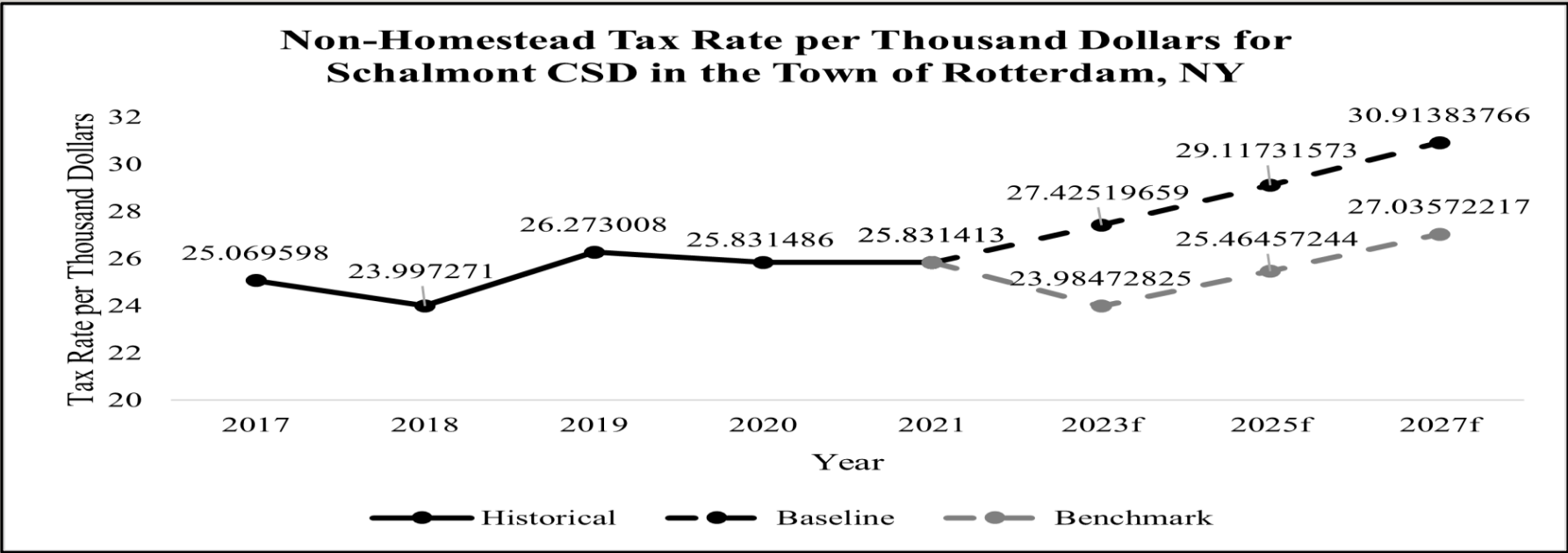


# POLICY

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- The Rotterdam Town Board over a course of five years will phase out the Homestead Tax option within its municipality by gradually equalizing the percentages of homestead and non-homestead taxes paid.

# EFFECTIVENESS



Source: Town of Rotterdam Receiver of Taxes Office

# POLICY PROPOSAL

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- This policy would be created by the Rotterdam Town Board, allowing new businesses in the Schalmont Central School District to receive the Homestead tax rate and a 20% increase in tax rate every year for the next 5 years to the non-Homestead tax rate.



# EFFECTIVENESS

Number of Businesses in the Rotterdam Section of the SCSD with Historical, Projected Baseline and Projected Benchmark



Source: Rotterdam Town Assessors Office

# BENEFITS AND COSTS OF THE POLICIES

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## BENEFITS

- Increase number & variety of businesses
- Increase the town's revenue
- Brings new jobs to the community
- Increase the influx of people
- Reduce the inequitable tax difference
- Fill vacant commercial properties
- Encourages new infrastructure

## COSTS

- Increased business competition
- Residential tax rate gradually increases
- School tax bill confusion
- Loss of green space
- There will be increased traffic
- Creates a need to expand infrastructure
- Impact on Schalmont School District

# ACADEMIC EVIDENCE

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- “A rank of 1 means the state’s tax system is most favorable for business; a rank of 50 means the state’s tax system is the least favorable for business.”, NY overall Index Rank is 49, having the 2nd least favorable state tax system for businesses in America.
  - Tax Foundation Inc., 2020
- “In this weakened economy, we must do everything we can to stimulate their growth through common sense tax relief and incentives to hire and expand.”
  - Washington: Federal Information & News Dispatch, 2010
- “This (the homestead exemption) is a dangerous initiative that will not only hurt businesses, but the entire state.”
  - PR Newswire, 2004
- “Basic economic principles illustrate the impact of a split taxing jurisdiction. If commercial tax rates are higher, rents within a jurisdiction will go up, along with the prices charged by local business.”
  - *The CPA Journal*, 2014
- “Tax expenditures have little material effect, when in fact the financial [consequence] could be quite large.”
  - *Tax Expenditures- Shedding Light on Government Spending through the Tax System*, 2003
- “Providing tax breaks to a company often provides incentives [to businesses] to help uplift the area where the business resides.”
  - *Societies*, 2019

# POLICY FEASIBILITY

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- The support of Rotterdam Town Board members is essential in getting these policies passed.
- Business owners in the Town of Rotterdam, especially in the Schalmont School District, will be in favor of these policies.
- Many citizens in the Town of Rotterdam will favor these policies because of their abilities to increase businesses and economic development.
- There may be initial confusion for residential property owners on school tax bills.



# THANK YOU!

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- Supervisor Collins & Town Board for listening to this presentation and considering our policy proposal
- Former Supervisor Tommasone for the project & opportunity to learn about local government and policy creation and implementation.
- Rotterdam Town Departments that provided information

