

September 2025

New York IDAs' Reckless Assault on Public School Funding

Property taxes provide 50% of school funds, twice the U.S. average, amplifying the costs from IDA tax abatements and a flawed state tax cap formula.

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Acknowledgements

This report was written by Anya Gizis and Ron Deutsch with Greg LeRoy of Good Jobs First and John Kaehny of Reinvent Albany.

Good Jobs First is a national policy resource center that promotes corporate and government accountability in economic development. Since 1998, it has fought for reforms to increase transparency around the use of public money used in the name of economic development, and has revealed the numerous ways corporations – many of whom receive subsidies – violate civil and criminal regulations and laws.

Reinvent Albany advocates for transparent and accountable New York government. We work to strengthen Freedom of Information and Open Meeting Laws, open data, and transparent spending, budgeting, and planning. We work for ethical government and fact-based decision making that puts the broadest public interest first. We believe in clean elections and fewer barriers to voting. We take on boondoggles and challenge waste, fraud, and abuse—including corporate subsidies.

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Preface

This is the fourth in a series of reports by Good Jobs First, or jointly with Reinvent Albany, about New York State's Industrial Development Agencies.

In February 2023, GJF published [Corporate Subsidies Versus Public Education: How Tax Abatements Cost New York Public Schools](#), which documented that school districts across the state lost \$1.8 billion to tax abatements in FY 2021.

In April 2024, we jointly issued [Perverse Incentive: How New York State's IDAs Depend on Giving Away Tax Dollars](#), which found that Industrial Development Agencies rely upon transaction fees for 80% of their operating budgets.

In May 2024, we jointly released [Upstate Law Firms Reap Undisclosed Millions from IDA Deals that Cost Public Billions](#), which documented large amounts of money paid to law firms by IDAs, as well as those law firms' political donations to elected officials who appoint IDA board members.

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Property taxes provide 50% of school funds, twice the U.S. average, increasing the damage from IDA tax abatements and a flawed state tax cap formula.

Executive Summary

Our previous reports have shown that property tax abatements provided by local Industrial Development Agencies directly cost New York's school districts more than \$1.8 billion annually. This report reveals that because of a flawed state tax cap formula and artificially low property valuations after tax abatement deals expire, IDA tax abatements actually cost school districts far more. We believe that this irrational tax and subsidy policy is fueled by the perverse incentive of Industrial Development Agencies and their consultants to make large abatement deals because they reap hefty transaction fees.

New York Public Schools are Dependent on Property Taxes

New York schools get 50% of their revenue from property taxes — twice the national average. Nationally, public schools get on average 49% from the state, 24% from local property taxes, 17% from other local sources, and 10% from the federal government. Outside of New York, the long-term trend is a growing share of school funding coming from states and less from localities.

Cost to Schools of IDA Property Tax Abatements Multiplied by Other Factors

1. **NY State's flawed tax cap formula** does not include the value of real estate subsidized by IDA tax abatements in the overall tax base, but does include Payments in Lieu of Taxes (PILOTs) towards the 2% tax cap. This artificially shrinks the tax base pie and can result in a bizarre "negative tax cap" under which local governments have to reduce existing property taxes to stay under the 2% cap.
2. **After subsidy agreements expire, local governments** often assess real estate at an artificially low level resulting in far lower effective tax rates than other properties.

Recommendations for New York State

1. Do not allow IDAs to abate property taxes that would otherwise go to schools.
2. Rewrite the tax cap formula to include subsidized real estate projects in the value of the overall tax base (or tax base growth factor) to avoid artificially low levy limits (and negative tax caps).

Recommendations for NY Local Government

1. When subsidy agreements expire, local governments must assess property value based on comparable properties. There is no taxation, accounting, or economic logic to continue to subsidize properties after subsidy agreements expire.

The Cap Trap: IDAs, Abatements, and Public School Funding

Public Schools in New York State Are Far More Dependent on Property Taxes

School districts in every state depend on revenue from local sources (mainly property taxes), state government, and the federal government. The long-term trend has been less dependence upon local revenue and a larger share of the budget pie coming from the states. This is especially true as states have sought to achieve greater equity and adequacy in public education funding.

The national averages are about 49% from the state, 24% from local property taxes, 17% from other local sources, and 10% from the federal government.

