



SCHOOL TAX COLLECTION

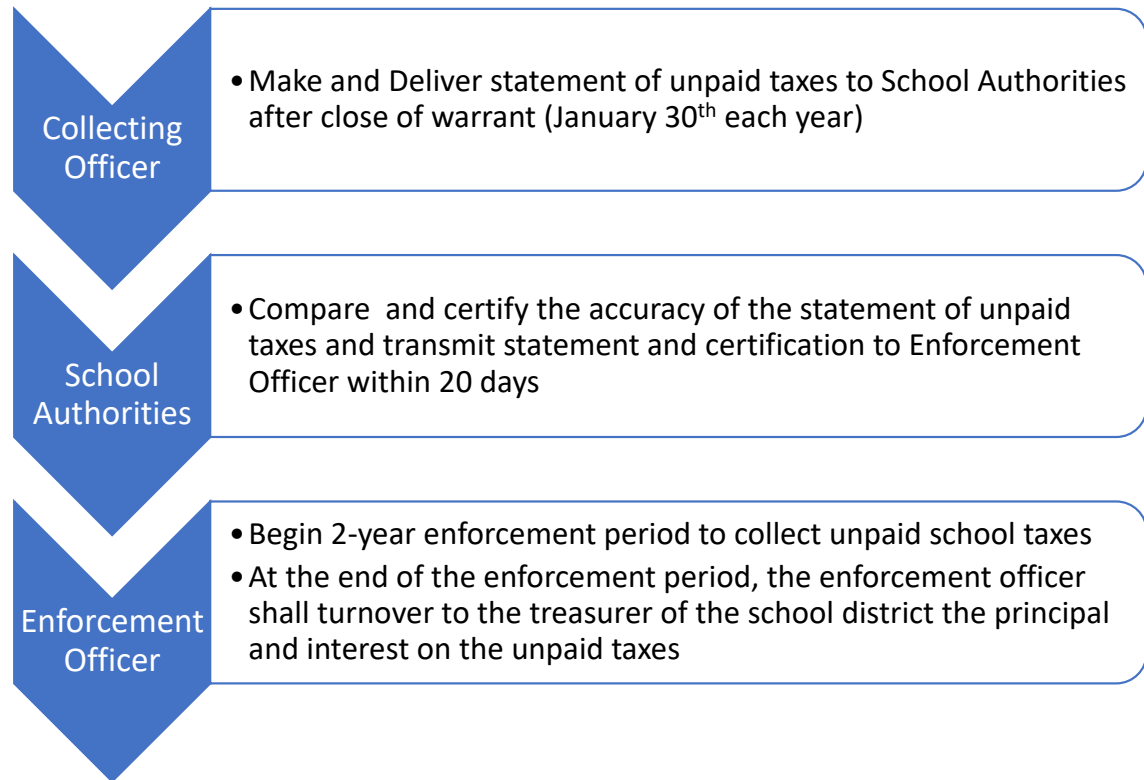
March 18, 2025

DR. DARREN MORTON, CMFO
COMPTROLLER
CITY OF MOUNT VERNON

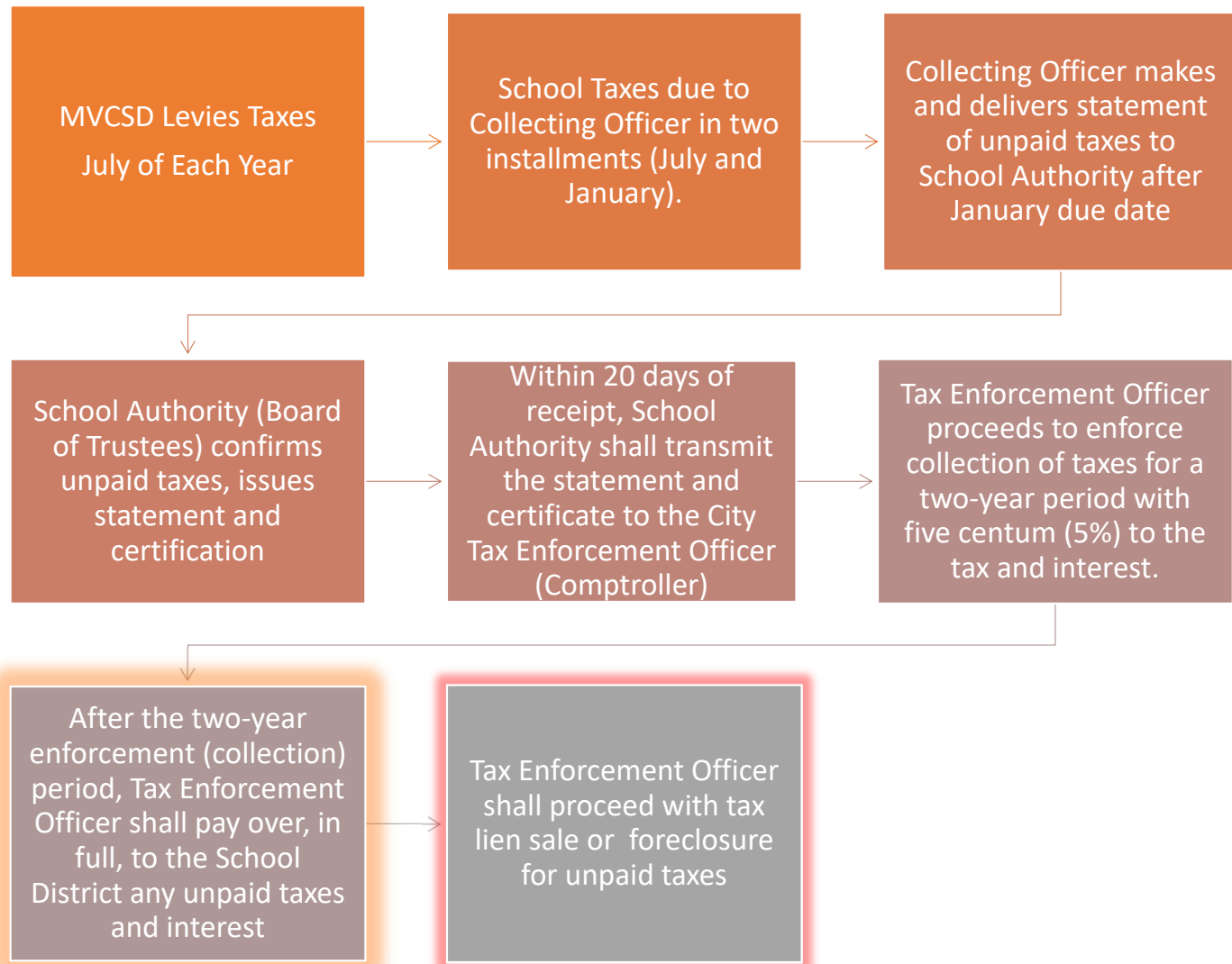
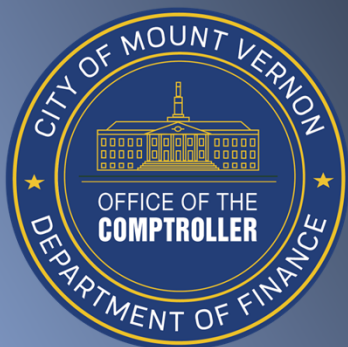
New York State
Real Property Law
Summary
Article 1, § 102
Article 11, § 1102
Article 13 § 1332,
and
Article 13 § 1334



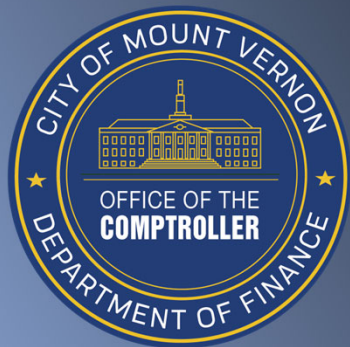
- Collecting Officer (School District Tax Collection Staff)
- School Authorities (Board of Education)
- Enforcing Officer (City Comptroller)



Process for Levying and Collecting School Taxes



\$11.7 Million Debt owed to the School District for 2018-2019 and 2019-2020 School Taxes



