



Senate Select Committee on Budget and Tax Reform
Tuesday, October 13, 2009
12:30pm
Senate Majority Conference Room
Albany, NY

My name is Brian Houseal and I am the Executive Director of the Adirondack Council. The Adirondack Council is a member based, not for profit organization dedicated to preserving the ecological integrity and wild character of the Adirondack Park. On behalf the Council's Board, members, and staff, I thank the Senate Select Committee on Budget and Tax Reform and its chair Senator Krueger, for the opportunity to attend this round table meeting and address tax exempt status provided to nonprofit and educational organizations, and other institutions.

We are facing economic crisis on a global, national, and statewide scale. The Adirondack Council understands that economic projections for the state are not optimistic and that difficult decisions must be made in order to close massive budget deficits. That being said, we believe that in such trying economic times the state of New York should continue its commitment to its citizens by providing protections critical to so many cities, towns and villages.

New York must continue its pledge to make tax and in lieu of tax payments on state properties within municipalities. Earlier this year, in an attempt to balance the budget, Governor Paterson proposed capping tax payments on state properties at the 2008 levels. This proposal was met with resistance not only from Adirondack communities, but municipalities including the Catskills, southern tier, Long Island and Westchester County. The interruption of tax payments in towns and villages containing state land would prove devastating for these communities. Since 1886, the State has made a commitment to making tax payments on Forest Preserve Lands in Adirondack communities.

In the 2008 Court of Appeals case of *Dillenburg v. State of New York*, the court held that while State has sovereign immunity from the obligation to pay taxes on lands it owns, it has the discretion to waive this immunity and has done so in specific cases such as in the Forest Preserve. In the 2007 Supreme Court *Dillenburg* decision, Justice Timothy J. Walker held the Forest Preserve out as a model for proper payments by the state on properties owned in existing municipalities.

The Council urges the Legislature to continue its dedication to preserving New York's environment and protecting vital open spaces important for biodiversity, conservation, maintaining working forests and farms, flood control, carbon sequestration, wildlife habitat, and recreational use by fully funding the Environmental Protection Fund (EPF). The EPF continues to be the state's most important source of funding for a variety of projects designed to enhance New York's natural resources and improve the quality of life for residents. The Adirondack Council was pleased with the Legislature's decision to reject the Governor's proposed sweep of EPF funds, the first rejection of this kind since the creation of the fund. The EPF was created to be a consistent source of environmental funding in difficult economic times to ensure that critical environmental projects that affect the health and welfare of our citizens and would remain a priority.

The protection and preservation of open space in New York State was a driving force behind the creation of the EPF. Over the life of the fund many crucial environmental programs have been added, however, it is important to remember that continuing to protect open space, even in difficult financial times, is vital to NY's environment and economy.

The Council encourages the Legislature to consider reforms and expansion to the timber tax abatement program under sections 480 and 480-a of the real property tax law. This program allows landowners who have been certified by a sustainable forestry program or by the Department of Environmental Conservation to receive up to and 80 percent tax reduction. In the past, the Council has stated that the state mandated tax abatement program is flawed and in serious need of reform.

These partially reimbursed programs are an unfunded state mandate on local governments that disrupt budgets and shifts tax burdens on thousands of acres in Adirondack communities from the large to the small landowners. The Council believes this program should be expanded to include rocky outcroppings, wetlands, ponds habitat areas, and fields.

Again, I thank the Standing Select Committee on Budget and Tax Reform for the opportunity to speak here to day and look forward to a productive conversation on the needs and cost of New York State's property tax exemptions.