

# VILLAGE OF SALEM DISSOLUTION STUDY INTERIM REPORT



*July 31, 2014*

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# Acknowledgments

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## **Dissolution Study Steering Committee**

- Sonia Trulli, Mayor Village of Salem
- Marcus Blanck, Village Board Trustee
- Seth Pitts, Supervisor Town of Salem
- Bruce Ferguson, Town Board
- Kyle Hunter, Village Resident/Business Owner
- Steve Saunders, Village Resident

## **Consultants**

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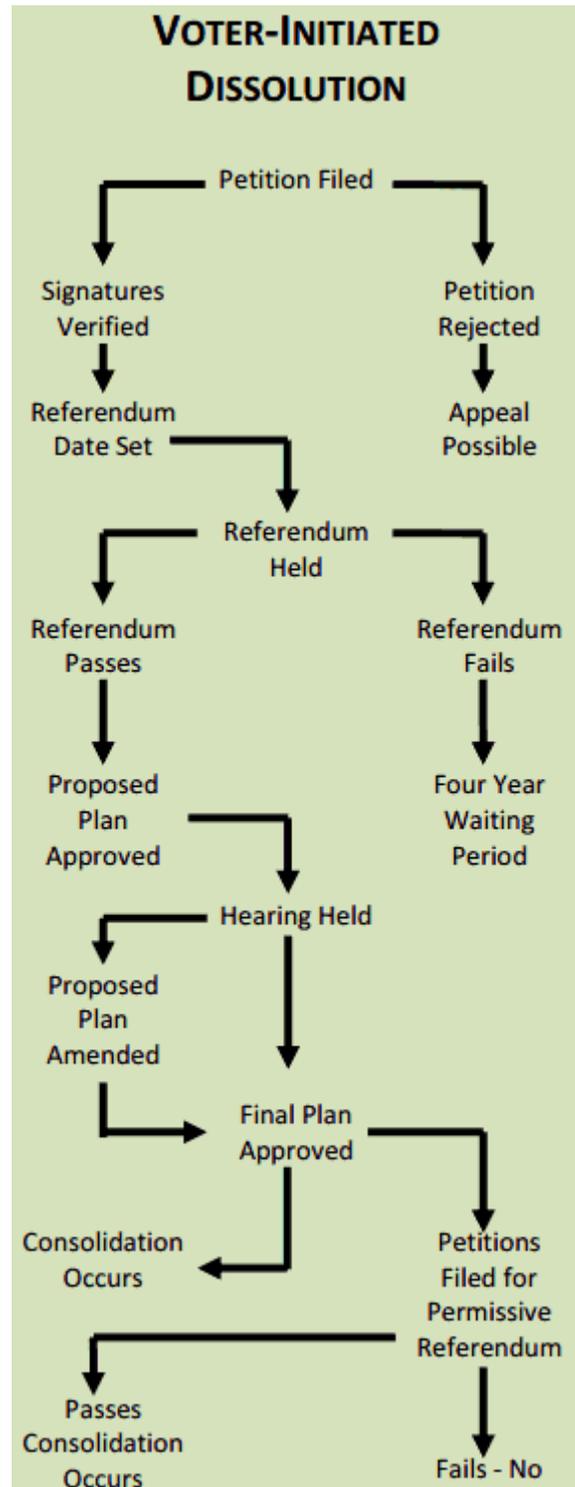
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## I. Introduction

### Background on Voter-Initiated Reorganization

In April 2014, the electorate of the Village of Salem submitted a petition for dissolution in accordance with the New N.Y. Government Reorganization and Citizen Empowerment Act (Article 17-A of the General Municipal Law). The petition contained 116 valid signatures, over 20% of the registered voters. The Village Clerk reviewed and certified the petition on April 7th and on May 7th the Village Board of Trustees passed a resolution calling for a referendum on the proposed dissolution by the electors on August 5, 2014. The dissolution process will follow the Citizen-Initiated timeline outlined in General Municipal Law Article 17-A (see flow chart to the right). Unlike a Board-initiated process, in a voter initiated process, the full detailed plan for dissolution will not be developed until after the referendum affirms whether or not the dissolution will take place.

Following the validation of the citizen petition, the Village Board appointed a Dissolution Steering Committee. The Steering Committee is charged with providing valuable local input and guidance to the consultant through a series of work sessions which focused on fiscal and non fiscal issues, as well as discussions about service continuity should the Village dissolution vote pass. The Committee discussed difficult “what if” issues such as what services currently performed by the Village will be continued to be provided by the Town, what services will be terminated, the various mechanisms to continue and finance certain services, the future of existing Village employees, as well as Village laws and regulations, and the overall potential fiscal impact of dissolution on Village and Town taxpayers. This interim report is the culmination of the Committee’s decisions about what options would best serve the community if the Village dissolves.