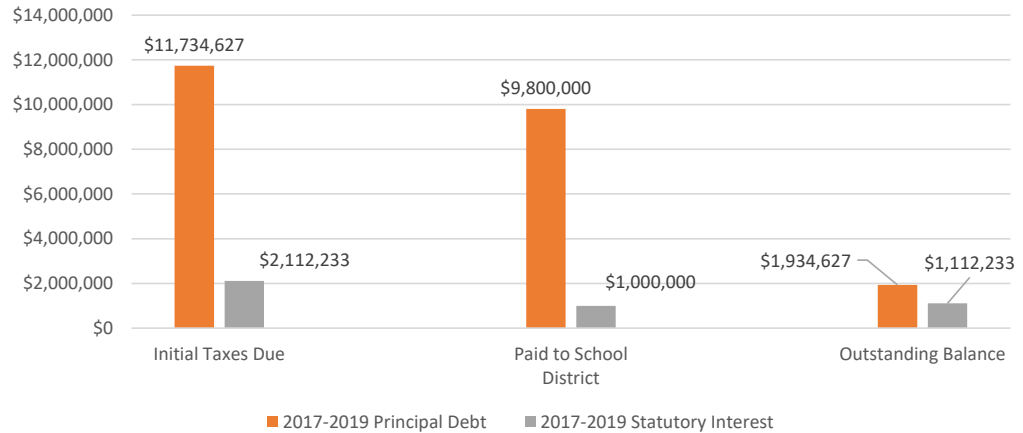
- Entered settlement with MVCSD for \$11.7 million and established payment plan for \$350,000/month
- Entered settlement with MVCSD for \$2.1 million for statutory interest on \$11.7 million; adding \$100/month to payment plan.
- The City and the School District agreed on a \$450,000 payment per month
- Current outstanding debt for 2018-119 and 2019-2020 school years - **\$3 million**
 - Original balance was \$11.7 million for 2018-119 and 2019-2020 school years
 - \$10.8 million has been paid to date
 - The debt will be paid in full by September 2025

