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Study suggests Kingston seek state aid to help close gap between business, residential tax rates

By Paul Kirby, Daily Freeman

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KINGSTON >> A report released Wednesday night suggests ways to close the gap between what Kingston homeowners and businesses pay in property taxes, including one proposal that calls for millions from the state to help pave the way.

The report, compiled by The Center for Research, Regional Education and Outreach at SUNY New Paltz, was outlined by researchers at a City Hall session Wednesday evening.

Gerald Benjamin, the director of the center and the college's associate vice president for regional engagement, said the "best option for Kingston" is a 10-year phase-in to lessen the gap between what homeowners and businesses pay in taxes. The study suggests that the state grant the city about $7 million over the phase-in period to ease the burden on homeowners.

During that time, the city would have to closely monitor its spending and perhaps make changes for homeowners not to see increases in their tax bills, even with state help, said Tom Cetrino, the study's principle researcher.

"In a perfect world," Benjamin said, the city's homestead/non-homestead taxing structure should be eliminated altogether. However, Benjamin said, the state-funded option is probably the best one for the city and the state as a whole.

By lessening the gap, he said, the city would be more attractive to developers seeking to set up shop.

"The gap keeps getting wider," Benjamin said of the city's dual taxing structure, which taxes commercial property at a higher rate than residential property.

Benjamin suggested the city draw up legislation asking the state Legislature to approve the state-funded option. He also suggested the city request participation by other communities that have the same taxing structure and want to change it.

Benjamin said such a message could relate to the state Legislature that the dual tax system enacted by Kingston in 1989 has had "untended consequences so we want to be out of this practice."

Only two communities statewide, Benjamin said, have gone back to a single tax structure from the dual tax structure — the town of Colonie and the city of Schenectady. Other communities with a dual taxing structure in the region are Beacon, Poughkeepsie, Fishkill, Wappingers Falls, Newburgh, Port Jervis, Clarkstown, Haverstraw, West Haverstraw, Sleepy Hollow, Piermont, Stony Point, Albany, and Orangetown.

In the 1980s, state legislation authorized municipalities in New York to tax residential and commercial property at different rates following property revaluation. The intention was to shift the tax burden from residential property owners to commercial property owners. The dual rates were called "homestead" for residential and "non-homestead" for commercial properties.

At present, the city taxes business property at about 1.8 times the rate it taxes residential property. City commercial property which comprises 31 percent of the tax base, currently pays 46 per cent of the total tax levy, according to the study.

Cetrino said the rate Kingston taxes its commercial property is much higher than other communities using the homestead/non-homestead formula.

"It is way out of whack," Cetrino said.

The study was funded by a $20,000 grant from the Dyson Foundation in Dutchess County.

Mayor Shayne Gallo has said the report shows is Kingston addressing its taxing structure. But while the compilation of a report on the tax structure is something new, city officials in the past have grappled with the issue without making significant changes.

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