However, a prominent feature of school finance in New York is that 50% of school district revenues still come from local property taxes — *twice* the national average.¹ In this respect, New York State is a severe outlier: In only three smaller states (Massachusetts, Connecticut, New Hampshire) are schools more dependent upon property taxes.

Given this exceptional over-dependence upon local property taxes, anything that reduces such revenue puts public education in New York at risk. That is why tax abatements granted by Industrial Development Agencies are causing so many problems for school districts. The *direct* revenue losses were already known to be very large; this report documents multiple additional *indirect* harms.

Industrial Development Agencies and Tax Abatements

New York has 108 local Industrial Development Agencies created by county and city governments as authorized by 1969 state law. New York's IDAs are governed by boards whose members are *appointed* in a variety of ways by local governments. Some boards include local elected officials, some do not.

IDAs have the authority to grant three different kinds of tax abatements to private companies: property tax, sales tax, and mortgage recording tax. In 2021, New York IDAs awarded more than \$1.9 billion in gross exemptions to companies. By far the largest share of this enormous subsidy comes from property tax abatements.

IDAs have the power to subsidize businesses by reducing their property taxes and instead having them pay a “payment in lieu of taxes,” or PILOT. Because schools are the single largest government expense paid for by property taxes, school districts

¹ <https://nces.ed.gov/programs/coe/indicator/cma/public-school-revenue>

are hardest hit by IDA-awarded PILOT agreements and other tax abatements. Unfortunately for the school districts that depend on these taxes, IDAs do not need their approval before giving away large amounts of their potential future revenue.

New York's Flawed Property Tax Cap

In 2008, former Governor David Patterson began the process of trying to lower New York's high property tax rates. In an effort to do this he proposed a property tax cap that would cap how much property taxes could rise each year. It did not pass until it was picked up and carried over the finish line by Governor Andrew Cuomo. The tax cap was hailed by state leaders as the best way to lower property taxes, over the objections of many taxpayers and advocates. When the formula was designed it was the first of its kind in New York. There were unanticipated problems that resulted in the formula calculations, in particular as it related to property tax abatements.

Property tax revenues in New York are now significantly constrained by the state's 2011 tax cap law that limits how much school districts and other local governmental bodies can increase their levies (i.e., the tax revenue they receive from taxable properties). The revenue-increase limit is 2% or the rate of inflation, whichever is less. If a school board deems it needs more than the limit, the issue goes to a ballot and at least 60% of voters must approve.

The tax cap formula is complicated, but a relevant part of it here is the "tax base growth factor." This factor, one variable in the tax cap formula, means that if a new building is constructed in a locality, that new structure gets added to the property *tax base* — not to the levy. That is, the increased tax revenue resulting from the new building does *not* count towards the 2% revenue-growth cap (otherwise, cities would have a permanent disincentive against growth). Instead, the new property expands and resets the tax base against which the 2% growth rate is imposed.

Except that if that new building is *IDA-tax-abated*, it won't expand the tax base.

