

WARREN COUNTY BOARD OF SUPERVISORS

COMMITTEE: REAL PROPERTY TAX SERVICES

DATE: JANUARY 25, 2010

COMMITTEE MEMBERS PRESENT:
SUPERVISORS GOODSPEED
BENTLEY
THOMAS
MERLINO
STEC
GIRARD
MCDEVITT

OTHERS PRESENT:
MICHAEL SWAN, DIRECTOR, REAL PROPERTY TAX
SERVICES
FREDERICK MONROE, CHAIRMAN
PATRICIA NENNINGER, SECOND ASSISTANT
COUNTY ATTORNEY
JOAN SADY, CLERK OF THE BOARD
SUPERVISOR TAYLOR
SUPERVISOR MCCOY
SUPERVISOR STRAINER
SUPERVISOR PITKIN
SUPERVISOR LOEB
SUPERVISOR CONOVER
RICHARD MURPHY, DEPUTY COMMISSIONER OF
FISCAL SERVICES
DON LEHMAN, THE POST STAR
JOANNE COLLINS, LEGISLATIVE OFFICE SPECIALIST

In the absence of the Committee Chair and Vice-Chair, Mr. Thomas called the meeting of the Real Property Tax Services Committee to order at 9:35 a.m.

Vice Chairman Bentley entered the meeting at 9:36 a.m.

Motion was made by Mr. Girard, seconded by Mr. Merlino and carried unanimously to approve the minutes of the December 3, 2010 Committee meeting, subject to correction by the Clerk of the Board.

Privilege of the floor was extended to Michael Swan, Director of RPTS (Real Property Tax Services) who distributed copies of the agenda to the Committee members; *a copy of the agenda is on file with the minutes.*

Mr. Swan noted that there were no corrections to report from the Treasurer's Office for the month. Proceeding to Agenda Item 2, State Land Charge Backs, Mr. Swan explained that two corrections from the Treasurer's Office relative to two State owned parcels in Stony Creek, were charge backs that had not been approved by the Committee, in the amounts of \$24,746.39 and \$66.21. The Transition Assessment theory, explained by Mr. Swan, pertained to State owned land whereby the State gave Transitional Assessments, in theory, to aid the Town with the intent to bridge the gap between what was lost in development opportunities. Furthermore, he said, State law required that the Transition Assessment be reduced annually by 2% of the total assessment roll. The case in Stony Creek, he explained, where the assessor had not deducted 2%, required a charge back in order to correct the records. Mr. Swan noted that the State had paid the correct amount to the school district.

Mr. Stec entered the meeting at 9:37 a.m.

Rick Murphy, Deputy Commissioner of Fiscal Services, apprised that Warren County was required to make the school districts whole by April first of each year. If the Committee and the Board did not approve the charge back of taxes, Warren County would ultimately be held responsible for the payments to the school districts.

Chairman Monroe interjected that the reduction in the Transition Assessment resulted in lower taxes for the Towns and the County. He informed of a long-standing dispute in Hamilton County relative to the ownership of State versus private properties for which a large disparity existed regarding the assessments. He asserted that the land value of properties in private ownership were assessed at \$10 million more than the same under State ownership.

Mr. Goodspeed entered the meeting at 9:39 a.m.

Mr. Thomas noted that the property tax burden was gradually shifting from the State to the private level. Chairman Monroe stated that the shift was essentially moving the tax burden from income tax to property tax.

A discussion ensued.

Motion was made by Mr. Thomas, seconded by Mr. Stec and carried unanimously to approve the State Land Charge Backs as outlined above and the necessary resolution was authorized for the February 19, 2010 Board meeting. *A copy of the resolution request form is on file with the minutes.*

Mr. Swan apprised that subsequent to the sale of Horicon Parcel No. 53.-3-36 at the October 17, 2009 auction, a problem had been identified concerning service to the owner; therefore, he said, the bid which had not been approved by the Board, was pulled. He apprised that the highest bidder was notified of the 3 to 4 month period required to resolve the matter, and as a result had requested a refund of the deposit and auction fee for a total amount of \$3,045.

Motion was made by Mr. Girard, seconded by Mr. Stec and carried unanimously to approve the request to refund the deposit on the Horicon parcel as outlined above, and the necessary resolution was authorized for the February 19, 2010 Board meeting. *A copy of the resolution request form is on file with the minutes.*

Mr. Swan explained that Warren County required a 10% deposit, and the Auctioneer who ran the Buyers Premium Auction required a 5% buyers fee. He further stated that the second highest bidder had expressed interest with an offer of approximately \$500 less than the highest bid.

Mr. Swan apprised that for the eight parcels which had not been redeemed at auction, notices had been sent to the second highest bidders with a March 20, 2010 deadline. Mr. Swan stated that he would report back to the Committee regarding the matter.

The next request presented by Mr. Swan was for approval to delete taxes on Queensbury Parcel No. 289.20-1-7.5, in the amount of \$2.53. He expounded that the tax amount due was a result of the purchase of a small piece of property on Meadowbrook Road which was necessary in order to move the road to merge into Haviland Road. The parcel, he stated, had been deleted and consolidated into the tax rolls.

Motion was made by Mr. Bentley, seconded by Mr. McDevitt and carried unanimously to approve the request to delete the tax due on the Queensbury parcel as outlined above, and the necessary resolution was authorized for the February 19, 2010 Board meeting. *A copy of the resolution request form is on file with the minutes.*

Pertaining to the status of property foreclosures in 2010, Mr. Swan reported that abstracts were nearly complete and the legal action was expected to be filed in March. He stated that the Purchasing Department had sent out a Request for Proposal (RFP) regarding bids for the October auction. Responding to an inquiry from Mr. Goodspeed, Mr. Swan stated that the average number of parcels in foreclosure was 400, with 30 to 40 identified for auction. The current number was 500, he said. Relative to historical figures, there were 120 parcels auctioned in 1993, and approximately 50 parcels or less since 1995 when the laws were changed, according to Mr. Swan. For comparison, he noted that Washington and Essex Counties had 150 and between 150 to 200 parcels, respectively.

