

## Winners and Losers in the Town Tax Bill

By Susan Siegel

On a recent cable television show, Supervisor Grace railed against past Town Boards for what he called their “budget shenanigans” —shifting general town expenses to special district funds in order to reduce the town tax rate.

What he didn’t say though, was that in his 2013 budget, he practiced shenanigans in reverse: Instead of reducing expenses in order to lower the increase in the town tax rate, he increased town revenue by \$199,000.

He also didn’t explain that his budgetary sleight of hand resulted in winners and losers among different groups of taxpayers, or that some taxpayers ended up subsidizing others.

**The winners:** Homeowners who don’t have public water, are on septic systems or are in the Peekskill Sanitary Sewer District. They benefited by a 1% decrease in their town tax rate.

**The losers:** Homeowners in the Water and Hallocks Mill Sewer districts whose special district taxes increased 3% and 6% respectively.

(The sleight of hand also increased taxes for homeowners in the Refuse special district, but as all homeowners are in the district. this increase was a wash for them — but a savings for commercial taxpayers.)

The Supervisor “found” the additional \$199,000 revenue simply by increasing the administrative fee the town (a.k.a. general fund) charges the Refuse, Water and Hallocks Mill Sewer districts for services they receive that are paid for by the general fund, such as processing the districts’ purchases and bi-weekly payroll.

But because not all taxpayers are in the same special districts, the budgetary shifts resulted in some taxpayers paying more than their fair share of the town tax bill.

*(For an explanation of the difference between the “town” tax and the “total town tax” see [yorktownbettergovernment.org](http://yorktownbettergovernment.org). For some taxpayers, special district taxes account for almost half of their total town tax bill.)*

Typically, at budget time, no one pays any attention to the special district revenue lines in the general fund budget (at \$1.4 million, the second largest non-tax revenue line item), at least not until last year when Supervisor Grace tried to raise the administrative fee to 7% from 5% of each district’s total budget, arguing, in part, that the special districts should help offset the more than \$200,000 increase in police salaries in the general fund.

After one councilman objected to the 2% hike, calling it “grand larceny in the 1st degree,” the Board eventually compromised and agreed to a 1% increase in the fee for — 2013 — and authorized a study to determine exactly what services the general fund provides the special districts, and at what actual cost.

The study is supposed to be completed by July 1 in order to give the Board ample time to review the findings and recommendations **before** the Supervisor and Comptroller begin work on the 2014 budget — and before the new 6% fee becomes standard practice and goes unchallenged.

For example, the study should look at whether the police department, as Supervisor Grace suggested, actually provides services to the Refuse, Water or Sewer districts. If so, how often? And are the services provided on a regular basis or only during emergencies?

The issue isn't the numbers; it's about fairness and equity: Special district taxpayers shouldn't be subsidizing the cost of general fund services that should be paid for by all taxpayers.

Although the July 1 study deadline is only two months away, Supervisor Grace was silent when asked, at a recent Town Board meeting, for a status report on the study. Has the study begun? We don't even know that.

If special district taxpayers don't want to be losers for a second year in a row in the political game of musical tax rates, they should demand an answer: Has the special district study begun, and if so, will the findings be made public by July 1?

*For more information about town issues, visit [www.yorktownbettergovernment.org](http://www.yorktownbettergovernment.org).*