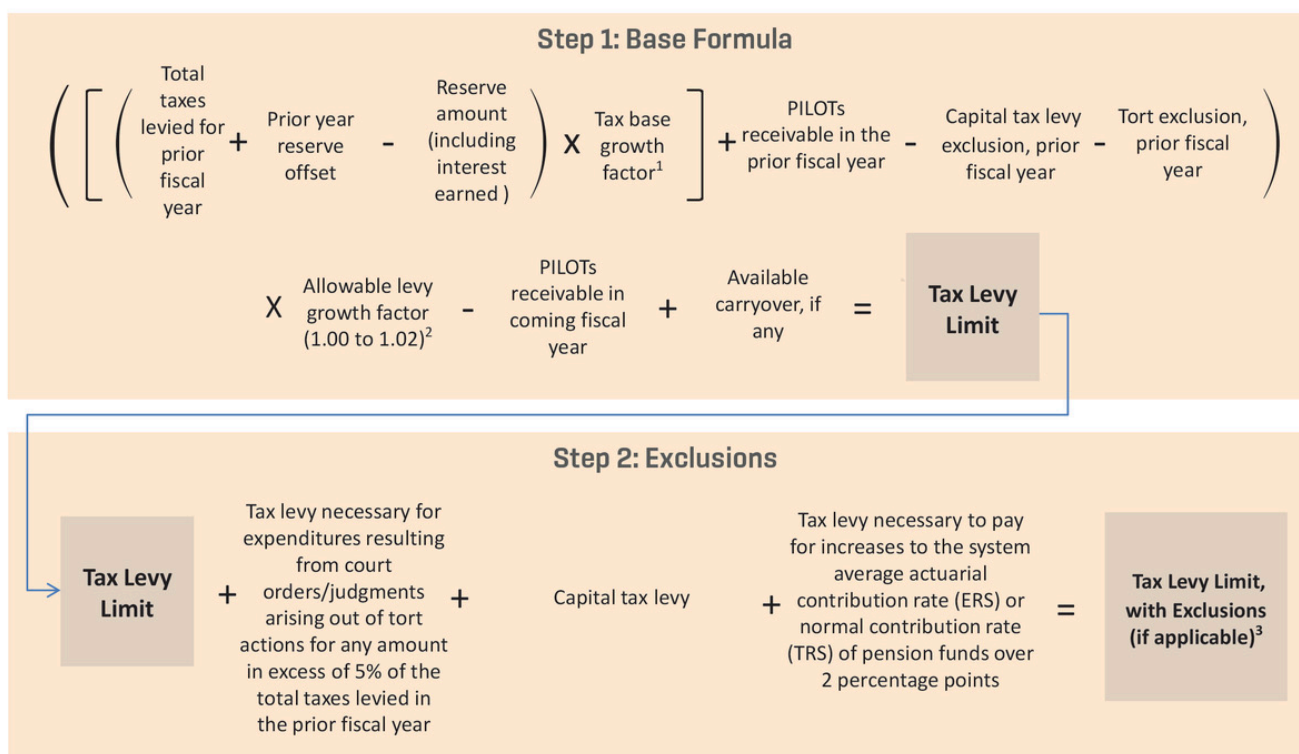
If a property is newly built or improved with an IDA tax abatement, the property or improvement is treated *as if it does not exist*. That is, it does not get added to the "tax base growth factor," or that part of the tax-cap formula that allows for the fact that over time, a community's base of taxable property goes up because new structures get built or old buildings get expanded or rehabilitated.

As we explain in more detail in this report, this "ghosting" of IDA-abated properties creates an artificially low cap — sometimes even a *negative cap* — on ensuing years' tax levies. Schools, as the biggest recipient of property tax revenue, lose the most.

During the IDA abatement period, local bodies may receive small fees to partly offset the abatements (PILOTs). During the long periods that an abatement may be in effect (up to 30 years), any PILOT counts towards the 2% tax cap revenue-increase limit — even though the property upon which that PILOT is paid did not enter the tax base.

The net effect is that growth occurs (because of the abatement deal), but the tax-cap formula — based on an incomplete tax base — accepts the PILOT and minimizes the rate hike, or levy increase, on non-abated properties. So, demand for public services goes up while funding to meet that demand gets artificially depressed, compounded year after year. Many school districts are then forced to file for an override initiative, seeking the 60% supermajority vote required to exceed the 2% levy cap.

Office of the New York State Comptroller Property Tax Cap Formula for Determining Tax Levy Limit: School Districts



¹ Tax base growth factor: Based on Tax and Finance determination of “quantity change,” such as new construction, newly taxable status of existing property, or measurable improvements to taxable property within the boundaries of the local government or school district.

² Allowable levy growth factor: Lesser of 1.02 or inflation factor (percent change in CPI for the 12 month period ending 6 months before the start of the coming fiscal year over the prior 12-month period), but never lower than 1.00.

³ If school districts propose to exceed this, they must get 60% voter approval for an override.

Source: Office of the NYS Comptroller, [Formula for Determining Tax Levy Limit: School Districts](#)

Challenging Assessments In Addition to PILOTs

In 2012, General Electric challenged the assessment of its local property, leaving Schalmont Central School District, along with the town of Rotterdam and Schenectady County, on the hook for reimbursements.

Under this new agreement, the school district was ordered to pay GE \$721,635 interest-free over the next 10 years. Rotterdam was left to pay \$243,233 and Schenectady County \$218,608. Although these entities received PILOTs from the company, these payments were nowhere near the amount they would get if GE paid their taxes in full.