Source: The New NY Government Reorganization & Citizen Empowerment Act: A summary of the process for consolidation and dissolution, NYS DOS, June 2009

## What will happen after the referendum?

On August 5th, registered Village of Salem voters will be asked to vote “yes” or “no” on a proposition to dissolve the Village of Salem. Dissolution is a process whereby a Village ceases to exist as a government entity; therefore, the Village of Salem would effectively consolidate with the Town of Salem. If the referendum fails, (i.e., the majority of the votes cast are “no”), dissolution of the Village will not take place and the dissolution process may not be initiated again for a period of four years from the date for the referendum in accordance with NYS GML Article 17-A.

If the referendum passes (i.e., the majority of votes cast are “yes”), the Village Board will be required to develop a complete plan of dissolution within 180 days. The Dissolution Plan will include the required elements of General Municipal Law Article 17-A, Title 3 §775, and will specify when the Village, as a separate government, will cease to exist, which municipal services will continue after dissolution and how the costs of those services will be paid for, a fiscal estimate of the cost of dissolution; how Village-owned assets will be transferred or disposed of, how any remaining liabilities and debts will be paid for following the entity's dissolution and findings as to whether any local laws, ordinances, rules or regulations of the Village shall remain in effect after the effective date of the dissolution or shall remain in effect for a period of time.

If, within 45 days after the Dissolution Plan is finalized, a petition for a permissive referendum containing signatures from not less than 25% of the registered voters of the Village is filed with the Village Clerk, a second vote will be held to determine whether the majority of Village voters approve implementation of the Dissolution Plan.

## **Purpose of the Interim Report**

As previously stated, NYS Law does not require that the Village of Salem develop a complete detailed Dissolution Plan prior to the referendum. It is important to note that this report is not intended to be a detailed Dissolution Plan; however, the purpose of this report is to provide the public with enough information prior to the August 5<sup>th</sup> referendum to assist with making an educated decision based upon how Village dissolution may affect Village services and taxes in the future, should the referendum pass. The Village of Salem contracted with the Laberge Group to work with the Dissolution Study Committee to hastily compile and summarize the information contained in this interim report. This report is divided into the following main sections:

- A. Summary of the existing government services and functions currently delivered by the Village of Salem, including current operations, workload and level of service provided, existing Village personnel, Village-owned equipment and other fixed assets, Village laws and land use regulations.
- B. Summary of potential post-dissolution conditions, describing what services will be provided, and how services will be provided.
- C. Summary of current fiscal conditions and an estimate of the fiscal impact/cost of dissolution including the property tax impact of the changes.

### Funding for this Report

The Village of Salem applied for and received a grant through the Local Government Citizens Re-Organization Empowerment Grant (CREG) program, which is administered by the New York Department of State Division of Local Government Services, through the Local Government Efficiency Program (LGE). Because the dissolution was a Citizen Initiated process, Expedited Reorganization Assistance was provided by the program to cover costs associated with the development and dissemination of information to the electors prior to the required referendum and to further develop a detailed Dissolution Plan following an affirmative vote.

## II. Summary of Existing Government Services and Functions

As a part of the initial data gathering process, the consultant interviewed various members of Town and Village staff to discuss existing municipal services and how they are provided and funded. The following lists and describes all services and functions currently provided by the Village of Salem directly, and their related cost according to the 2014-2015 Village Budget. In cases where services or personnel are shared through existing agreements between the Town and Village and/or County, it is noted as such.

### *Village Mayor and Village Board of Trustees*

The Village is currently governed by an elected Mayor and Village Board of Trustees made up of four members. The Mayor and Board of Trustees have four year terms. The Mayor and Trustees are responsible for overseeing all Village operations, including finances, staff, and the use of Village property and equipment. According to the 2014-2015 Village Budget, the position of Mayor costs a total of \$4,147 per year, which includes an annual stipend of \$3,000, and other administrative costs. The Board of Trustees costs a total of \$1,500, including an annual stipend of \$500 to each three Board members, with one waiving the stipend to save the Village money. Total cost for the Village Mayor and Village Board of Trustees is \$5,647.

### *Village Justice*

The Village is currently served by a part-time elected Village Justice and an Acting Justice that fills in only on an as needed basis. The Village Justice has a four year term and currently also serves as the separately elected Town Justice. Town and Village Court is held at Proudfit Hall (Village Hall), a Village-owned and operated building. The two Justice Courts share one part-time Justice Clerk. The overall cost of the Village Justice is \$7,041, including \$5,441 in annual salaries (\$4,410 for the Village Justice, \$431 for the Acting Justice and \$600 for the Justice Clerk). Estimated revenues for the 2014-2015 for Fines and Forfeitures were \$4,000.

