

# State Land Tax Payments on Tug Hill

November 2010

## TUG HILL COMMISSION ISSUE PAPER SERIES

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## **STATE LAND TAX PAYMENTS ON TUG HILL**

### **Introduction**

There are approximately 1,382,000 acres of land in the Tug Hill region and approximately 189,400 of those acres are considered “taxable” New York State (NYS) owned lands. These NYS owned lands that contribute some share of local taxes are either fee-owned by NYS (~141,900 acres) or have NYS owned easements (~47,500 acres). Depending on their classification and location, NYS owned lands may or may not contribute to County, Municipal (Town/Village), School District and Special Districts taxes in the Tug Hill region. This paper explores the different categories of NYS owned land in terms of taxation and the impacts they have on local property taxes.

In general, real property owned by NYS is exempt from taxation pursuant to Section 404 of the Real Property Tax Law (RPTL). Certain exceptions, however, allow certain lands owned by the State to be taxable for specific purposes. According to the New York State Office of Real Property Tax Services (ORPTS), NYS paid approximately \$108 million in local property taxes statewide in 2000. By 2007, the total had increased to approximately \$173 million statewide (an increase of 60% over seven years). In terms of the Tug Hill region, 2009 assessment data provided by the ORPTS projects that NYS payments in taxes (County, Municipal, School District and Special Districts) will total ~ \$2,769,000 in 2010.

The NYS Tug Hill Commission, on behalf of the 41 towns and 21 villages in the region, performed an analysis of State land tax payments in the Tug Hill region. We began looking at the issue in 2007, in light of the November 2007 NYS Supreme Court case in Chautauqua County known as the Dillenburg Case. While this case was on appeal, Tug Hill communities were concerned that if the outcome of this case was a change in tax payment policy from current practice, local governments in the Tug Hill region could stand to lose millions of dollars paid in taxes by New York State on an annual basis. The impact to town and village budgets and taxpayers in these communities would be significant. The case was eventually dismissed in October of 2008. However, there continues to be a dialogue in NYS regarding local budgets and tax payments, so the issue remains pertinent.

**The History of Taxation of New York State Lands\*** (This section is excerpted from a NYS ORPTS Fact Sheet titled *New York State’s Taxable State-Owned Land* published in August of 2008. It can be found online at: <http://www.orps.state.ny.us/pamphlet/factsheettaxstland.pdf>)

The practice of taxing State land in New York began in 1886, when legislation permitting taxation of State-owned land in the Adirondack and Catskill Forest Preserves was enacted. During this time in history, the protection of watershed areas was of the highest importance. The purchase and protection of Forest Preserve lands by the State ensured that citizens in the heavily populated downstate areas were supplied with high-quality and reliable drinking water. The burden of protecting the water supply, however, was born locally; with no way for the local communities to develop the properties or harvest the trees on the Forest Preserve lands, there would be no way to generate local revenue from these lands. For this reason, laws were enacted that permitted the taxation of State Forest Preserve lands to compensate local communities for their contribution to watershed protection.

More recently, the statewide benefits of recreational and scenic amenities have received more attention, which resulted in further amendments to the RPTL and Environmental Conservation Law (ECL). Because of these amendments to the laws over time, New York has a variety of compensation arrangements that have developed in a piecemeal manner over the past century. They include actual property tax payments, from which the State would otherwise be immune but has consented to pay, as well as various payments in lieu of taxes.

### **Current Real Property Tax Law Applicable to Tug Hill Communities**

Under Real Property Tax Law (RPTL) Section 404, “real property owned by the State of New York or any department or agency thereof...is and shall be deemed to have been and to be *exempt* from taxation.” The following important **exceptions** are applicable to Tug Hill communities:

#### **Exceptions to RPTL Section 404**

Under RPTL Section 532 (a) - All wild or forest lands owned by the state within the forest preserve pay all taxes. (This includes Forest Preserve “out parcels” within Forest Preserve Counties, which are Lewis and Oneida in the Tug Hill region.)