This was not the first time GE had fought and won an assessment change. In fact, when this was agreed upon, Schalmont School District was still in the process of paying off a near \$6 million bond after GE won an assessment reduction in court in 2002. In total, the school district ended up owing the corporation more than \$12 million.²

In 2017, Schalmont Central School District had budget cuts of more than \$800,000, including three full-time staff.³

Similarly, GlobalFoundries, an international semiconductor manufacturer, challenged multiple property tax assessments in Malta, located in Saratoga County. The industrial giant continuously argued that its value should be lowered, because of its specialized use and ongoing construction.⁴ The Saratoga IDA gave GlobalFoundries more than \$800 million in tax breaks, and the state gave even more.

Most of the money from GlobalFoundries' tax bill goes to the Ballston Spa School District. By challenging the assessment, the company put the school district's finances in peril, leaving them unable to effectively plan their budget. By continually appealing their tax bill, on top of the massive tax breaks they already received, the company ended up fleecing the school district of the money it needed to educate.

Currently, GlobalFoundries is receiving even more money to expand.

² <https://www.timesunion.com/local/article/GE-to-pay-in-lieu-of-taxes-3649609.php>

³ https://www.dailygazette.com/news/schalmont-board-approves-budget-that-cuts-800k-warns-of-more-cuts/article_39fe5ef7-124c-594a-86cb-e467034b3081.html

⁴ <https://advance.lexis.com/document/?pdmfid=1519360&crd=82f865c2-464e-4426-b72b-03434ae0b1e4&pddocfullpath=%2Fshared%2Fdocument%2Fnews%2Furn%3AcontentItem%3A52YN-KFG1-DY37-G17J-00000-00&pdcontentcomponentid=145225&pdteaserkey=sr3&pditab=allpods&ecompc=hc-yk&earg=sr3&prid=9b626044-0c70-4e0a-bb3a-edc0c8aede24>

How Some School Districts Face *Negative* Tax-Cap Rates

Although the 2% tax-cap limit might seem straightforward, in truth it can result in negative levies. That is, some school districts can find themselves having to actually cut their levy in order to remain tax cap compliant.

IDAs give companies large tax breaks that abate property taxes, without the input from school districts, directly hurting schools' budgets. As Good Jobs First has previously documented, tax exemptions cost schools across the state \$1.8 billion in FY 2021.⁵

Making things worse, some IDA abatement deals involve PILOTs. Under the state's tax cap formula, PILOT payments must be subtracted from a district's tax cap calculation (or put another way, they must be counted towards the 2%, so rate hikes overall are forced lower). So as PILOT payments increase, the amount of property taxes a school district is allowed to raise without exceeding its tax cap will decline, all other things being equal. School districts are not able to collect as much as they would otherwise from their tax base.

By the time the property is no longer getting a PILOT deal (which can be up to 30 years), it is no longer considered "new" growth, so it is never factored into this formula. In this way, PILOTs are further harming the *future* revenue that school districts can bring in, on top of present revenue. Although there was previous legislation passed to correct this issue, it was vetoed in 2023.⁶

⁵<https://goodjobsfirst.org/corporate-subsidies-versus-public-education-how-tax-abatements-cost-new-york-public-schools/>

⁶ <https://www.nysenate.gov/legislation/bills/2023/S1045>

Case Studies: School Districts Undermined by Flawed Tax Cap Formula

Case Study 1: Mount Vernon City School District: Suing for Its Fair Share

The Mount Vernon City School District is no stranger to PILOT payments having a negative impact on school district funding. In 2016, the district sued the City of Mount Vernon, triggered when the Mount Vernon IDA gave abatements to a housing developer. The PILOT harmed the school district by reducing its levy from the previous year, so the district could no longer raise the same amount of money. And the project itself meant an increase in households and therefore higher student enrollment. In this way, the IDA took money away from the school district while also imposing increased costs upon it.

Before filing the suit, the Mount Vernon Board of Education requested a moratorium on PILOTs. In a school board meeting, they report:

Dr. Hamilton spoke about the increased rate of development in the City of Mount Vernon and the increased use of Payment in Lieu of Taxes (PILOTS) agreements being issued to attract development. While the district understands the need for development the City must also understand the adverse impact PILOT agreements have on the districts' finances. As housing developments place more and more students into our schools and pay less and less in taxes to support those students, it will compromise the work the district has done [to] improve student outcomes and turn the district around. A solution needs to be developed that meets the cities development needs and desires while safeguarding the finances of the school system and ensure that the children are not shortchanged in their educational endeavors.⁷

When this moratorium was not granted, the school district decided to sue the City of Mount Vernon, its mayor, and the Mount Vernon IDA. The case was filed in December 2016, in the Supreme Court of the State of New York, County of Westchester. A key part of the lawsuit reads:

20. The tax abatements or tax incentives offered by the City to wealthy developers necessarily require the remaining taxpayers in the community to pay additional taxes to make up for the shortfall resulting from tax exemptions. These overburdened taxpayers are the same individuals for annually vote upon the District's budget.

