

THE TRADE-OFF

Colleges president:
'We all need each other'

■ Continued from Page 1A

reasons, that must mean it is doing well and has the revenue to pay more taxes.

Yes, exempt entities contribute to the community, he said, but "the city needs revenue more than they need somebody donating to the Smith Opera House."

Carlson, too, sees things that make her wonder about claims that the exempt entities cannot afford to pay full taxes — construction projects at the Colleges, for example.

And if they do think they need the exemptions to survive, well, "some of the rest of us [who don't receive exemptions] feel that way, too," she said.

The cost

Based on current assessed values, keeping the Colleges, health system and station property off the tax roll adds about \$7.07 to the city's tax rate. A taxpayer with property worth \$100,000 would save about \$707 a year in city taxes alone if the exempt entities paid at full value and the city maintained its \$6.4 million levy.

Or look at it another way. If the city could legally tax those three entities and decided to maintain the tax rate instead of using the new revenue to reduce it, the annual levy would jump by \$4.05 million. The county and the school district would see additional revenue, too, or be able to cut their tax rates.

Carlson thinks it would be fair to collect the money, even though the exempt entities would "scream bloody murder" if anyone tried it.

"They use the resources that the [city] money is spent on," she explained.

Others don't want the exempt entities to be driven out of business or into financial difficulty but still see an imbalance between what they offer and what they cost in uncollected property taxes.

"They've taken a lot of property off the tax roll in the last 10 years," Darlene DiFederico said of the Colleges. "Have they increased their contribution by that amount?"

DiFederico and several other landlords sounded off about tax-exempt property during a recent gathering at the Knights of Columbus. They said they get good business from student renters and see the money they bring to the area.

"The vitality comes back to town when they come back to town," said Mark Claxton, who lives in Phelps and owns rental property in the city.

The landlords do not want to see that vitality disappear. But they do favor increased payments in lieu of taxes or payments for services such as fire and police protection to create a better balance between what the exempt entities give and what they take.

Bob McCarthy pointed to the Colleges' endowment and the amount of property they own.

"I think in any community, the people that have the most money perhaps owe a little bit more to the community because of the benefits that they derive from the community," he said.

Whether or not the Colleges, health system and station contribute enough to the city to offset the cost of the exemptions, concerned taxpayers are not wrong in thinking that Genevans bear an especially heavy burden and that the tax exemption trade-off hits harder here than elsewhere.

A question of policy

The numbers, if nothing else, are beyond dispute.

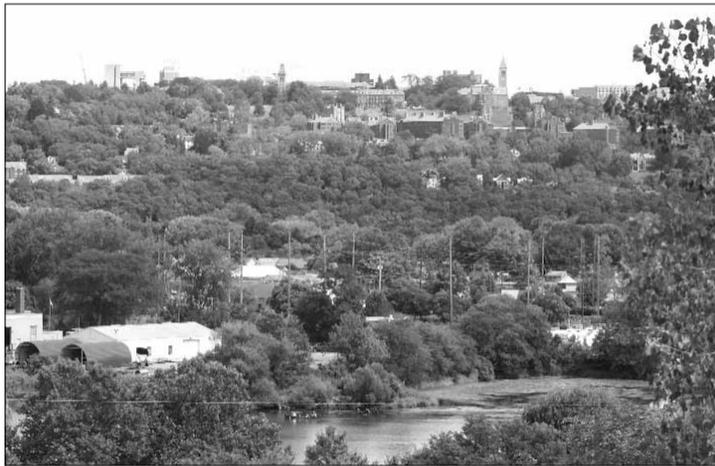
They show that Geneva has one of the highest exemption percentages of any city in the state. That percentage has grown slightly in recent years. And there is more exempt property here than in most comparably sized New York cities.

Behind those numbers is a long-standing policy debate: Should entities that exist to benefit the public receive special treatment to encourage



Albany

Spencer Tullis photos / Finger Lakes Times



Ithaca



Troy

their efforts, or should they pay the same taxes as citizens and for-profit corporations?

That debate impacts Geneva, but it neither originates here nor ends here. The state, not the city, controls who and what receives most exemptions. So if the balance between the benefits of tax exemptions and their cost is off, then the trail of blame stretches back over decades and even centuries worth of decisions in Albany.

