

# The Cost of Mount Vernon Industrial Development Tax Abatements

to the

## Mount Vernon City School District

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Presented to the Mount Vernon community  
at a public meeting of the MV Board of Education

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# Outline

- The Law and its Purpose
- Impact on School and School Budget
- Mount Vernon School District v. Mount Vernon IDA
- MVIDA Housing Projects Tax Gaps
- Research
- What you can do

# General Municipal Law

- This chapter may be cited as the “New York State Industrial Development Agency Act.” GML §850
- For the benefit of the city of Mount Vernon and the inhabitants thereof, an industrial development agency, to be known as the City of Mount Vernon Industrial Development Agency, is hereby established. GML §902-c

# General Municipal Law §852

- to promote the economic welfare, recreation opportunities and prosperity of its inhabitants
- to actively promote, attract, encourage and develop recreation, economically sound commerce and industry and economically sound projects

# General Municipal Law §858

- The purposes of the agency shall be to promote, develop, encourage and assist in the acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing industrial, manufacturing, warehousing, commercial, research, renewable energy and recreation facilities including industrial pollution control facilities, educational or cultural facilities, railroad facilities, horse racing facilities, automobile racing facilities, renewable energy projects and continuing care retirement communities

# General Municipal Law

- Project is defined to include land, machinery, equipment and other facilities “which shall be suitable for manufacturing, warehousing, research, commercial, renewable energy or industrial purposes or other economically sound purposes”. GML § 854

# General Municipal Law

- PILOT = Payment In Lieu Of Taxes
- Payments in lieu of taxes - shall mean any payment made to an agency, or affected tax jurisdiction equal to the amount, **or a portion of**, real property taxes, or other taxes, which would have been levied by or on behalf of an affected tax jurisdiction if the project was not tax exempt by reason of agency involvement.  
GML § 854.

# State v. Local Practice

- IDAs across the state routinely grant exemptions to build a commercial or industrial properties like factories, shopping centers, warehouses. Such projects have minimal impact on the schools as they do not produce additional students.
- In Mount Vernon, a large number of projects involve exemptions being awarded to residential buildings which house students attending District schools.



# School District Input

- The law permits IDAs to grant exemptions from school taxes without the school district's consent.
- The school district has repeatedly objected to the exemptions from school taxes on PILOT agreements for residential properties but the MVIDA continuously grants the exemptions over the district's objections.

# Impact on School Budget

- PILOT agreements do not affect the budget directly. However, anticipated revenues from PILOT agreements are factored into the tax levy cap which limits the District's ability to raise taxes needed to operate the schools.
- The bigger concern is that exemptions offered in PILOT agreements shift the tax burden from the wealthy developers to remaining taxpayers in the district for as long as 30 years.

# School District v. MVIDA

- The District filed several lawsuits seeking compliance with the law and requesting that the MVIDA not grant school tax exemptions for residential properties without District consent.
- After extensive settlement discussions, the MVIDA declined to give the District a vote on the granting of school tax exemptions.
- However, the City agreed to give the District a nonvoting seat on the MVIDA Board.

# District Representative on MVIDA

- The District is permitted to attend all meetings and sit on the Board as nonvoting board member.
- The District representative is entitled to access to all records available to the MVIDA Board.
- The District representative may participate in the discussions but does not receive a vote on the approval of the tax exemptions.

# The School **Tax Gap** left by 5 MV IDA Housing Projects in 2024

5 MV IDA housing projects	A	B	C	D	E	F
	Number MVCSD students living in building (Note 1)	Cost per Student funded by local property taxes (Note 2)	Total Annual Cost to local taxpayers to educate these students (AxB)	PILOT Made by the Developer (Note 3)	2024 <b>Tax Gap</b> (C-D)	Property Taxes <u>Developer should have paid</u> to the MVCSD (Note 3)
La Porte (Blue Rio)	31	\$9,381	\$290,796	\$25,592	<b>(\$265,204)</b>	\$400,514
Grace Towers	36	\$9,381	\$337,698	\$78,325	<b>(\$259,373)</b>	\$189,522
130 Modern	18	\$9,381	\$168,849	\$46,656	<b>(\$122,193)</b>	\$181,733
22 South West Street	45	\$9,381	\$422,123	\$103,205	<b>(\$318,918)</b>	\$404,473
Oakwood Gardens	28	\$9,381	\$262,654	\$47,783	<b>(\$214,871)</b>	\$174,808
Totals:	158	\$9,381	\$1,482,119	\$301,561	<b>(\$1,180,558)</b>	\$1,351,050

## Notes

1) Actual Enrollment as of November 2024 provided by MVCSD

2) P 8, IDA Economic Impact Analyses by Storrs Associates. The average for 115 S. Macquesten (\$9,424) and Qwest (\$9,337), 2 MVIDA housing projects approved in 2024.

3) IDA audited FS 2024.

In 2024, those 5 projects left a school **tax gap** of **(\$1.18m)**

- 70% (14/20) of MV IDA projects receiving PILOTS in 2024 are housing

### The Impact of all 20 MV IDA projects in 2024

School District Portion of Property Taxes Abated	PILOTS Paid to School District	<b>Tax Gap</b>
\$4,352,524	\$1,277,828	<b>-\$3,074,696</b>

- 2 new housing projects were given 30-year tax abatements from the MV IDA in 2024: 115 S. Macquesten and Qwest
- At least 4 other housing developers are seeking MV IDA tax breaks now/in the near future.

## What does the research say?

“Public education is both the most expensive local public service and the most powerless to protect itself from corporate tax abatements. Property taxes are both the most expensive tax most companies pay and they are the largest single source of funding for K-12 education. That’s why tax abatements...are so injurious to schools and so desired by corporations.”

(page 5, Wen, C., Furado, K., & LeRoy, G., 2021. Abating Our Future: How Students Pay for Corporate Tax Breaks)

## What does the research say?

“The harms to school funding are regionally and racially uneven. Some districts with higher proportions of students of color are among those losing the most revenue per student. We also find that higher foregone (i.e., abated) revenue is associated with lower actual revenue collected from property taxes.”

(page 3, Wen, C., & LeRoy, G., 2023. Corporate Subsidies versus Public Education: How Tax Abatements Cost New York Public Schools)



## Recommended MVCSD Resolution

“The MVCSD believes that no state or local agency, IDA board, municipal or county government, or any other political sub-division besides a school board should be allowed to abate school tax revenues.

The MVCSD should be given full, sole control over its own tax base with strict caps on how much or how long they can abate.

Without equivocation, the school share of local property taxes should be shielded from abatement by the MV IDA.”

# We need your help!

- Contact the Mayor and the IDA and ask them to stop granting school tax exemptions to wealthy developers while shifting the tax burden to the other taxpayers.
- Attend MVIDA meetings and make your voice heard.
- Contact state legislators and ask them to pass legislation giving school districts the ability to determine whether school tax exemptions should be granted.