### *Clerk/Treasurer*

The Village employs an appointed part-time Clerk/Treasurer. The Clerk/Treasurer is responsible for maintaining Village files and records, accounts payable and receivable, payroll, human resources and insurances, water billing, receiving tax payments, taking minutes of Board of Trustees meetings, preparing public notices for all Board and Committee meetings, and fielding phone calls, emails and walk-in requests for and information for all Village services. According to the 2014-2015 Village Budget, the position of Village Clerk/Treasurer costs a total of \$31,593, including \$26,593 for the annual salary.

### *Tax Expense*

This function is performed by the Village Clerk/Treasurer, and costs a total of \$1,100 per year for preparing and mailing tax bills.

### *Village Attorney*

The Village budgets \$3,000 per year for an attorney to handle all its legal affairs. This function is used only on an as needed basis.

### *Election Inspectors*

The Village budgeted \$630.40 for elections inspectors, ballots and advertising. This amount will cover the cost for the regular annual Village election and the special dissolution vote in 2014.

### *Village Hall/Bancroft Public Library (Shared Services)*

According to the 2014-2015 Village Budget, maintenance and operating cost of Proudfit Hall (Village Hall)/Bancroft Public Library (listed under Shared Services in the Village Budget) cost \$33,500 per year. These costs include a salary for a part-time Custodian of \$3,500, utilities, and general building maintenance items. The Community Room is occasionally rented for a fee to a private group. The Fire Department currently pays rent (\$10,600/year) for use of the vehicle/equipment bays in Proudfit, and the estimated revenue for rental of the community room was \$1,000 according to the 2014-2015 budget, so the net cost of Village Hall is approximately \$21,900 per year. The rental income is expected to cease once the Salem Fire Department constructs their proposed new facility.

### *Other Village-owned Property*

The Village of Salem owns the following properties:

- 181 Main Street (tax id 208.12-3-7). Proudfit Hall/ Bancroft Public Library. Insurance value \$1,136,821.
- 201 Main Street (tax id 208.12-2-8). Village Gazebo Park and parking area. Insurance value \$13,328.
- 21 Archibald Street (tax id 209.-1-79) Carnival grounds and storage building. Insurance value \$27,206.
- 53 Stanton Hill Road (tax id 208.-2-82.1). DPW Barn, Water Treatment Plant Office and chlorination room. Insurance value \$394,655.
- Water storage tank. 320,000 gallon capacity. Insurance value \$496,289.

### *Insurance/Contingency Fund*

According to the 2014-2015 Village Budget, property liability insurance (listed under Special Items in the Village Budget) cost the Village \$12,900 per year, with an additional contingency budget of \$7,000, for a total of \$19,900.

### *Crossing Guard*

The Village budgets \$4,800 per year for a part-time Crossing Guard. This service is exclusively funded by the Village tax payers.

### *Registrar of Vital Statistics*

This function is performed by the Town Clerk for the Town and Village of Salem at an annual cost of \$100.

### *Transportation (Public Works Department)*

The Village Public Works Department currently employs a full-time Public Works Superintendent, one (1) full-time Laborer and a seasonal part-time Laborer for summer work. The Public Works Superintendent oversees and is responsible for repair and maintenance of Village streets, public properties and infrastructure. Services include pothole repair, snow plowing and removal, sidewalk maintenance and clearing snow from sidewalks, mowing on Village-owned properties and the street right-of-way, tree maintenance, and maintenance and repair of the public water system as needed. According to the 2014-2015 Village Budget, the overall cost of the Public Works Department is \$144,281.37, including the \$38,050 salary of the Public Works Superintendent, \$1,000 for a seasonal street laborer and \$28,300 for one full-time Laborer, as well as Street Maintenance and Permanent Improvements budget line items. The department received \$38,931.37 in revenues, making the net departmental cost \$105,350, not including benefits. The Public Works Superintendent also oversees the work of the full-time Water Treatment Plant Operator, but the position is currently vacant. As is typical in many public works departments in New York, depending on the season, the DPW crew is cross-trained to handle a broad range of duties related to street and public infrastructure maintenance. The DPW equipment inventory that consists of five (5) vehicles, including one small dump truck, one large dump truck, a loader, a backhoe and a 4 door car. Estimated value of this equipment is about \$93,500. The Village has a reserve fund for future DPW equipment purchases equivalent to \$45,205.09.

### *Street Lighting*

The Village of Salem has 126 street lights within the Village boundaries. Electricity and maintenance of the street lighting costs \$20,000.