\$11.7 Million Debt owed to the School District for 2018-119 and 2019-2020 School Taxes



City Obligation to MVCSD for Outstanding School Taxes (per Real Property Tax Law Section § 1332)			
	<u>2017-2019</u> Principal Debt	<u>2017-2019</u> Statutory Interest	Total
Initial Taxes Due	\$11,734,627	\$2,112,233	\$13,846,860
Paid to School District	\$9,800,000	\$1,000,000	\$10,800,000
Outstanding Balance	\$1,934,627	\$1,112,233	\$3,046,860

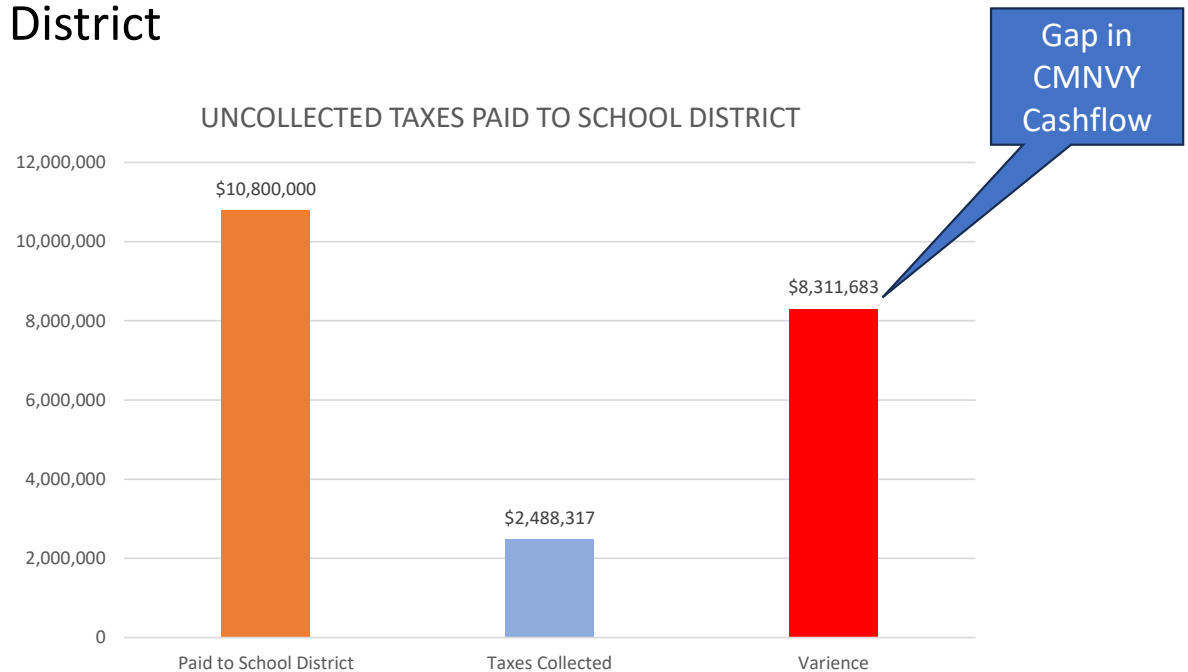
City Obligation to MVCSD for Outstanding School Taxes per RPTL § 1332 as of Feb. 25, 2025



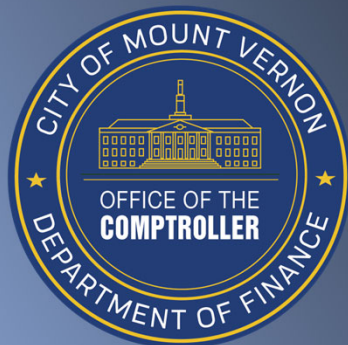
Fiscal Stress Caused by Uncollected Taxes from 2018-19 and 2019-20



- Of the \$10.8M paid to the School District, only \$2.4 have been collected from taxpayer.
- The City has used \$8.3M of its operating funds to pay the School District creating a major cash flow issue.
- Creates shortfall in reserves for City and School District



MVCSD TAXES IN COLLECTION PERIOD (Unreconciled)