Chairman Monroe inquired about trends and Mr. Swan stated that, excluding the Town of Queensbury, the Towns of Warrensburg and Johnsburg were the largest in terms of foreclosures which included mostly vacant land, with few residential and commercial properties, many of which were rentals. He pointed out the lag period for processing and apprised that the Department was currently processing 2007 property foreclosures. He added that the number was expected to increase dramatically for 2008 and/or 2009.

Concluding the agenda review, Mr. Swan stated that Paul Dusek, County Attorney, had received a request from an attorney representing a taxpayer currently in delinquency who requested that foreclosure proceedings cease due to environmental contamination. Mr. Swan apprised that Mr. Dusek would investigate the request and he explained that the County would not foreclose on properties with contamination issues due to the fact that the Department of Environmental Conservation (DEC) would enforce clean-up action against Warren County. He noted that there were currently 4 or 5 environmentally contaminated properties.

Chairman Monroe informed that the issue had been brought up repeatedly for many years and he underscored the need to put forth an effort to change Federal Law, which would ensure that such properties would not remain pending for perpetuity. He stated that he had brought the issue to Senator Gillibrand, when she served as Congresswoman, and he recommended that the issue be presented to the Legislative & Rules Committee. He added that parcels with unpaid taxes would never be made whole as the taxes due exceeded the current property value.

Mr. Goodspeed asked if tactical strategies had been used by property owners in order to obtain an extension and Mr. Swan cited an incident of delinquent property taxes in Thurman, whereby 55 gallon drums of oil had been dumped to create a contamination issue. He stated that foreclosure proceedings ensued.

With regard to the Exit 18 site, Mr. Swan stated that information gathering efforts were underway by the County Attorney's Office.

Relative to the parcels excluded from foreclosure, Patricia Nenninger, Second Assistant County Attorney, stated that under the law with regard to tax enforcement proceedings, commercial and vacant parcels in Warren County were allowed two years to pay delinquent taxes, and three years for residential property owners. She further stated that any parcel on the list would proceed through foreclosure unless there were specific reasons allowed by law to withdraw prior to the time of judgement. One reason, she said, was environmental contamination and the Enforcement Officer for Warren County was Francis O'Keefe, Warren County Treasurer. She expounded that there was a significant risk that contaminated property would be exposed to liability which was substantially in excess of the amount that would be covered by enforcing the tax lien. Essentially, she stated, the County gave the Towns the opportunity to avoid taking on such a liability.

Although placing the property back on the tax rolls was a positive, Mr. Goodspeed cautioned that the financial risk involved in obtaining title was significant and could potentially lead to \$1 million in liability for environmental damage.

Mr. Swan cited an issue in the Town of Lake Luzerne which involved a home destroyed by fire for which taxes had been owed. He said the Town had declared the site to be unsafe and a health hazard and subsequently the home was destroyed at a cost of \$25,000. Under normal circumstances, he stated, the cost of demolition could be added to the next January tax bill in order for the Town to be made whole for that expenditure. In this case, he stated that auction attendees were notified of the additional charge on the parcel. Mr. Swan explained that the parcel was purchased at auction for \$25,000 and the buyer had asked Mr. Merlino for a reduction in that amount, knowing that if the parcel had not been purchased, the County would make the Town whole for the tax bill. He noted the value of the lot was between \$5,000 and \$8,000. He further noted that if the parcel was listed at the next auction, there would be no lien on the property.

With the deadline passed, Mr. Swan requested a two week extension for the balance due on the Lake Luzerne property as outlined above. He explained that this arrangement would save the County money, would place the property on the tax roll, and help the Town of Luzerne be made whole for the cost of tearing down the structure.

Mr. Merlino added that the buyer requested that the amount be reduced by 50%. He expressed that down payment requirements should be raised as the buyer paid a \$50 down payment on the \$500 property which was assessed at \$6,000. He reiterated that if there was no sale at this time, the County would make the Town whole and the property would be cleared of the \$25,000 lien prior to the next auction.

It was consensus of the Committee to approve the request for a two week extension for further negotiation on the Lake Luzerne property as outlined above.

In an effort to better evaluate and understand the economic value of the contaminated properties, Mr. Conover asked if a list of properties with details was available. He stated that there may be parcels which have economic value to Warren County and may be eligible for Brownfield Program funding and other like programs, for which the State could indemnify the County. Mr. Swan stated that he would email the list of the five properties to Mr. Conover.

Mr. Goodspeed cautioned against touching title prior to a guarantee of Brownfield funding eligibility or other like action. Mr. Swan advised that Mr. Conover meet with Mr. Geraghty who was familiar with the rigorous process. Mrs. Nenninger apprised that the County had spoken with the DEC, and researched the possibility of obtaining funding for a project similar to Brownfield and there was a specific manner in which to proceed at the commencement of foreclosure proceedings whereby recognition of the foreclosure was established. She agreed that Mr. Geraghty would be a viable source of information about such foreclosures. Chairman Monroe added that Mr. Geraghty was also familiar with the details and delays regarding reimbursements.

As there was no further business to come before the Real Property Tax Services Committee, on motion by Mr. Bentley and seconded by Mr. McDevitt, Mr. Goodspeed adjourned the meeting at 10:10 a.m.

Respectfully submitted,

Joanne Collins, Legislative Office Specialist