### *Culture and Recreation*

The Village budget funds a variety of cultural and recreational items. According to the 2014-2015 Village Budget, the Village summer swimming program (listed under Youth Agencies in the Village Budget) which is hosted by the Village of Cambridge's Youth Recreation Department at Lake Lauderdale cost \$4,750 per year. The Village also budgets \$500 per year on the public park and gazebo. The part-time Village Historian cost \$1,220 annually, Historic Preservation cost \$500 annually, and \$250 per year is appropriated for programs for the aging.

### *Community Beautification*

According to the 2014-2015 Village Budget, \$250 is allocated for items like flowers, signs and landscaping improvements.

### *Public Water*

The Village of Salem has a public drinking water system that was established in 2003. The system was established with a \$2.7 million dollar loan from the NYS Environmental Facilities Corporation, of which \$2,137,000 is still outstanding debt. The system consists of three drilled wells, 300,000 gallon storage tank and the distribution system. The water is chlorinated using sodium hypochlorite as it leaves the well to protect against contamination from harmful bacteria or other organisms. According to the 2013 Annual Water Quality Report, the system has 298 service connections and an average daily demand of

56,396 gallons. The Village budget includes a Water Treatment Plant Operator with a Grade C Certification through New York State. According to the 2014-2015 Village Budget, this full-time position had a salary of \$30,050 plus \$8,800 in employee benefits; however, the position is vacant as of June 2014. The water system budget, excluding the Water Treatment Plant Operator's salary and benefits, is currently \$134,881.50. The Village has three reserve funds for the water system equivalent to \$131,385.91 for water system repairs, equipment and debt service.

### *Bancroft Public Library*

The Bancroft Public Library provides library services to Town and Village residents. The Library is chartered through the NYS Department of Regents as a Municipal Public Library. The Library was granted a provisional charter by the Board of Regents of the Education Department of the State of New York on December 13, 2011, and an absolute charter on March 12, 2013. The Library is governed by a five member Board of Trustees and has a separately appointed President and Secretary. The Library employs a part-time Library Director with a salary of \$20,400 per year, and three (3) part-time Assistant Librarians at an annual cost of \$16,100. The 2014-2015 Library budget was \$60,300, and is partially funded by Village (\$13,500), Town (\$12,000), and from taxes raised by a proposition (separate from school budget/taxes) placed before school district voters and channeled through the school (\$19,890), as well as other state aid and miscellaneous sources of departmental income.

### *Zoning Board of Appeals*

The Village of Salem Zoning Board of Appeals (ZBA) is a three member voluntary board that has the power to make interpretations of the Zoning Law, issue or deny Special Use Permits, and issue or deny variances. All ZBA procedures are outlined in Article VII of the Village Zoning Law. There is no budgeted cost for this voluntary board.

### *Historic Preservation Commission*

The Village of Salem Historic Preservation Commission is a five member voluntary board that has the power to, among other things, review applications proposing alteration, construction, demolition, or relocation of any individual landmark or resource located in the Historic District; grant, or deny certificates of appropriateness. As previously stated in the Culture and Recreation section of this document, the Village budgeted \$500 for necessary actions related to implementing and enforcing the Historic Preservation Law.

### *Assessor*

This function is performed by the Town Assessor for the Town and Village of Salem. No cost for this service is listed on the Village Budget. Village tax payers are charged for this service out of the Town wide tax.

### *Salem Volunteer Fire Department*

The Salem Volunteer Fire Department, Inc. currently provides fire protection services to the Village and Town of Salem. The Fire Department became an independent fire company in May 2013 and their budget is funded through the Town of Salem with a fire tax line on the Town/County tax bill and with other support from fundraisers and donations. No cost for this service is listed in the Village Budget. The

Fire Department currently pays rent (\$10,600/year) for use of the vehicle/equipment bays in Proudfit Hall.

### *Salem Rescue Squad*

The Salem Rescue Squad is an independent emergency medical services company that provides ambulance services to the Town and Village of Salem. The Rescue Squad receives money from the Town and also does third party insurance billing. In 2014, the Town of Salem budgeted \$11,000 for funding to the Rescue Squad. No cost for this service is listed in the Village Budget. Village tax payers are charged for this service out of the Town wide tax.

### *Police Protection*

Police protection is currently provided by the Washington County Sheriff's Office and the New York State Police. No cost for this service is listed in the Village Budget. Village tax payers are charged for this service out of the countywide and state taxes.

### *Code Enforcement*

Code Enforcement is provided by Washington County. No cost for this service is listed in the Village Budget. Village tax payers are charged for this service out of the countywide tax.

### III. Potential Post-dissolution Conditions & Fiscal Impact

Following a series of meetings, the Dissolution Study Steering Committee made the following determinations with regard to the continuation or termination of existing Village services if the Village were to dissolve. The following table provides an overview of the potential post-dissolution conditions for the continued delivery of municipal services, and the mechanism that will be used to furnish services to Village residents. Since Village residents are also residents of the Town, in many cases, services will continue to be provided by the Town of Salem.

