

SALES TAX DISTRIBUTION COMMITTEE MEETING

January 28, 2010 – 1:00 p.m.

PRESENT: Chairman Lawler; Supervisors Raymond, Kinowski, Jenkins, Sausville, Wormuth, Peck; Grattidge, Thompson, Yepsen; David Wickerham, Co. Administrator; Spencer Hellwig, Mgmt. Analyst; Steve Dorsey, Ass't. Co. Attorney; Sam Pitcherelle, Co. Treasurer; Press

Chairman Lawler called the meeting to order.

Chairman Lawler stated that Committee member Supervisor A. Johnson is away on vacation and could not be here today.

Chairman Lawler stated this Committee is charged with the task of reviewing the sales tax formula for the distribution of funds between the County, towns and villages in Saratoga County based on the impact of the construction project of Global Foundries and the Luther Forest Technology Campus. He stated the sales tax is primarily based on assessed value. In light of those projects and Malta's and Stillwater's assessed values, there was concern to what end this might impact sales tax proceeds. He mentioned Board Chairman Peck appointed this Committee to examine this process. He said this is a great problem to have. I am sure other areas throughout the country wished they had this kind of investment in their localities, he said. It is driven by years of hard work by a number of organizations throughout the County. We played a huge role in that, he stated. As an outcome of that success, we want to know the outcome of the sales tax formula, he said. He stated that we are trying to be proactive and be ahead of the curve.

Chairman Lawler stated he met with Mr. Wickerham, the County Attorney's office and the County Treasurer and asked staff to research this issue. During research, it has come to light that because this is an IDA project, it has no impact on the sales tax formula whatsoever, he stated. There is no impact to the Saratoga County sales tax distribution by law, he added. He stated we are certain that the assessed value of this project cannot be used in a sales tax distribution formula.

Mr. Sausville said this is a Countywide project, and we invested a lot of money, and it will have a Countywide impact on our sales tax formula. One

concern we have in the Town is that the Town has 5 ½ miles of roads in the industrial park, and we worked out a relationship with LFTC on future maintenance, but these are really County and regional roads. Maybe the County should assume responsibility for these roads in the future, he said. The County might be willing to take those roads over, he stated. He said it is a huge burden on the town, but there is a mechanism we have negotiated with LFTC, and it would be appropriate for the County to say they will do their part and take over future maintenance.

Chairman Lawler said there are no tax breaks associated with this. Because it is an IDA project, it does not provide LFTC with any monetary tax breaks, he said. I do not think this wish is unreasonable, he stated. He said this Committee cannot give an answer, but it is worth having a discussion about. Mr. Sausville stated this would be a considerable burden on the Town of Malta. Mr. Wickerham stated Public Works has been involved in this in some degree. These are heavy duty roads that are being constructed to a Federal standard, he said. He said the mechanism has been we would front the money so that the payments would come from us, and as reimbursements came in, the town would get those reimbursements back to us to try to minimize the damage to the town. He said the Public Works Committee would be the place to discuss that. Mr. Sausville said he would like to get a recommendation from this Committee to Public Works to investigate the feasibility of the County taking over the 5 ½ miles of roads.

Ms. Raymond stated she does not think this should go before the Public Works Committee because Mr. Sausville is Chairman of that Committee. She suggested it go directly to the Law & Finance Committee. Chairman Lawler agreed and said it is more of a financial issue than a construction issue. Mr. Kinowski said with no further requirements by Global Foundries to maintain roads, his town inherits the back roads. Chairman Lawler said that Stillwater does have the same issue in terms of responsibility from a different perspective. He said as a point of information, the PILOT agreement is a 49-year PILOT. In terms of this rearing its head as a sales tax issue, it will be somebody else's problem, he said.

Board Chairman Peck said he understands that Malta and Stillwater will have greater expenses as host communities. He requested Mr. Sausville to submit to DPW Commissioner Joe Ritchey the agreement between the Town and LFTC and how the County can match up the agreement with

maintenance and future construction and with the Town of Stillwater as well.

Chairman Peck said Malta has been so good in the past with no town tax. When they do the PILOT and do the tax program, will they use Stillwater's tax rate? Mr. Sausville said it is the school taxes that are on the line, and it is 75/25 on the school taxes. Mr. Kinowski stated there is a lot of information that needs to be interpreted better. Chairman Lawler said Malta and Stillwater have issues to clarify, and it looks to him that all taxes are collected using Stillwater's tax rate. Chairman Peck said he wants to know the added revenues also. Mr. Jenkins stated there is a lot more benefit those towns will get than his town will get, so there is a benefit difference. Ms. Wormuth said she read where there were negotiations for park development, open space, equipment and apparatus for fire departments. The County should look at what they should take on and other benefits outside of sales tax and balance that out. Mr. Sausville said they did give us host benefits. When an industry comes into our town, we expect them to pitch in and do their part. They did provide us with \$4 million that was divvied up between Malta and Stillwater on a 75/25 basis, he said.

Ms. Raymond said she is not overly familiar with the details, and fortunately, we are not in a time crunch. We should have a report of the facts and what it would cost the County today, tomorrow and in the future, in order to make an informed decision. The rest of the Supervisors should be informed that this will be happening so that they have an opportunity to provide input, she stated. Chairman Lawler mentioned the IDA project status and agreement by taxing authorities took place in 2004/2005. Mr. Sausville said this applies to the entire LFTC and not just to Global Foundries. It is indeed a Countywide industrial park, he said. Mr. Kinowski said he would like to see some sort of a briefing to all Supervisors. Ms. Raymond said we need to know the impact from our Commissioner of Public Works – the real impact pro and con.

Board Chairman Peck said he does not think this can be done by February. I want to look at the big picture and then look at the whole larger issue, he said. Chairman Lawler said he believes this is a multi-month issue. I would much rather have LFTC and have to deal with these problems than not, he said. Board Chairman Peck said some of our neighboring counties cannot distribute sales tax back to their towns. We are lucky to be having this discussion, he stated. It is from 20 to 30 years of good fiscal policy in this

County, he added. He thanked Chairman Lawler for tackling this issue. He said we will bring this matter to Law & Finance.

On a motion by Ms. Raymond, seconded by Mr. Jenkins, the meeting was adjourned.

Respectfully submitted,

Elaine M. Sodemann