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New York's taxes out of control: Law calls for dissolving first, study later

By Joseph Spector • jspector@gannett.com • July 24, 2010, 7:05 pm

Frustration with high **taxes** in New York is fueling a revived and spirited push to dissolve governments, particularly villages, and residents are armed with a new law that makes it much easier to do so through a referendum.

But the new law, which took effect in March and was drafted by Attorney General Andrew Cuomo -- now the Democratic nominee for governor -- is being criticized in many local communities, and some state lawmakers want it changed.

Opponents say the law allows anyone -- whether they live in the municipality or not -- to lead a petition drive to push for a quick dissolution vote before the issue has been fully studied. Signatures from only 10 percent of a community's electorate are needed to force a dissolution referendum. A vote on dissolution would take place 60 to 90 days after the petitions are filed, and then the village would be given just 180 days to develop and adopt a dissolution plan, should the measure pass.

Prior to the new law, signatures from 33 percent of the electorate were needed to hold a referendum, and extensive study was normally done to determine the feasibility of dissolution.

"It's changed the game in terms of emboldening people to want to force that discussion to occur. But it's changed the game in another way: It's making people vote without having a plan in place," said Charles Zettek, a researcher at the Rochester-based Center For Governmental Research, which studies dissolutions.

The failure of a dissolution vote in the Village of Brockport, Monroe County, in June -- the first under the new law -- was attributed in large part to a lack of specifics on whether residents would ultimately save on their tax bills. Generally, **local governments** undertake years of study before a vote is taken.

"I don't think it was a very well-thought-out law," said Jo Matela, a former Brockport mayor who

opposed the dissolution. "It has pit neighbor against neighbor, family against family and villager against town."

But at a time when voters are increasingly angry with elected leaders, as polls show, and are clamoring for less costly government, the dissolution movement is gaining steam.

Between 1995 and 2009, only one village dissolved, the 1,300-person Village of Andes in Delaware County. Now six, including Seneca Falls, Seneca County, are slated to dissolve into their neighboring towns this year and in 2011.

In November 2009, the voters in Johnson City rejected a dissolution into the town of Union, despite pledges that doing so would lead to a 29 percent property tax reduction for village taxpayers. The measure failed by 40 votes.

Advocates said the new law puts the power back into the hands of residents rather than elected officials, who may cling to the patronage posts that local governments are often criticized for providing.

Cuomo's office said the law empowers citizens and seeks to limit the cost of government to taxpayers. By having a vote early on, the law forces citizens to make the case to their neighbors on why a village should be dissolved. And if the vote passes, then a municipality has a clear mandate to move ahead, Cuomo aides explained.

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"The law, for the first time, has empowered overburdened New York taxpayers with the ability to cut waste and create long overdue efficiencies in local governments and special districts across the state," said Cuomo spokesman John Milgrim.

Dissolution's popularity

Kevin Gaughan has led the dissolution and government downsizing effort in Erie County, which has 1,044 government entities, including 939 special districts -- the most in the state, according to the state attorney general's office.

Broome County ranks 10th with 196 total districts, which includes 150 special districts.

Gaughan, of Hamburg, Erie County, estimates that in Erie County alone there are 439 politicians that cost taxpayers \$32 million a year.

"The only thing that we have more here than politicians is snow," he said. "But at least the snow gives us six months off."

Through Gaughan's lead, and working with local residents, three dissolution votes are planned in the Buffalo area -- in the villages of Williamsville and Sloane on Aug. 17 and Farnham on Sept. 28.

Meanwhile, at least two dozen towns and villages are conducting studies to determine whether to consolidate, including in New Paltz; Rye, in Westchester County, and Victory, in Saratoga County.

Kathryn Foster, **director** of the University at Buffalo's Regional Institute, which studies government planning, said a "perfect storm" of factors is at play: a weak economy, an aging and declining population upstate, higher taxes, an anti-government sentiment and the new state law.

It creates a situation, Foster said, in which people may say, "I can't **afford** my local government anymore. Let me take a closer look at whether I'm getting what I think I ought to be getting."

That's what has spurred Edward Misiaszek, 51, a hardware store owner in **Utica**, to seek petitions to dissolve his hometown village of Whitesboro, Oneida County. He claims his village taxes have

gone up 49 percent in recent years, to \$1,716 a year, and he pays about \$5,500 a year total in property taxes.

Although he has lived in the village his whole life, he said it's time for it to go. He can't, for example, understand why the village has eight police officers for 16 miles of road.

"I really don't see how I can lose," Misiaszek said of dissolving the village.

Questions abound

Prior to the law, most communities considering dissolution would seek a state grant -- last year \$6 million was available statewide through the Department of State -- to hire a private independent firm to do a review.

Now, if a dissolution vote passes, a community has six months to get a dissolution plan in place.

And what if the dissolution plan finds that shutting down the village isn't the best course? Residents this time would need to collect signatures from 25 percent of the electorate -- not the 10 percent in the first vote -- to hold a second vote.

"The whole thing behind this is: How to vote on a question without a plan?" said Chris Duquin, a member of the Williamsville Citizens Study Group, which is opposing the village's dissolution.

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Foster called the short window for the votes an "unfortunate part" of the new law.

"If you believe, as I do, that the eminence of our democracy is the informed voter, then that loophole in this law is just a terrible part of the legislation," she said.

Sen. Craig Johnson, D-Nassau County, has 44 villages in his Long Island district. He said he supports streamlining government, but the law is misguided. With the way it is constituted, an angry developer from out of town could easily come in and lead a drive to dissolve a village, he said.

Johnson has submitted legislation, which is sponsored in the Assembly by Long Island Assemblywoman Michelle Schimel, that would require the local government to conduct a thorough study before a final vote is taken. The state Conference of Mayors and statewide firefighters' groups proposed the amendments, according to the bill.

A money-saver?

Zettek, of CGR, estimates that government mergers can generally cut costs by 2 percent to 5 percent. Yet, he noted, the range may be wider depending on a municipality's structure.

In Seneca Falls, for example, CGR estimates village taxpayers may get a property tax reduction of \$978 a year, which enticed enough residents to vote in favor of dissolution last March. Conversely, town taxpayers will get hit with a higher tax bill of about \$373 a year to take on village services.

But dissolutions aren't necessarily the best answer, Zettek said. Sometimes, local governments sharing services or coming up with regional economic-development policies could serve as a better solution.

"I've run into plenty of cases where whether or not a village exists is sort of neutral," Zettek said. "There are other things that the community could be doing to reduce local taxes or do better with economic development without necessarily dissolving the village."

And there's also the argument that residents simply

like having village governments, which are the closest to the people. In a report issued in 2008, the state Association of Towns argued smaller governments are **more efficient** than larger ones, saying larger governments spend more per capita and also have higher debt.

Bill Klish, one of the organizers of the dissolution push in Johnson City, said he expects a new petition drive next year to dissolve the village of about 15,000 residents, the third-largest village upstate.

"You dust it off and you put in the new numbers and you bring it to the people," he said.

Database analyst Cathey O'Donnell contributed to this report.

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A sign hangs in the front window of a home on Grand Avenue in Johnson City that reads "Leave my fire and police departments alone. Cut the budget elsewhere." (REBECCA CATLETT / Staff Phot)

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