⁷ See more from the September 6, 2016, meeting here:
<https://go.boarddocs.com/ny/mvcsd/Board.nsf/Public>

*21. The School District voters refused to pass the proposed school budget four times in the past 15 years.*⁸

While this lawsuit was settled privately, the school district sued the IDA again in 2018 concerning the “Enclave at the Fleetwood,” a collection of new apartment buildings. The school district argued that the IDA overstepped its authority when approving the deal, and that because of the negotiated PILOTs, the developers would be paying less in property taxes than the warehouses then occupying the space.⁹ The school district’s plea was eventually ruled against, and the project was allowed to continue with tax breaks.

Today, Mount Vernon City School District still faces financial problems. For the 2024-2025 school year, the district was forced to make \$2.7 million in cuts, laying off close to 20 employees.¹⁰

Case Study 2: Niagara Falls School Districts: Budget Overrides to Save Key Programs

The Niagara City School District is facing a negative tax levy created by excessive PILOT agreements.

This year, the school district has a negative cap of -6.66%, meaning that the district would have to decrease the amount it can raise by \$1.7 million. If the cap was not overridden, the school district would not “be able to bus students who live within one and a half miles of schools, and routine school supplies for students will no longer be provided. Additionally, anyone wishing to use the NFCSD’s facilities or fields will be required to pay the total rental price upfront,” according to the superintendent.¹¹

The superintendent also said to *The Buffalo News*: “We have no control over the PILOTs,” and “It’s just unrealistic” – referring to the tax cap.¹² Niagara is home to

⁸ See the rest of the lawsuit here:

<https://www.documentcloud.org/documents/3252074-Board-of-Education-Mount-Vernon-v-Industrial.html>

⁹ See more here:

<https://www.lohud.com/story/news/local/westchester/mount-vernon/2018/01/23/mount-vernon-tax-break-lawsuit/1054546001/>

¹⁰ See more here:

https://www.goskagit.com/news/local_news/mount-vernon-school-district-looks-at-staff-reductions/article_99cb1218-082c-11ef-9b26-6ff7d7649d20.html

¹¹ See more here:

<https://niagaraexpress.town.news/g/niagara-falls-ny/n/250629/school-district-struggles-budget>

¹² See more here:

https://buffalonews.com/news/local/education/niagara-falls-city-school-district-tax-cap/article_ca827cfa-1143-11ef-bdb3-a37e8803fb0b.html

multiple large PILOT agreements, including ones with various hotels, factories, and a fashion outlet. This forced the district to ask voters to override the tax cap to maintain a constant quality of education. To override the negative levy requires a 60% supermajority.

These problems are likely to persist, given that in 2022 the Niagara County IDA approved a massive PILOT agreement with an Amazon distribution center. The deal includes more than \$120 million in tax breaks for the facility – lost revenue as well as abated property that will affect the tax cap and not be captured in the tax break growth factor.¹³

Niagara Falls City School District is not the only district affected by this deal, but also Niagara-Wheatfield Central School District, which lost \$3.2 million in revenue to PILOTs in 2021. This district had to override its budget for the 2014-15 and 2015-16 school years because of negative tax caps.

Case Study 3: Long Island School Districts: Fighting for their Revenue

Throughout Long Island, school districts have struggled for years with the budgetary constraints created by PILOTs and IDAs. Many of them have been subjected to decreased tax levies, even negative tax caps, that they struggle to override and have to continuously contemplate budget and service cuts.