Under RPTL Section 532 (g) - all lands owned by the State, including lands leased from the United States for a term of fifty years or more, for use by the Conservation Department (NYS Department of Environmental Conservation) as a fish hatchery, game farm, game management area, game refuge or for reforestation purposes, exclusive of the improvements erected thereon by the State, in the towns of **Lorraine, Worth, Montague and Redfield pay town, county and school taxes.**

Under RPTL Section 533 - all NYS Department of Environmental Conservation (DEC) owned conservation easements in the Tug Hill region pay town, school and county taxes. (The amount of taxes paid, however, is based on a DEC certified allocation factor. The ownership ultimately remains with the grantor of the easement.)

*Background: In 1991, the Tug Hill Commission published a document titled “Tug Hill Working Lands,” which discussed, amongst many things, strategies and recommendations for keeping Tug Hill lands productive and rural. At that time, the State was considering the use of the conservation easement, as opposed to fee ownership, as a tool to keep lands working and protected. Towns were concerned that they would lose some property tax revenue on the portion of the properties’ value attributable to the conservation easement. One recommendation made in “Tug Hill Working Lands” to keep Tug Hill forests productive was that the State should pay all taxes on DEC lands or conservation easements. Because of the work done subsequently to implement that recommendation, particularly with the East Branch of Fish Creek Working Group in 1998, the State now does pay all taxes on DEC owned conservation easements, as reflected in RPTL 533.*

Under RPTL Section 534 - State Reforestation Lands statewide (outside of Lorraine, Worth, Montague and Redfield as provided in RPTL Section 532(g)) pay all property taxes (school, town and special district) except county property taxes.

Under RPTL Section 536b - State lands in Oneida County towns of **Lee, Trenton and Western** are taxable for school purposes only, exclusive of the improvements thereon by the State.

### **Implications to Town Budgets**

As part of this analysis, the Commission has developed the following chart showing, by Town, how much NYS pays in County, Town, School and Special District taxes. The final column shows the percentage of the Town levy paid by NYS town tax payments. It is clear that state tax payments are a considerable portion of the total town tax levy in many communities. It also produced a map that shows Total Taxes (County, Town, School and Special District) to be paid by New York State on New York State Property.

**Assessment of State Land\*** (This information was provided by ORPTS. Please see the note below.)

Assessment of NYS owned lands is a function performed by the local communities' assessor. ORPTS reviews the assessments annually to ensure that the values are reasonable and that NYS is paying its fair share of property taxes. The ORPTS Forestry Unit appraises taxable NYS owned lands to determine market values, which are then used to validate the local assessors' determinations of value. The ORPTS forest appraisers consider the contributory values of bare land, timber, and lakeshore when screening assessments. ORPTS will share their values with the local assessors upon request. For further information regarding taxable NYS owned land and the assessment review process, please visit:

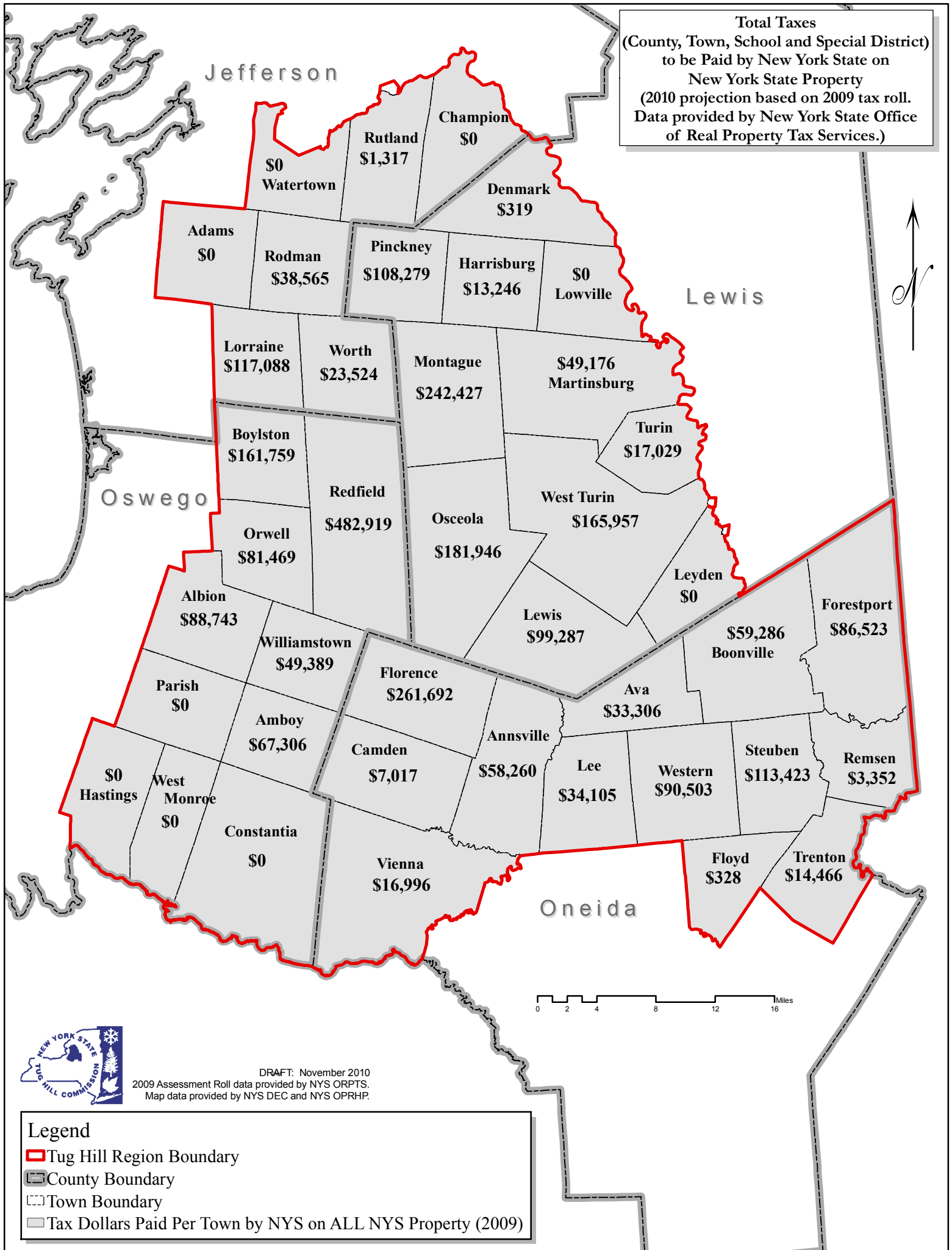
<http://www.ORPTS.state.ny.us/sas/sol/index.htm>.

**\*A Note of Thanks:** The Tug Hill Commission wishes to thank Daniel Lockart, Paul Capone, Joe Hesch and their staff at the New York State Office of Real Property Tax Services for their contributions to this paper, in particular their contributions to the section above entitled **Assessment of State Land**, and for their contribution of the data that made this analysis possible.

The Tug Hill Commission would also like to thank Roger Tibbetts, Chairman of the Cooperative Tug Hill Council and Jane Jones, Coordinating Circuit Rider for the Cooperative Tug Hill Council, both of whom are also local assessors, for their contributions and editing work on this document.