#### Municipal Services

**Table 1: Potential Post Dissolution Conditions**

Service	Post Dissolution Conditions
Mayor	This part-time position will be abolished. The Town Supervisor will assume all duties and responsibilities of the Village Mayor. Since the Village would no longer exist upon dissolution, there would be no expenses associated with the Mayor.
Village Board of Trustees	The Village Board of Trustees will be abolished. All functions and responsibilities of the Board of Trustees will be assumed by the will Town Board. The elected Town Board will continue to represent former Village residents in the absence of a Village government.
Village Justice	The three part-time positions (Village Justice, Acting Village Justice and Clerk to the Village Justice) will be abolished. The Town Justice and Town Justice Clerk will assume all duties. Salary adjustments will be at the Town Boards discretion. No adjustment is accounted for at this time.
Clerk/Treasurer/ Tax Collector/	This part-time position will be abolished. The Town Clerk will assume all duties. Some duties may be delegated to the Town Supervisor's part-time Confidential Clerk. Salary adjustments will be at the Town Boards discretion. No adjustment is accounted for at this time.
Tax Expense	Duties associated with tax billing will be absorbed by the Town Clerk and/or the Town Supervisor's part-time Confidential Clerk. Salary adjustments will be at the Town Boards discretion. No adjustment is accounted for at this time.
Village Attorney	Duties will be absorbed by the Town Attorney.
Election Inspectors	These part-time positions will be abolished.
Shared Services (Village Hall/Library)	Village Hall will become Town property. The Library and community room will remain in operation. Cost savings are based on the assumption that the existing office space will be re-purposed in the future for Town use, thereby saving the Town rent which they currently paying for the Town office space.
Special Items (Insurance)	All Village-owned property will become Town –owned and the Town will assume responsibility for liability insurance. Insurance costs would be transferred to the Town. Future costs could be further lowered if the Town sells any Village-owned property, i.e., the carnival grounds to the Fire Department.
Special Items (Contingency)	The contingency fund is redundant at the Town level.
Crossing Guard	The Committee has determined that eliminating this service could be detrimental to the community. The cost for this service will be transferred to the Town. The Town may negotiate with the School District for shared funding of the position. Future cost could be lowered if the Town receives revenue from the School District.
Registrar of Vital Statistics	Duties will be absorbed by the Town Clerk. Salary adjustments will be at the Town Boards discretion. No adjustment is accounted for at this time.
Public Works Administration	This position will be abolished. The Town Highway Superintendent will assume all duties. Salary adjustments will be at the Town Boards discretion. No adjustment is accounted for at this time.

### III. POTENTIAL POST-DISSOLUTION CONDITIONS & FISCAL IMPACT

Public Works Department	All positions will be abolished. Street maintenance and snow removal in the area of the former Village will be incorporated into town-wide highway operations. It has been assumed that the Town will hire 1 full-time and 1 part-time staff person to supplement additional duties and the salary and benefit cost of the new full-time highway employee will be partially billed to the new Village Water District. Departmental revenues will remain the same. As an alternative, the Town may consider hiring existing Village employees on a full-time or part-time basis, or may choose to not hire anyone for a period of time in order to further research how much staffing is actually needed to provide the necessary services to the area of the former Village. <sup>2</sup>
Street Lighting	The electricity and maintenance expenses associated with the 126 Village street lights in the Village will be paid through the establishment of a special taxing district, which would be applied only to property-owners within the area of the former Village. This is considered a self-sustaining service. <sup>1</sup>
Culture and Recreation	The Committee has determined that it is appropriate to maintain all of the cultural and recreational services, with the exception of the costs related to the Historic Preservation Commission, as it is uncertain at this time if these costs will be necessary in the future. All other costs for these services will be transferred to the Town and incorporated into town-wide culture and recreation programs.
Community Beautification	The Committee has determined that it is appropriate to maintain all of the community beautification programs. All costs will be transferred to the Town.
Employee Benefits	The costs related to employee benefits are estimated to be lower because there will be fewer full-time employees.
Interfund Transfers	This interfund transfer will cease to exist upon dissolution.
Water Department	All expenses associated with the Village's public water system will be paid through the creation of a special taxing district that will be applied to property-owners/users within the area of the former Village. This is considered a self-sustaining service. For estimating purposes, it has been assumed that the Town will hire a new Town employee with appropriate qualifications and certifications to serve as the Water Treatment Plant Operator. As it is likely that the workload associated with the water district will require an additional part-time position, the water district would pay for 1/2 of the costs, including benefits of a new full-time highway employee (referenced above in the Public Works Department section). Billing duties will be absorbed by the Town Clerk and/or the Town Supervisor's part-time Confidential Clerk and will be paid for by the new water district. Salary adjustments will be at the Town Board's discretion. The Town Board may also consider the following cost-saving options at their discretion: 1) contract with a private vendor to administer, operate and maintain the water system on a full-time basis, or 2) provide all necessary water treatment operations through a combination of Town employees and contract employees.
Bancroft Public Library	The Committee has determined that the Library provides very important services to the community. For the purposes of this analysis, it is assumed that the budget will remain unchanged and will be transferred to the Town.