The Wyandanch School District, in Suffolk County, sued the Babylon IDA in 2021, on similar grounds to the Mount Vernon School District case. Particularly, the school district was suing to overturn a tax break given to an apartment developer, Albanese Organization, Inc., which had negotiated four PILOTs from the IDA for a building in a redevelopment project. Although the judge threw out the case, the district argued that the IDA was “robbing” schools of both present and future revenue.¹⁴

The Bay Shore School District has faced a similar struggle and lost its battle against tax breaks for an apartment building. In a contentious zoning meeting, the superintendent argued that the negative impact on the tax cap and the increase in enrollment from the project would put the district in a perilous financial situation.¹⁵

¹³ See more here:

<https://spectrumlocalnews.com/nys/buffalo/news/2022/08/10/niagara-county-ipa-approves-new-amazon-distribution-center>

¹⁴ See more here:

<https://advance.lexis.com/document/?pdmfid=1519360&crld=d69a1a18-5494-46bb-af2d-a63bc4494aab&pddocfullpath=%2Fshared%2Fdocument%2Fnews%2Furn%3AcontentItem%3A62D1-2Y51-DY2H-J1TT-0000-0-00&pdcontentcomponentid=306889&pdteaserkey=sr1&pditab=allpods&ecompc=hc-yk&earg=sr1&prid=73fa4ad2-a67d-4340-a14b-85798ab5345a>

¹⁵ <https://greaterlongisland.com/tritecs-planned-456-unit-apartment-complex-in-bay-shore-faces-backlash/>

Specifically, Superintendent Joseph Bond argued: “The tax cap that is currently in place effectively renders any taxes paid by the developer moot to the district. These concerns were acknowledged to be legitimate by the developer and by Islip Town officials during meetings with myself and my team from the school district. ... This project has the potential to cause significant, irreparable damage to the Bay Shore School District.”¹⁶ He pointed out that the influx of students would likely cause millions in increased expenses, but the effect of the PILOTs would not allow revenue to keep up with these needs.

Complications also reached the Mineola School District, in Nassau County, over lowered PILOT payments because of differences in assessed property, causing the school district to receive \$45,000 less than expected. The county assessor blamed the Village of Mineola for updating its assessed property values faster than the rest of the county, but still the school district lost out. The superintendent urged voters to pass their budget, even with the uncertainty caused by missing PILOTs, to make sure the district could still afford new equipment.¹⁷

Case Study 4: New Paltz Central School District Squeezed by Residential PILOT

The New Paltz Central School District faced the threat of a negative tax cap when a development company applied for a PILOT to build a \$60 million residential project. The deal would have had the developer pay only \$500,000 instead of the \$1.5 million they would have normally owed in property taxes on the property. This new PILOT revenue — plus the property not being added to the Tax Base Growth Factor — would have forced the school district into a negative tax cap, while increasing enrollment. Thankfully, the Planning Board listened to the school district and rejected the tax-abatement request, unless the developer would pay taxes in full.

In 2013, the New Paltz Central School District passed a resolution in opposition of any PILOT payments. It reads:

WHEREAS, while payment-in-lieu-of-tax (“PILOT”) agreements may supply some revenue to the New Paltz Central School District, they also have the negative effect of lowering the District’s tax levy limit; and

WHEREAS, the New York State Education Department (“NYSED”) provides [Tax Cap Guidance](#) on the NYSED website that states that “Districts with increasing or new PILOTs could have a tax levy

¹⁶ See more here:

<https://advance.lexis.com/document/?pdmfid=1519360&crd=8039e5be-99a3-4452-8855-4c2d9ee4cdec&pddocfullpath=%2Fshared%2Fdocument%2Fnews%2Furn%3AcontentItem%3A60XP-GRY1-JBCN-42F7-0000-0-00&pdcontentcomponentid=399552&pdteaserkey=sr0&pditab=allpods&ecomp=hc-yk&earg=sr0&prid=df739e57-9641-4af4-b4fb-17d07d4cf77e>

¹⁷ See more here: <https://islandnow.net/mineola-school-district-faces-cut-in-tax-levy/>

limit that represents a change from the prior year that is less than zero. They would have to successfully seek an override from the voters to increase the levy above that limit.”; and

WHEREAS The Board cannot overlook the adverse financial implications that the District must endure as a result of New York State property tax cap legislation when coupled with PILOT arrangements granted by Industrial Development Agencies (“IDAs”) as exemplified in the following presentations:

- [Camoin Associates’ 2012 presentation](#) to the New York State Economic Development Corporation’s Board of Directors: “NYS Tax Cap Legislation - Impact of IDA PILOTs”
- Thomas, Drohan, Waxman, Petigrow & Mayle, LLP’s 2013 presentation at the New York State School Boards Association’s Convention: “Navigating the PILOT Maze in the Tax Cap Age;” and