- Mount Vernon City School District began collecting its own taxes in 2020.
- School Authority certified \$22.6 million in uncollected taxes for school years 2020 to 2024
 - 2020-21 & 2021-22 School Taxes
 - certified \$10.9 million in May of 2023; due to 'make whole' in May of 2025
 - As of 2/25/25, \$7.7M is still outstanding
 - 2022-23 School Taxes
 - certified \$5.5 million in February of 2024; due to 'make whole' in February of 2026
 - As of 2/25/25, \$4.2M is still outstanding
 - 2023-24 School Taxes
 - Certified \$6.1 million in October of 2024; due to 'make whole' in December of 2026 (CMVNY received certification in December 2024)
 - As of 2/25/25 \$5.6M is still outstanding

Date Certified	5/16/23	5/16/23	2/14/24	10/21/24	
School Year	2020-2021	2021-2022	2022-2023	2023-2024	
Total Tax Levy	\$124,335,398.11	\$127,019,876.02	\$128,460,696.31	\$129,446,370.68	
Taxes Collected	\$119,357,967.32	\$121,075,045.47	\$122,921,118.07	\$123,310,224.54	
Taxes Remaining Unpaid	\$4,977,430.79	\$5,944,830.55	\$5,539,578.24	\$6,136,146.14	\$22,597,985.72
Paid to School District	\$1,700,901.17	\$1,545,934.84	\$1,333,136.99	\$511,324.45	\$5,091,297.45
Total Outstanding	\$3,276,529.62	\$4,398,895.71	\$4,206,441.25	\$5,624,821.69	\$17,506,688.27

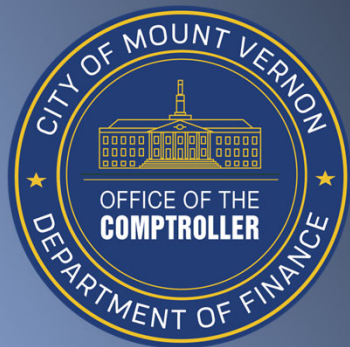
Summary/ Breakdown of Outstanding Taxes (Unreconciled)



- The City and the School District are currently partnering to collect these outstanding taxes.
- \$17.5M outstanding for school years 2020 through 2023
 - \$12.7M in taxes
 - \$4.8M in interest
- \$7.7M Due May 2025
- \$4.2M Due February 2026
- \$5.6M Due December 2026

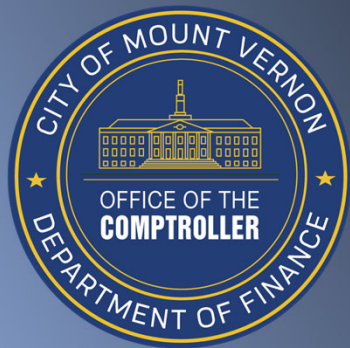
School Year	<u>2020-2021</u>	<u>2021-2022</u>	<u>2022-2023</u>	<u>2023-2024</u>	
Due to MVCSD	May 2025	May 2025	February 2026	October 2026	
Total Outstanding	\$3,276,529.62	\$4,398,895.71	\$4,206,441.25	\$5,624,821.69	\$17,506,688.27
Taxes	\$2,263,446.48	\$2,640,220.55	\$3,382,752.39	\$4,414,345.33	\$12,700,764.75
Interest	\$1,013,083.14	\$1,758,675.16	\$823,688.86	\$1,210,476.36	\$4,805,923.52

Pathway to Collecting Outstanding School Taxes



- Tax Lien Sales
 - Issued List of Delinquent Taxes as of December 18, 2024
 - Preparing for Tax Lien Sale to be scheduled by the 4th Tuesday in June
- In Rem Foreclosure
 - Traditional Approach taken by the City but is lengthy and will not yield immediate cash.
- Installment Plan
 - Approved by City Council
 - Anticipated start April 2025
- Tax Interest Amnesty
 - Proposed to the City Council and School Board Trustees, and currently under consideration.

Conclusion



- CMVNY has paid \$10.8 million of the \$13.8 taxes and interest owed for the 2017 – 2019 school years. Leaving \$3 million to be paid by September 2025.
- CMVNY continues to make \$450K payment/month to complete balance of \$3 million owed.
- MVCSD began collecting its taxes in 2020 and has certified \$22.6 million of unpaid taxes for the 2020 – 2023 school years.
 - 2020-21 \$5 million
 - 2021-22 \$6 million
 - 2022-23 \$5.5 million
 - 2023-24 \$6.1 million
- CMVNY and MVCSD has been collecting 2020-2023 unpaid taxes and balance are dues as follows:
 - 2020-21 \$3.3 million due May 2025
 - 2021-22 \$4.4 million due May 2025
 - 2022-23 \$4.2 million due February 2026
 - 2023-24 \$5.6 million due December 2026
- CMVNY does not have the cashflow to float unpaid taxes and will seek collection of unpaid taxes through tax lien sales and/or foreclosure.