

TIMBER | MEMORANDUM OF SUPPORT

S.89 (Ryan) / A.351 (Bronson)

Hands Off Our Public School Dollars

Purpose: This legislation amends the municipal law to prohibit town, city, or county industrial development agencies from waiving taxes owed to school districts.

Background: Under §858 of New York State general municipal law, local governments are permitted to establish Industrial Development Agencies (IDAs) for the purpose of assisting in the acquisition, construction, improvement, maintenance, and equipping of commercial, educational, cultural, and industrial facilities.¹ Because IDAs are exempt from taxes, a typical way for an IDA to pursue its objectives is to take the title of a piece of land or real estate from a business and lease it back to them, thereby waiving at least a portion of their tax obligations.² In the parlance of IDAs, these arrangements are called “straight leases.”

Many of Troy’s largest property owners and employers are nonprofits. As of the 2021 Assessment Roll, 45.71% of the total assessed value of properties is exempted from taxes.³ As a consequence, much of the cost of local government is shifted over to ordinary Troy households, which (in 2021) had a median annual income of \$50,304 - well below the New York State average.⁴ Taken in combination with one another, these two issues devastate our roads,⁵ water infrastructure,⁶ city staffing,⁷ and much more.

Taking all this into consideration, one would hope that our local governments would be very judicious about their use of IDAs to grant property tax exemptions. Unfortunately, of all NYS cities with 20,000 or more households, Troy trails only Rochester in its rate of IDA agreements per household since 2014. Those agreements combine for a grand total of **\$141 million dollars** in optional tax exemptions, \$31 million of which were owed to school property taxes.⁸ Some businesses receiving those property tax exemptions include:

- A barbeque joint (Project Code 3806146);
- A small family pizzeria (Project Code 3806-21-02A);
- “The Cookie Factory” (Project Code 3806141-A); and
- A purveyor of deli meats (Project Code 380690101).

Justification: At a minimum, these projects should not be permitted to erode public education. Frankly, we question whether local governments should be permitted to grant businesses any property tax exemptions at all. **TIMBER strongly supports this legislation.**

¹ <https://www.nysenate.gov/legislation/laws/GMU/858>

² <https://www.osc.state.ny.us/files/local-government/publications/pdf/performance-of-idas-in-nys-2022-annual-report.pdf>

³ http://orps1.orps.ny.gov/cfapps/MuniPro/muni_theme/exsubm2.cfm?swis=381700&prefix=City%20of%20Troy&roll_yr=2021

⁴ [https://data.census.gov/table?q=income&g=040XX00US36\\$1600000&tid=ACST5Y2021.S1901](https://data.census.gov/table?q=income&g=040XX00US36$1600000&tid=ACST5Y2021.S1901)

⁵ <https://wnyt.com/top-stories/cdta-bus-gets-stuck-in-troy-sinkhole/>

⁶ <https://www.theguardian.com/us-news/2023/apr/06/troy-new-york-lead-pipes>

⁷ <https://spectrumlocalnews.com/nys/capital-region/news/2022/11/28/different-approaches-to-fire-department-staffing-in-troy>

⁸ <https://www.abo.ny.gov/publicauthoritydata/PublicAuthorityDataIDAProjectData.html>



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