WHEREAS, according to the aforementioned presentations property value increases brought on by investments under IDA programs are excluded from the Tax Base Growth Factor (“TBGF”), which partially determines the allowed tax levy increase; and

WHEREAS, according to the aforementioned presentations PILOT arrangements exempt the real property improvements and therefore suppress the TBGF; and

WHEREAS, according to the aforementioned presentations harm is perpetual, since the TBGF does not get adjusted at the end of the PILOT when the property becomes taxable; and

WHEREAS, Michael N’dolo, Camoin Associates, stated the following in his [2012 memo](#) to the Saratoga County Industrial Development Agency and the Saratoga Economic Development Corporation:

*With a suppressed Tax Base Growth Factor, the municipality or school district has a lower maximum local revenue level (which includes both the maximum tax levy plus any PILOT payments) than if the PILOT did not exist... In effect, the way the legislation is currently formulated, school districts and municipalities are materially adversely affected by PILOT arrangements. As such, it is natural to assume that school districts and municipalities may strongly oppose any PILOT agreements;*¹⁸

The New Paltz school district resolution sets an example of how school districts can stand their ground, when they understand the harm PILOT agreements can do to their funding. It also clearly illustrates the negative effect of not including new property in the tax base growth factor.

Other Examples Throughout the State

- The Minisink Valley School District had to fight tooth and nail against a negative tax cap that would have led to the layoff of 20 staff members. A new PILOT agreement pushed the cap into the negatives, but through two budget

¹⁸ See the full resolution here:

<https://www.newpaltz.k12.ny.us/cms/lib/NY01000611/Centricity/Domain/1/BOE%20Resolution%20on%20Payment%20in%20Lieu%20of%20Tax-PILOT-Agreements.pdf>

votes the district got a supermajority and was able to bring the levy out of the negatives.¹⁹

- Increased PILOT revenues helped to create a negative six percent tax cap for Chateaugay Central School District. These PILOTs were granted to a wind farm project. The end of the PILOT agreement caused apprehension that equipment would not be assessed at a value equal to the PILOT payment, further driving up costs to local residents.²⁰
- A negative levy in Cohoe School District, caused by a change in PILOTs, had to be overridden in order to hire new science and special education teachers.²¹
- The Canisteo-Greenwood School District had a negative levy created by a wind farm PILOT agreement. This helped contribute to cuts the district had to make, including to staffing and materials.²²
- The Copenhagen Central School District fought to create a tax stabilization fund, “with a \$10 million limit in which the portion of payments made by renewable energy companies instead of taxes (payments in lieu of taxes, or PILOT) above what was paid the previous year can be deposited and used as the district deems necessary following normal processes,” in order to mitigate the budgetary issues caused by PILOT payments and negative levies.

¹⁹<https://www.recordonline.com/story/news/2019/06/20/minisink-negative-tax-cap-unlikely/4873154007>

²⁰ <https://www.empirecenter.org/publications/a-tale-of-two-levies/>

²¹ <https://www.troyrecord.com/2022/05/14/cohoes-annual-budget-vote-and-board-election-is-may-17/>

²²<https://www.eveningtribune.com/story/news/2011/10/27/canisteo-greenwood-school-district-head/44696055007/>

Policy Recommendations

The interaction between New York's tax-cap law and IDA tax abatements is creating a false choice between education and economic development. Public education is *the cornerstone* of community quality of life and workforce development. In an era of chronic skilled labor shortages, the quality of a community's schools is its number one site location advantage — or disadvantage.

Pitting school districts against IDAs — when IDAs are already so deeply flawed with perverse incentives to overspend — was not the intent of the tax-cap law.

New York needs to acknowledge the central value of strong, stable school districts as essential to its economic future. Practically, that means fixing both the tax-cap law and IDA powers so that school boards can focus on children, rather than revenue fights.

Recommendations for New York State

1. Do not allow IDAs to abate property taxes that would otherwise go to schools.
2. Rewrite the tax cap formula to include subsidized real estate projects in the value of the overall tax base (or tax base growth factor) to avoid artificially low levy limits (and negative tax caps).

Recommendations for NY Local Government

1. When subsidy agreements expire, local governments must assess property value based on comparable properties. There is no taxation, accounting, or economic logic to continue to subsidize properties after subsidy agreements expire.