**Notes:** 1. A special taxing district is not a governing body; rather it is a taxing mechanism to properties which receive additional services within the Town. 2. Upon dissolution, the Town Board may re-consider the options presented above, and conclude that there are other preferred options that are in the best interest of the community at large.

## Local Laws and Land Use Regulations

All Village laws and ordinances will remain effective for up to two years after the date of dissolution. At any point during this two year period, the Town Board may review existing laws and consider them for adoption at the Town Level, revising them wherever necessary, or repeal it at their discretion. If no action is taken by the Town Board with the two year period, the law(s) will be repealed.

As with all other local laws, the existing Village Zoning will remain effective for up to two years after the date of dissolution. The Town Board may consider forming a special "hamlet" zoning district to address land uses within the former Village. This new district will allow the Town to effectively oversee land use issues within the former Village without impacting low density and agricultural development and land use outside the former Village. The Town Board will follow the procedures outlined in Article 16 of NYS Town Law and at the completion of the adoption procedure, it will be necessary for the Board to provide for the enforcement and interpretation of the zoning ordinance or local law by appointing an enforcement officer

and a board of appeals. The zoning enforcement officer bears the primary responsibility in handling individual inspection, and enforcement against violations. The zoning officer's decisions are subject to appeal to the zoning board of appeals, and ultimately to the courts. If no action is taken by the Town Board with the two year period, the Zoning Law will be repealed.

## Potential Fiscal Impact

In order to estimate the fiscal impact of Village dissolution, the consultant used 2014 fiscal year budget information for the Town and Village of Salem. Using this data as a baseline, the consultant built a fiscal model for post-dissolution conditions to determine what costs would be saved if the Village dissolves, what costs would be transferred to the Town budget from the former Village budget, and what revenues would continue to be collected in order to calculate the projected tax levies and tax rates. The tables below are projections only and are only intended to show what taxes would be if the Village of Salem were to dissolve based upon the service and cost changes recommended by the Dissolution Study Steering Committee. The information in this section is for illustrative purposes and is a representation of the data available at the time of the development of this interim report. The final cost savings is subject to change during the implementation of the dissolution plan and cannot be accounted for at this time.

### Citizen Empowerment Tax Credit (CETC)

New York State provides a Citizen Empowerment Tax Credit (CETC) to municipalities as an incentive when two local governments consolidate. This tax credit is an annual appropriation, based upon a formula of 15% of the combined property tax levy when the local governments consolidate. If the Village of Salem dissolved, the Village government will effectively consolidate with the Town, therefore, the Town would qualify for the annual CETC credit. Based on 2014 figures, the estimated tax credit to the Town of Salem would conservatively be \$117,072 per year. By law, a minimum of 70% of the CETC must be applied as a tax reduction. For the purposes of this study, it is assumed that 100% of the CETC will be applied as a tax reduction.

### Tax Impact of Dissolution

#### Projected Tax Impact of Dissolution, without CETC Savings Estimate

As illustrated in **Table 2**, property-owners in the Village currently pay a combined rate of \$11.22 per \$1,000 of assessed value (including Village and Town taxes, but excluding County, School, and special district taxes (fire protection and lighting) that are not effected by dissolution), and Town property-owners, outside-the-village, pay a current rate of \$5.10. Upon dissolution, the projected tax rates for former Village property-owners would decrease by approximately 39%, an estimated savings of \$436 on a property with an assessed value of \$100,000. Town property-owners would see an estimated increase of 3.5%, which is equivalent to an additional \$18 on a property with an assessed value of \$100,000. These estimates do not include the projected Citizen Empowerment Tax Credit (CETC) savings which is shown below in **Table 3**. In addition former Village property-owners will still be required to pay the per unit rates for debt service for Salem Water District, as well as other special district charges.