Projection of Taxes Paid by NYS on Taxable NYS Lands by Town (Based on 2009 Tax Roll)									
Town	Sum of State Acreage Contributing	Sum of Taxable Assessed Value	Sum of Projected County Taxes	Sum of Projected School Taxes	Projected Special District Taxes	Sum of Projected Town Taxes	Sum of Total Projected Taxes	2009 Town Levy based on 2008 Roll	Percent of Town Levy Paid by NYS Lands
Albion	1,528	\$2,621,150	\$12,869	\$62,337	\$2,847	\$10,690	\$88,743	\$432,435	2%
Amboy	2,075	\$2,128,800	\$0	\$47,992	\$3,433	\$15,881	\$67,306	\$461,710	3%
Annsville	4,775	\$1,757,549	\$140	\$40,798	\$3,332	\$13,990	\$58,260	\$471,226	3%
Ava	1,449	\$249,680	\$0	\$27,706	\$1,539	\$4,061	\$33,306	\$183,500	2%
Boonville	5,888	\$2,334,487	\$6,280	\$49,319	\$867	\$2,820	\$59,286	\$202,260	1%
Boylston	5,950	\$6,499,400	\$0	\$101,488	\$4,987	\$55,284	\$161,759	\$343,945	16%
Camden	454	\$10,473	\$96	\$6,360	\$272	\$289	\$7,017	\$138,482	0%
Denmark	47	\$19,800	\$0	\$174	\$6	\$139	\$319	\$854,432	0%
Florence	10,716	\$2,861,616	\$0	\$191,802	\$16,785	\$53,105	\$261,692	\$242,240	22%
Floyd	36	\$14,000	\$0	\$273	\$13	\$42	\$328	\$464,110	0%
Forestport	9,247	\$5,570,866	\$33,722	\$43,795	\$2,891	\$6,115	\$86,523	\$347,740	2%
Harrisburg	2,158	\$375,744	\$0	\$8,621	\$182	\$4,443	\$13,246	\$134,844	3%
Lee	2,014	\$67,595	\$0	\$33,341	\$764	\$0	\$34,105	Not Available	NA
Lewis	9,202	\$3,876,580	\$13,238	\$53,665	\$2,491	\$29,893	\$99,287	\$389,330	8%
Lorraine	5,121	\$4,154,600	\$31,055	\$48,963	\$3,298	\$33,772	\$117,088	\$358,728	9%
Martinsburg	7,110	\$3,235,800	\$4,101	\$26,397	\$679	\$17,999	\$49,176	\$327,345	5%
Montague	22,669	\$9,887,824	\$80,039	\$108,933	\$2,719	\$50,736	\$242,427	\$146,027	35%
Orwell	4,217	\$3,890,480	\$661	\$67,395	\$4,013	\$9,400	\$81,469	\$109,783	9%
Osceola	20,985	\$6,654,216	\$24,367	\$98,640	\$6,314	\$52,625	\$181,946	\$331,760	16%
Pinckney	9,475	\$5,425,300	\$0	\$56,082	\$1,033	\$51,164	\$108,279	\$254,716	20%
Redfield	13,237	\$12,731,227	\$114,265	\$236,965	\$11,696	\$119,993	\$482,919	\$522,050	23%
Remsen	278	\$82,000	\$648	\$2,455	\$64	\$185	\$3,352	\$186,078	0%
Rodman	4,849	\$2,901,900	\$0	\$34,180	\$1,423	\$2,962	\$38,565	\$55,492	5%
Rutland	220	\$76,400	\$0	\$946	\$141	\$230	\$1,317	\$287,759	0%
Steuben	5,340	\$4,452,600	\$0	\$83,454	\$2,661	\$27,308	\$113,423	\$374,311	7%
Trenton	239	\$508,000	\$0	\$14,466	\$0	\$0	\$14,466	\$299,242	0%
Turin	1,145	\$784,100	\$336	\$9,376	\$468	\$6,849	\$17,029	\$417,430	2%
Vienna	1,216	\$481,100	\$1,961	\$12,817	\$1,284	\$934	\$16,996	\$500,000	0%
West Turin	24,366	\$461,502	\$7,649	\$105,821	\$3,579	\$48,908	\$165,957	\$499,400	10%
Western	6,502	\$2,946,038	\$0	\$86,760	\$869	\$2,874	\$90,503	\$351,487	1%
Williamstown	1,236	\$1,459,100	\$0	\$34,906	\$2,077	\$12,406	\$49,389	\$460,851	3%
Worth	5,686	\$254,313	\$5,234	\$11,348	\$157	\$6,785	\$23,524	\$98,053	7%
Grand Total	189,426	\$88,774,240	\$336,661	\$1,707,575	\$82,884	\$641,882	\$2,769,002	\$10,246,766	

**Total Taxes**  
 (County, Town, School and Special District)  
 to be Paid by New York State on  
 New York State Property  
 (2010 projection based on 2009 tax roll.  
 Data provided by New York State Office  
 of Real Property Tax Services.)



DRAFT: November 2010  
 2009 Assessment Roll data provided by NYS ORPTS.  
 Map data provided by NYS DEC and NYS OPRHP.

**Legend**

- Tug Hill Region Boundary
- County Boundary
- Town Boundary
- Tax Dollars Paid Per Town by NYS on ALL NYS Property (2009)

