

# VALLEY CENTRAL SCHOOL DISTRICT

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October 13, 2020

**VIA EMAIL:**

Mr. Jeffrey Crist  
Chairman of the Town of Montgomery IDA  
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 and Montgomery IDA Board Members:

As the Superintendent of Schools of the Valley Central School District ("School District"), I am writing to provide the School District's comments on the proposed amendment to the Town of Montgomery Industrial Development Agency ("Town IDA") Uniform Tax Exemption Policy.

As the District has previously stated and it bears restating, the School District strongly opposes giving companies, especially multibillion dollar company's unjustified and egregious long-term tax abatements that unfairly burdens and takes advantage of the local taxpayers and residents.

The IDA describes its mission as:

"...promoting, attracting and developing economically sound commerce and industry to advance the job opportunities, health, general prosperity and economic welfare of the people of the State of New York, to improve their prosperity and standard of living, and to prevent unemployment and economic deterioration."

In our opinion, as proposed, the tax abatement schedules are counter intuitive to the IDA's mission and do not improve the lives of the residents it seeks to serve.

We must impress upon the Board the dilatory and devastating effects that COVID-19 has wrought on the long-term and lasting financial well-being of our communities that were already struggling to finance government services, including the education of their children.

Communities that incentivize economic development in the vacuum of tax abatements ignore the fundamental quality-of-life issues that are a significant factor in attracting economic development, including a progressive quality education system; an educated and available workforce; services to maintain safe communities such as police, fire and ambulance; a safe structurally sound transportation system; affordable homes that are not burdened with supporting and absorbing the cost of tax abatements to multibillion dollar companies; outdoor recreation; and even services for the disposal of garbage.

We remind you of our previous observation regarding the Amazon Project, the 2018 findings of the bellwether report from the Economic Policy Institute on the effects of Amazon Fulfillment Centers on the local economy:

1. **“Tax incentives likely constitute an unneeded giveaway:** Research has shown that state and local taxes are on average less than 2 percent of the cost of doing business. This means that simply offering to cut taxes won’t do that much to sway firms’ location decisions. In short these incentives are likely ineffective or, at best, an inefficient use of resources. These incentives are largely a windfall to firms that were going to locate in that spot even without the incentives, all while sacrificing revenue that areas need to invest in public goods.”
2. **“Investments in public services are more effective than tax incentives at generating long-term economic growth:** Another key downside of tax incentives is that they deprive states and localities of resources needed to invest in public goods, such as transportation or education. The research literature indicates that public spending and the expansion of public services increases local economic activity—and that such public investment is obviously hamstrung by policies (like offering tax incentives) that reduce resources available to state and local governments. Investments in public services (particularly in early-childhood education) and infrastructure are a much stronger recipe for spurring long-term economic development than providing tax increases to existing national employers.”

What economic studies did the IDA conduct to justify the structure of the proposed tax abatement schedules and the impact such tax abatement will have on the residents, School District, municipalities and the community at large?

When you ask our already overburdened struggling residents and businesses to shoulder the additional burden of absorbing the windfall of significant tax abatements afforded to proposed projects that are considered by the IDA, there will be a corresponding domino affect and result in deferentially effecting the funding of education and the operations of the School District.

In addition, we provide the following comments on the proposed amendments:

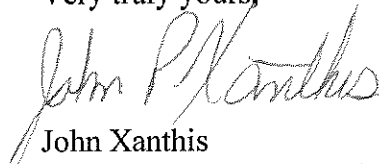
1. Section 2 Definitions: The IDA identifies the following projects as eligible for a 10 year abatement but does not define the project:
  - Digital Commerce: Define;
  - Recreation/civic: what does this mean;

- Workforce Housing: If the project proposed is not limited to one category of eligible business, what percentage of the project must include workforce housing;
  - Senior Housing: Must the project be limited to a certain age group if so what is the minimum age. And if the project proposed is not limited to one category of eligible business, what percentage of the project must include senior housing;
  - Healthcare/Assisted Living: Define. Must the proposed project include both healthcare and assisted living. If so what is the percentage of each. We also suggest that assisted living should include affordable housing for seniors;
  - Qualifying retail: define.
2. Section 6, paragraph E: In general, while we appreciate the IDA re-structuring some tax abatement schedules to limit the number of years a business pays no taxes, based on the impact of the loss of taxes on the community it is our contention that no project should receive a 15 year tax abatement, and all abatements should be subject to the same ten year tax abatement schedule noted in paragraph E (3). Furthermore, based on the type of businesses offered the abatement, there are more businesses that will receive more rather than less tax abatement such as in number 2, the 15 year schedule for technology and advanced manufacturing schedule and number 3 the ten year schedule.
3. We request that before the IDA considers any tax abatements, project owners should be required to demonstrate their goodwill and willingness to partner with the School District in funding educational opportunities for both a potential work force and our children through agreeing to a community host benefit agreement (“CBA”).

It cannot be understated that the loss of millions in tax dollars will have a detrimental effect on the opportunities of our residents and their children. Our common goal should and must be investing in the quality of our local education, public infrastructure, and quality of life. That goal must be shared equally by all property owners and not simply shouldered by the existing property owners for the benefit of proposed IDA-financed projects companies.

Thank you.

Very truly yours,



John Xanthis  
Superintendent of Schools

cc: Valley Central School District Board of Education  
Town of Montgomery Town Board