The state Legislature enacted the earliest tax exemption for educational, religious and charitable institutions in 1799, when John Adams was president, John Jay governor and Geneva a frontier settlement that had yet to attain even village status. The exemption predated Hobart College by 23 years and William Smith by 109.

Hospital exemptions came along in 1896, two years before Geneva General's founding.

"A little more foresight back then as to what would actually develop might have made a difference," said Rob Gladden, CEO of the Geneva Area Chamber of Commerce, who sees both sides of the exemption trade-off. "We're kind of stuck with the way it is now, I think."

Whether those early lawmakers could have predicted Geneva's future tax burden, they certainly wanted to encourage growth. Colleges, health system and station officials believe tax exemptions have done so.

"Those are service-oriented indus-

tries, and that's been the foundation and one of the reasons why Geneva has been able to maintain its viability, its liveliness, its economic base," said HWS economics professor Patrick McGuire, who has been updating a study of the Colleges' economic impact. "Those three industries have actually expanded. So that's the growth. And the service sector, unfortunately for those three institutions, requires a lot of property, and that property is tax exempt."



Gladden



McGuire

Colleges President Mark Gearan also sees the positive side of the trade-off. He said tax-exempt entities can help change a community for the better, citing the recent attempt by Geneva's business, non-profit and government sectors to bring the Finger Lakes Cultural and Natural History Museum to the city.

"We may not have landed the museum, but I think we made a very powerful statement to each other and to our colleagues here about the unique attributes of Geneva and this very special place," Gearan said. "There are kind of stress points or agreements or disagreements along the way, but I think highly successful communities see that interdependence. We all need each other."

If exemptions count as one of those stress points, they also serve the public good, Gearan argued, because they help non-profits fulfill their mission and aid their communities as the Colleges have aided Geneva.

New York's Top 10:

Based on 2009 assessment rolls — the most recent data available statewide — the New York cities with the highest percentage of their assessed value tax exempt for county purposes were:

- ▶ Ogdensburg, 64.06 percent
- ▶ Ithaca, 62.09 percent
- ▶ Troy, 60.19 percent
- ▶ Salamanca, 59.88 percent
- ▶ **Geneva, 59.18 percent**
- ▶ Albany, 55.5 percent
- ▶ Watervliet, 54.56 percent
- ▶ Dunkirk, 53.86 percent
- ▶ Olean, 52.09 percent
- ▶ Oneonta, 51.71 percent

In 2008, the top cities were:

- ▶ Ogdensburg, 65.2 percent
- ▶ Ithaca, 62.12 percent
- ▶ Troy, 59.26 percent
- ▶ **Geneva, 59.18 percent**
- ▶ Salamanca, 58.73 percent
- ▶ Albany, 54.88 percent
- ▶ Watervliet, 54.6 percent
- ▶ Dunkirk, 53.64 percent
- ▶ Oneonta, 51.78 percent
- ▶ Syracuse, 49.2 percent.

Source: New York State Office of Real Property Tax Services. Excludes STAR exemptions, which apply only to school taxes.

"Our tradition in this country is to prize that because of what it brings to a community. Can I understand ... how someone who is working very hard [would be frustrated by exemptions]? Absolutely," Gearan said.

"I would like to think that people would say, 'Well, we understand that, and we do see the investment in the community, we do see the outreach to the schools, we do so see the focus on Geneva,'" he continued.

Finger Lakes Health spokeswoman Lara Turbide said exemptions also offer an economically efficient way for people to receive goods and services that they otherwise would expect the government to provide.

Former health system CEO Jim Dooley elaborated in 2006.

"The reason we are afforded both federal and state 'tax exempt status' has to do with our form of organization (not-for-profit) and our charitable purpose," he wrote. "The not-for-profit part means that we do not have investors or shareholders to satisfy like many for-profit businesses. All income earned from our activities, in excess of our expenses, is reinvested back into the activities of the organization ... rather than being paid to shareholders as dividends. Our board, which consists of unpaid community volunteers, in essence holds the organization 'in trust' for the community we serve."

Tax exemptions allow the exempt entities to preserve more of their income, in theory leaving them with more to invest in their programs and

■ See THE TRADE-OFF on Page 7A

What do you think?
E-mail fltimes@fltimes.com