

Decision of the County Legislature should be made based on what is most beneficial to the County as a whole and for what is the most fiscally prudent and responsible action for the County to take.

With some amounts dating as far back as 2005, \$1,241,448 in County taxes were collected by the City and due to the County, instead was used for City operations – these are technically fraudulent and illegal actions that were subject to legal action that the County never acted upon, as a measure of good faith.

City DOES have the ability to pay the County these funds by borrowing through special legislation that has already been approved by the State. The purpose of the this special legislation was for the City to borrow up to \$8.3 million to repay the debts (other City funds and County) that accumulated over the years through incorrect bookkeeping and erroneous actions.

If granted by the Legislature, the length of any payment plan should not exceed the length of the Sales Tax agreement currently in place (10 years). This is to ensure the County has a guarantee that payment will be made, a prudent structure under the circumstances where the City failed to pay the County these tax dollars for an extended period of time, dating back to 2005 on some amounts within the \$1,241,448 total & 7 years on the entire amount of \$1,241,448.

City is looking for an interest free arrangement – they have already been using the subject \$1,241,448 of the County's money interest free for the past seven (7) plus years, which was a long term benefit already afforded to City taxpayers.

Qualified opinion of NYS Comptroller and Bonadio & Co. from the County's perspective is that reasonable interest should be charged on a repayment plan.

Potential payment plans for City:

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| \$1,241,448 for 10 years at 5% interest rate: | \$160,700 per year (estimated rate on market) |
| \$1,241,448 for 10 years at 1% interest rate: | \$131,000 per year (\$29.7k per year savings) |
| \$1,241,448 for 10 years at 0% interest rate: | \$124,144 per year (\$36.5k per year savings) |

Given the City's current tax rate of \$17.37/1,000, even a 0% loan would only save City taxpayers 10 cents per thousand. A property assessed at 100,000 (full value of \$150,000) would only save a City taxpayer \$10 per year, if the \$1,241,448 in funds were borrowed from the County vs. the already approved NY state bonding issue.

Due to the COVID 19 Pandemic:

The last three (3) payments rec'd from the State for Sales Tax are down \$1,312,000 compared to same payments rec'd last year.

DSS has been advised that payments and settlements will be delayed due to the current financial situation with NYS.

County has been advised that some grant funding is being held by NYS pending evaluation of their financial situation.

If these types of things continue, the County will be forced to borrow short term (RAN, TAN) to cover cash flow shortages. County could really use this influx of cash at this very trying time.

Other City/County tax collection arrangements **(No other City that we are aware of has a more lenient tax payment system in place than what the City of Amsterdam has with Montgomery County):**

- City of Norwich collects county taxes and makes Chenango County whole.
- City of Batavia collects county taxes and makes Genesee County whole.
- City of Oneida collects county taxes and makes Madison County whole.
- City of Johnstown collects county taxes and makes Fulton County whole.
- City of Olean collects county taxes, then turns delinquents to Cattaraugus County for collection.
- City of Salamanca collects county taxes and makes Cattaraugus County whole.
- City of Watertown collects county taxes and makes Jefferson County whole.
- City of Cortland collects county taxes and makes Cortland County whole.
- Cities of Poughkeepsie and Beacon collect county taxes and pays Dutchess County based on schedule outlined in their charters.
- Cities of Corning and Hornell collect county taxes, then turns delinquents to Steuben County for collection.
- Cities of Canandaigua and Geneva collect county taxes and makes Ontario County whole.
- City of Little Falls collects county taxes, then turns delinquents to Herkimer County for collection.

Montgomery County currently has no options for trying to collect delinquent taxes located with the City of Amsterdam other than relying on the City's tax collection and foreclosure process. This is resulting in massive tax write-offs of uncollected amounts.