

# TAX IMPACT OF POLICE DISTRICT IN FORMER VILLAGE OF POTSDAM

September 13, 2011

The Village of Potsdam Dissolution Plan, approved by the Dissolution Study Committee on July 27 and the Village Board on August 15, includes the following tax impact (page 12 of Dissolution Plan):

**Table 1**

<b>FISCAL IMPACT OF COMMITTEE FAVORED DISSOLUTION OPTIONS</b>			
Village and Town Property Tax Rates, per \$1,000 Assessed Value (Does Not Include Fund Balance)			
	<b>Former Village of Potsdam</b>	<b>Current TOV</b>	<b>Village of Norwood</b>
Townwide (A) and (DA)	\$7.72	\$7.72	\$7.72
Town-Outside General (B)	-	-	-
Town-Outside Hway (DB)	-	-	-
Village	-	-	\$14.09
Former Village Taxing Dist.	\$3.10	-	-
New TOV Fire Protection District	\$1.48	\$1.48	-
<b>TOTAL</b>	<b>\$12.30</b>	<b>\$9.20</b>	<b>\$21.81</b>
Impact of New CETC Tax Credit	\$1.21	\$1.21	\$1.21
<b>TOTAL w/ New CETC Tax Credit</b>	<b>\$11.09</b>	<b>\$7.99</b>	<b>\$20.60</b>

Source: Calculated by CGR

Notes: Does not include fund balance. CETC is Citizen Empowerment Tax Credit. Reflects 2010 tax rates. Village of Norwood includes Town of Potsdam portion.

Table 2 below details what is included in the former Village taxing district. This does not include the costs of a police district in the former village, because the plan assumed the police department would be a town wide expense.

**Table 2**

<b>Summary of Former Village of Potsdam Taxing District Costs</b>	
	<b>Amount</b>
Former Village employee	\$415,000
retiree benefits	
Street lighting district	\$120,000
<b>Total Levy</b>	<b>\$535,000</b>
Tax Rate/\$1,000	\$3.10
<i>Notes: Excludes water/hydroelectric, sewer, and refuse fees which are paid by user-fees.</i>	

Table 3 presents the projected tax impact of modifying the approved dissolution plan to create a police district in the former village without any additional identified efficiencies or changes. This removes the costs of police services from the town wide budget and assigns all costs to the former village.

**Table 3**

<b>FISCAL IMPACT OF July 27, 2011 Approved Plan MODIFIED to include Special Police District in Former Village</b>			
Village and Town Property Tax Rates, per \$1,000 Assessed Value (Does Not Indude Fund Balance)			
	<b>Former Village of Potsdam</b>	<b>Current TOV</b>	<b>Village of Norwood</b>
Townwide (A) and (DA)	\$3.97	\$3.97	\$3.97
Town-Outside General (B)	-	-	-
Town-Outside Hwy (DB)	-	-	-
Village	-	-	\$14.09
Former Village Taxing Dist.	\$13.32	-	-
New TOV Fire Protection District	\$1.48	\$1.48	-
<b>TOTAL</b>	<b>\$18.77</b>	<b>\$5.45</b>	<b>\$18.06</b>
Impact of New CETC Tax Credit	\$1.21	\$1.21	\$1.21
<b>TOTAL w/ New CETC Tax Credit</b>	<b>\$17.56</b>	<b>\$4.24</b>	<b>\$16.85</b>

Source: Calculated by CGR

Notes: Does not include fund balance. CETC is Citizen Empowerment Tax Credit. Reflects 2010 tax rates. Village of Norwood includes Town of Potsdam portion.

Table 4 details the costs of what is included in the former Village taxing district with a police district.

**Table 4**

<b>Summary of Former Village of Potsdam Taxing District Costs</b>	
	<b>Amount</b>
Police District	\$1,763,776
Former Village employee retiree benefits	\$415,000
<u>Street lighting district</u>	<u>\$120,000</u>
Total Levy	\$2,298,776
Tax Rate/\$1,000	\$13.32
<i>Notes: Excludes water/ hydroelectric, sewer, and refuse fees which are paid by user-fees.</i>	

Table 5 presents a summary of the tax impacts of the current proposed Dissolution Plan and the projected tax impacts of moving the cost of police services from town wide to the former village. The current tax rates in Table 5 include the use of fund balance, while the tax impact projections exclude the use of fund balance. To make a correct apples-to-apples comparison, current rates without the use of fund balance are listed in the footnote.

**Table 5**

<b>Fiscal Impact Comparison Summary - as of 9/13/11</b>			
	<b>Former Village of Potsdam</b>	<b>Current TOV</b>	<b>Village of Norwood</b>
Current (2010) Tax Rates	\$17.67	\$3.20	\$16.34
Approved Dissolution Plan	\$12.30	\$9.20	\$21.81
Approved Dissolution Plan with CETC	\$11.09	\$7.99	\$20.60
Plan Modified w/ Police District	\$18.77	\$5.45	\$18.06
Plan Modified with Police Dist. & CETC	\$17.56	\$4.24	\$16.85

Notes: Options calculation does not include use of fund balance. To make an apples-to-apples comparison of options to current tax rates - current tax rates without use of fund balance would be: Village of Potsdam \$19.06; TOV \$4.58; and Village of Norwood \$17.35.