

# VALLEY CENTRAL SCHOOL DISTRICT

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OFFICE OF THE  
SUPERINTENDENT

EVETTE AVILA

March 21, 2023

**VIA HAND DELIVERY:**

Jeffrey D. Crist, Chairman  
Town of Montgomery Industrial Development Agency  
110 Bracken Road  
Montgomery, New York 12549

***Re: Proposed Amendment to the Town of Montgomery  
Industrial Development Agency Uniform Tax Exemption Policy***

Dear Chairman Crist:

As the Superintendent of Schools of the Valley Central School District ("District"), I am offering the District's comments on the proposed amendment to the Town of Montgomery Industrial Development Agency ("IDA") Uniform Tax Exemption Policy, as well as some more general concerns of the District regarding the IDA's current policy related to applicants who seek financial assistance in the form of a deviation from the Uniform Tax Exemption Policy.

With regard to the specific proposed amendments, the District has three concerns. First, the new schedule of phased out percentage exemptions applied to PILOT payments for IDA-assisted projects for adaptive reuse of buildings presents a more significant potential impact for calculating the District's annual tax levy limit.

The formula for computing the tax levy limit requires the District to subtract expected PILOT payments in the proposed budget year from the PILOT payments actually received in the base budget year. Thus, any change to the scheduled PILOT revenue stream, which increases the amount of the exemption in the initial year of the PILOT agreement raises the potential likelihood that the District may face a negative tax levy limit in the first year the property is tax exempt.

By contrast, if the change to the scheduled PILOT revenue stream widens the percentage exemption differential between the last year of the PILOT Agreement and the year in which the property returns to full taxable status, the District may experience a larger drop in anticipated payments in lieu of taxes. This would cause the District to potentially experience a more substantial increase in the tax levy limit cap for the proposed budget year when the property is no longer tax-exempt. The District believes that the more gradual the changes in the percentage exemption schedule for IDA-assisted projects, the more stable projections in fiscal planning.

The second concern involves the abatements that the Town IDA permits for renewable energy systems. In 2018, the Board of Education opted out of that section of the real property tax law that permits the renewable energy projects to proceed on a tax-exempt basis, provided that the developer enters into a PILOT agreement with the affected tax jurisdictions. The IDA has effectively mooted the District's decision to opt out of tax exemption, and require developers to pay their fair share of taxes, by allowing developers of such renewable energy projects to obtain financial assistance from the IDA, including real property tax exemptions consistent with Section 487 of the Real Property Tax Law in exchange for a PILOT agreement.

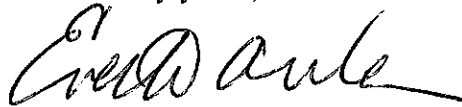
The third concern relates to the IDA's proposal to offer financial assistance to mixed-use developments. The prospect of granting significant real property tax breaks to developers for projects that include multi-family residential apartment units, which may have the effect of increasing the school-age population will likely shift the additional costs of educating all students to taxpayers, including homeowners, without providing sufficient revenues to offset these costs.

Finally, I also wish to express the District's general concerns with the IDA's process for applicants seeking a deviation PILOT agreement under the uniform tax exemption policy. As I mentioned previously, the granting of financial assistance by the IDA can significantly impact the District's tax levy limit calculation especially when the percentage exemptions shift greatly over the term of the PILOT Agreement. However, an even greater impact to the District's budgetary planning occurs because the increases to the assessed valuation of property that form the basis of payments under a PILOT agreement are not factored into the tax levy growth factor, unlike increases to assessed valuation for taxable property. Even when the property becomes fully taxable, upon the expiration of the PILOT Agreement, the increase in assessed valuation is not recaptured in the calculation of the tax levy growth factor for the District.

The deviation process is designed to provide developers with more enhanced real property tax abatements in the form of larger exemptions or a longer term that the exemptions will be in place. However, as currently constructed, the process does not condition the granting of this enhanced benefit upon the developer being required to obtain approval from the District or being required to commit to providing the District with a community benefit agreement, such as helping to offset the costs of future capital improvements that the District must undertake.

The District acknowledges the IDA's interest in promoting, attracting, developing and encouraging investments to advance the economic interests of this community. However, we believe it is equally important that the IDA should afford the District a greater voice in this process to support the education of its students, and to protect its taxpayers from further shouldering the financial burdens. Therefore, the District strongly believes that the IDA should ensure that the District has a direct say when applicants seek financial assistance in the form of a deviation PILOT Agreement.

Sincerely yours,



Evette Avila  
Superintendent of Schools

cc: Board of Education