



City School District of Albany Annual impact of tax-exempt property in the City of Albany on school taxes

The City School District of Albany and our taxpayers shoulder a significant local burden in supporting our public schools due to a variety of factors that are unique to our city. Paramount among those is the fact that more than 60% of the property in our city is tax-exempt, much of it due to our role as New York's Capital City. At the request of Deputy Secretary for Education Daniel Fuller, we are providing the following information to illustrate that fiscal challenge and the resulting gap that exists between the tax rates in the City of Albany as compared to other communities in Albany County. This information is intended only to illustrate this disparity so that the state can consider a multi-year approach to providing additional assistance that would help the students, families and residents who attend and support the public education system in our state capital.

Based on figures for the 2018-19 school year, which are the latest available from the Office of the State Comptroller, approximately \$24.7 million of additional state funding would have brought Albany's school property tax levy per thousand to the countywide average. Alternatively, an additional contribution of \$18.1 million would have been sufficient to bring residential properties down to the countywide average, while leaving commercial properties above. The two values are different because the City of Albany has elected to shift some property tax burden to non-homestead properties through a two-tiered tax rate.

While these numbers are high, it is hard to overstate the impact of state-owned lands on Albany's tax base. New York owns property in Albany that is assessed at more than the entire taxable value of all other property in the city. The state's \$4.97 billion share is 37.1% of the total assessed value. Another 26.3% or \$3.53 billion is exempt for other reasons – in part because of the desire of not-for-profits to locate in the Capital City. Only \$4.91 billion (36.6%) of the land in Albany is taxable.

If the state was required to pay school taxes on its Albany property, even ignoring the homestead/non-homestead rates, the state would be responsible for a bit over half the entire 2019-20 school tax levy of \$117.8 million (\$59.2 million). That would allow all other property owners to pay about half what they do now. If the city continued to maintain its two-tiered tax rate under that scenario, the state contribution would be even more.

It's interesting to note that even with that hypothetical \$59.2 million additional contribution, the portion of our school budget covered by state aid would be approximately 67%, still less than the portion covered by state aid in similar districts such as Poughkeepsie (68%) and Utica (81%)

As you know, our school district currently receives 45% of our total budget from state aid. Schenectady and Troy – similar districts in the Capital Region – receive 59% and 61%, respectively. It would require an additional \$40 million annually to bring Albany up to 60% to be in line with this regional comparison.