**III. POTENTIAL POST-DISSOLUTION CONDITIONS & FISCAL IMPACT**

**Table 2: Projected Tax Impact of Dissolution, without CETC Savings Estimate**

<b>Change Before Citizen Empowerment Tax Credit (CETC) Savings</b>						
<b>Former Village Residents</b>	<b>Rate Before</b>	<b>Rate After</b>	<b>Property Tax Before (on \$100,000 assessed value)</b>	<b>Property Tax After (on \$100,000 assessed value)</b>	<b>Property Tax Change</b>	<b>Percent Change</b>
Town wide Tax	\$ 3.15	\$ 5.28	\$315	\$528		
Village Tax	\$ 8.07	\$ -	\$807	\$-		
New Water District	\$ -	\$ 0.90	\$-	\$90		
New Lighting District	\$ -	\$ 0.68	\$-	\$68		
<b>Total</b>	<b>\$ 11.22</b>	<b>\$ 6.86</b>	<b>\$1,122</b>	<b>\$686</b>	<b>\$(436)</b>	<b>-38.8%</b>
<b>Town Residents</b>						
Town wide Tax	\$ 3.15	\$ 5.28	\$ 315	\$ 528	\$	
Town Outside of Village Tax	\$ 1.95	\$ -	\$ 195	\$ -		
<b>Total</b>	<b>\$ 5.10</b>	<b>\$ 5.28</b>	<b>\$ 510</b>	<b>\$ 528</b>	<b>\$ 18</b>	<b>3.5%</b>
<p><b>Note:</b> Upon dissolution, a new special taxing district will be created for water and lighting services in the area of the former Village of Salem. Only property-owners/users in this area will be charged for these services. In addition, the Salem Water District users will still be required to pay the per unit rate of \$177 for debt service. For estimating purposes, it has been assumed that the Town will hire a new Town Water Treatment Plant Operator. As it is likely that the workload associated with the water district will require an additional part-time position, the water district would pay for 1/2 of the costs, including benefits of a new full-time highway employee. This additional cost is presented as an additional 0.90/\$1,000 tax rate for the water district. The final determination for how water user rates are billed will be further developed in the final dissolution plan. Village dissolution will not impact the existing cost of the Shushan and Salem Fire Protection Districts, or the Shushan Lighting District</p>						

**Projected Tax Impact of Dissolution, with CETC Savings Estimate**

As described above, New York State provides a Citizen Empowerment Tax Credit (CETC) to municipalities as an incentive to consolidate or dissolve local governments. It is estimated that the CETC tax credit to the Town of Salem will be equal to \$130,820 per year. Applying the CETC, it is projected that Village tax rates will decrease an additional \$1.11, to \$5.75 per \$1,000 of assessment, a percent reduction of 48.7%, and the Town tax rates would decrease by 18%, down to \$4.17 per \$1,000 of assessment. This equates to an estimated savings of \$547 per \$100,000 of assessment for a Village taxpayer, and a savings of \$93 per \$100,000 of assessment for a Town taxpayer. See **Table 3**.

**Table 3: Projected Tax Impact of Dissolution, with CETC Savings Estimate**

<b>Change After Citizen Empowerment Tax Credit (CETC) Savings</b>						
<b>Former Village Residents</b>	<b>Rate Before</b>	<b>Rate After</b>	<b>Property Tax Before (on \$100,000 assessed value)</b>	<b>Property Tax After (on \$100,000 assessed value)</b>	<b>Property Tax Change</b>	<b>Percent Change</b>
Town wide Tax	\$ 3.15	\$ 4.17	\$ 315	\$ 417		
Village Tax	\$ 8.07	\$ -	\$ 807	\$ -		
New Water District	\$ -	\$ 0.90	\$ -	\$ 90		
New Lighting District	\$ -	\$ 0.68	\$ -	\$ 68		
<b>Total</b>	<b>\$ 11.22</b>	<b>\$ 5.75</b>	<b>\$ 1,122</b>	<b>\$ 575</b>	<b>\$(547)</b>	<b>-48.7%</b>
<b>Town Residents</b>						
Town wide Tax	\$ 3.15	\$ 4.17	\$ 314.87	\$ 417		
Town Outside of Village Tax	\$ 1.95	\$ -	\$ 195.31	\$ -		
<b>Total</b>	<b>\$ 5.10</b>	<b>\$ 4.17</b>	<b>\$ 510.18</b>	<b>\$ 417</b>	<b>\$( 93)</b>	<b>-18.3%</b>
<p><i><b>Note:</b> Upon dissolution, a new special taxing district will be created for water and lighting services in the area of the former Village of Salem. Only property-owners/users in this area will be charged for these services. In addition, the Salem Water District users will still be required to pay the per unit rate of \$177 for debt service. For estimating purposes, it has been assumed that the Town will hire a new Town Water Treatment Plant Operator. As it is likely that the workload associated with the water district will require an additional part-time position, the water district would pay for 1/2 of the costs, including benefits of a new full-time highway employee. This additional cost is presented as an additional 0.90/\$1,000 tax rate for the water district. The final determination for how water user rates are billed will be further developed in the final dissolution plan. Village dissolution will not impact the existing cost of the Shushan and Salem Fire Protection Districts, or the Shushan Lighting District</i></p>						

**III. POTENTIAL POST-DISSOLUTION CONDITIONS & FISCAL IMPACT**

**Table 4** and **5** below provide a more detailed illustration of the estimated financial effects of the dissolution of the Village of Salem on Village and Town taxpayers.

**Table 4: Budget Before Dissolution**

Village							Town						
Fund	Budget	Revenue	Fund Balance	RP Tax Levy	Tax Rate/ \$1,000	Tax Rate/Unit	Fund	Budget	Revenue	Fund Balance	RP Tax Levy	Taxable Value	Tax Rate/ \$1,000
	\$0	\$0	\$0	\$0	\$0	\$0	General Fund (town wide)	\$303,989	\$90,880	\$55,000	\$158,109	\$117,722,641	\$1.34
	\$0	\$0	\$0	\$0	\$0	\$0	General Fund (TOV)	\$26,300	\$12,650	\$1,000	\$12,650	\$88,776,131	\$0.14
	\$0	\$0	\$0	\$0	\$0	\$0	Highway Fund (town wide)	\$298,025	\$25,455	\$60,000	\$212,570	\$117,722,641	\$1.81
		\$0	\$0	\$0	\$0	\$0	Highway Fund (TOV)	\$0	\$107,500	\$32,000	\$160,736	\$88,776,131	\$1.81
General	\$329,283	\$92,814	\$0	\$236,468	\$8.07	\$0		\$0	\$0	\$0	\$0	\$0	
Water	\$174,182	\$82,584	\$0	\$91,598	\$0	\$177		\$0	\$0	\$0	\$0	\$0	
Library	\$60,300	\$53,510	\$6,790	\$0	\$0			\$0	\$0	\$0	\$0	\$0	
<b>Total</b>	<b>\$563,764</b>	<b>\$228,908</b>	<b>\$6,790</b>	<b>\$328,066</b>	<b>\$8.07</b>	<b>\$177</b>		<b>\$928,550</b>	<b>\$236,485</b>	<b>\$148,000</b>	<b>\$544,065</b>		
<b>Total Current Combined Town &amp; Village for Purposes of Comparison</b>									<b>\$1,492,314</b>	<b>\$465,393</b>	<b>\$154,790</b>	<b>\$872,131</b>	

**Table 5: New Town of Salem Budget Estimate After Dissolution**

New Town of Salem							
Fund	Budget	Revenue	Fund Balance	RP Tax Levy	Taxable Value	Tax Rate/ \$1,000	Tax Rate/ Unit
General Fund (town wide)	\$400,222	\$156,038	\$56,000	\$188,184	\$117,722,641	\$1.60	
Highway Fund (town wide)	\$723,541	\$198,220	\$92,000	\$433,322	\$117,722,641	\$3.68	
Library Fund (town wide)	\$60,300	\$53,510	\$6,790	\$0	\$117,722,641	\$0.00	
New Salem Lighting District (applicable to former village area only)	\$20,000	\$0	\$0	\$20,000	\$29,313,736	\$0.68	
New Salem Water District (O&M) (applicable to former village area only)	\$108,916	\$82,584	\$0	\$26,332	\$29,313,736	\$0.90	
New Salem Water District (Debt Service) (applicable to former village area only)	\$91,598	\$0		\$91,598		\$0	\$177
	\$1,404,577	\$490,352	\$154,790	<b>\$759,436</b>			

**Note:** Upon dissolution, new special taxing district will be created for water and lighting services in the area of the former Village of Salem. Only property-owners/users in this area will be charged for these services. In addition, the Salem Water District users will still be required to pay the per unit rate of \$177 for debt service. For estimating purposes, it has been assumed that the Town will hire a new Town Water Treatment Plant Operator, and the water district would pay for 1/2 of the cost (salary & benefits) of a new full-time employee with split duties between the water & highway departments. This additional cost (\$26,332) is presented as an additional 0.90/\$1,000 tax rate for the water district. The final determination for how water rates are billed will be further developed in the final dissolution plan.

**Table 6: Citizen Empowerment Tax Credit (CETC) Calculations**

	Real Property Tax Levy	CETC Savings (15% of Combined RPT Levy)	Net Real Property Tax Levy with CETC	Taxable Value	Townwide Tax Rate/\$1,000
Without CETC	\$872,131	\$0	\$621,506	\$117,722,641	\$5.28
With CETC <sup>1</sup>	\$872,131	\$130,820	\$490,686	\$117,722,641	\$4.17

**Note:** 1) The Citizen Empowerment Tax Credit (CETC) calculation of \$130,820 is based upon 15% of the current combined tax levy of the Town and Village of Salem (\$872,131). The estimated change in tax rates is based on subtracting the CETC from the new estimated real property tax levy (\$759,436) minus the projected new special district costs, equaling a net new tax levy.