

Possible Impacts of City-Town Consolidation: A Focus on Sales Tax

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Prepared by:
Timothy W. Hayes
Director

The Center for Economic & Community Development
State University of New York College at Oneonta
Oneonta, New York 13820
www.oneonta.edu/advancement/cecd

Executive Summary

The City of Oneonta is like many organizations in the United States today dealing with a widespread, historic economic decline. Officials there are responsible for providing traditional municipal services with the prospect of declining revenues in this and future years. The city has taken initial steps internally to address a projected budget shortfall, but some of the long-term options exist outside the city limits.

The surrounding Town of Oneonta does not appear to be facing the same fiscal issues. The town has benefitted from features that became marked assets in the economic climate of the past several decades, especially in areas immediately adjacent to the city.

If the City of Oneonta as an urbanized central place declines, there are financial, service and social consequences that could impact the Oneonta area. Officials in both the city and town are pursuing several strategies within their immediate control to promote short- and long-term stability.

Although not viewed by either municipality as a necessity at this time, an option exists to consolidate under one entity. Merging is a process recently streamlined by changes to state laws, but Oneonta does not have a comparable model or “best practice” to follow.

Two previous reports showed some areas of duplication and inefficiency between the neighboring municipalities and attempted to quantify most of the likely benefits from consolidation. This newest study focuses on sales

tax as a primary factor not adequately addressed in the past.

Consolidation, or otherwise limited merging of some functions, is not a simple or palatable subject. Any discussion will likely bring in subjective issues of equity, community and the relationship between individuals and larger groups. These subjects all reflect larger, ongoing debates in American culture.

In the meantime, because the sales tax has lately been such a significant contributor to area revenues, this study provides one more piece of evidence in a discussion that is likely to continue.

Given the public’s reluctance to broach the subject of inter-municipal relationships, this policy analysis takes an educational approach. The intent is to encourage dialogue around information in a step-wise process to a complex, contentious and rare public policy option.

In conclusion, analysis of the sales and use tax revenue countywide found that there appears to be a net benefit to a combined city entity – at least for this particular revenue source. Added to the efficiency savings predicted by another recent study, the net effect is estimated to be 6-10% of total expenses in the city and town from a recent year (2008).

If both communities see the magnitude of this estimated revenue as relatively valuable, then they may want to explore their inter-municipal options further.

Meanwhile, other related findings contained in this report deserve additional attention and are available in the final section labeled *Discussion*.

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The Center for Economic & Community Development (CECD) is an analysis and problem-solving resource to enhance the SUNY College at Oneonta and the surrounding region.

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Possible Impacts of City-Town Consolidation: A Focus on Sales Tax

Introduction

Given the historic economic decline, the City of Oneonta is like many organizations facing budgetary problems of providing its traditional services in light of declining revenues. Local government officials projected in spring 2010 that if present economic and fiscal conditions persist, the city faces budget deficits that will erode current financial reserves to below recommended levels by 2013 and erase all reserves by 2015. The projection attributed annual budget deficits primarily to reductions in revenues from state sources and the local sales and use tax, as well as increased personnel expenses. This deteriorating financial scenario would not only limit the city's ability to provide services but to invest in civic improvements. In response, city officials created a multi-year financial plan to address primary budget issues and avoid the problems predicted by continuing the present policies.¹

The city has taken initial steps internally to address this projected budget shortfall. In personnel, the Common Council approved an early retirement incentive program and an insurance buyout option for former employees and elected officials.² Revenue-related options considered in the city plan include incremental increases from traditional sources (e.g. real property, fees, fines and contracts) and additional payments in lieu of taxes for properties exempt from the real property tax. The plan forecasted state sources as stagnant and assumed a decline in sales and use tax revenue for several years.³

The current budget problem is within the long-term issue of development within city limits and controls. The "2007 City of Oneonta Comprehensive Plan" calls for actions to improve the city's economic health, government function and quality of place.⁴ Officials and community partners are currently in the process of revising the city's aged zoning codes and governing charter as well as exploring ways to improve and market city-based assets.⁵

However, some of the long-term options exist outside city limits and require influential relationships where city representatives lack formal authority. One of these external options appeared during the 2009 mayoral election when then-candidate Richard Miller Jr. announced plans to reopen the discussion of inter-municipal relations, including consolidation, with the surrounding Town of Oneonta. During one of his first public statements as mayor, Miller referred to a 1996 study of city and town operations and publicly advocated to update the results of that project, stating his belief that "consolidation offers long-term cost reductions and revenue enhancements."⁶ The city common council subsequently endorsed the idea with a formal vote, as did the local press in keeping with previous editorials supporting the concept of a study.⁷ However, merger talks were not a major issue during debates among town supervisor candidates during the campaign.⁸ A formal resolution for an inter-municipal study was not supported by the Oneonta town council following the election and subsequent city vote.⁹

The Town of Oneonta does not appear to be facing the same fiscal issues of the city that it surrounds. For example, the tax rate per \$1,000 of assessed value declined from \$3.54 in 1999 to \$3.24 in 2009;¹⁰ the town's total revenue from real property taxes collected has increased by only 5% since 1996 – not adjusting for inflation;¹¹ and the welcoming message on the town website announces that officials have "cut town taxes by 11 percent in the last six years."¹²

The town has benefitted from features that became marked assets in the economic climate of the past several decades. Notably there has been available mostly vacant, open land and improvements of the many transportation connections that helped the greater-Oneonta community prosper over the last century. Evidence for this relationship to these centralized resources appears in the town's zoning codes and map. These regulations recognize and reinforce dense, multi-use development in locations proximate to the city boundaries and the area's

major infrastructure supports, such as state roads and urban streetscapes, while discouraging such “congestion” and “overcrowding” in areas further from the regionally connected urban/suburban core.¹³

If the City of Oneonta as an urbanized central place declines, there are financial, public service and social consequences that could impact the Oneonta area as a regional crossroads as well as a desirable place to live and work. The town does not have some of the municipal structures to serve particular places so it currently maintains several contracts with the adjacent city for items such as fire protection and public water supply. The town also benefits from services provided by other government entities, such as the New York State Police and New York Department of Transportation, but in doing so cedes power to these other governments to provide and pay for services.¹⁴ In addition, the town lacks the legal ability to access a potentially significant revenue stream in the form of sales and use tax (“sales tax”). It therefore also lacks the influence to negotiate for a larger proportion of the present distribution except for advocating that the Otsego County Board of Representatives approve a higher “true value” of real property for apportionment each fall. Finally, many people – especially those outside the region – do not distinguish between the city and town boundaries.¹⁵ However, the following analysis will show that development in the town has also benefited the city. In other words, the stability and quality of place in the city and town seem interdependent.

Policy Alternatives

For the City of Oneonta, the status quo is not an acceptable option so it is pursuing several internal strategies according to a financial plan. Similarly, officials in the Town of Oneonta are not complacent and continue with actions to raise revenues necessary to support services as well as improving the efficiency – and efficacy – of that municipality’s operations. Both municipalities also appear willing to experiment with new approaches, such as revisions to long-standing zoning codes and tapping alternative funding sources.

Although not overtly supported by officials from either municipality as a necessity at this time, an option exists to consolidate the region, its citizens and properties under one governmental entity. Selective annexation is another option, but that policy re-slices the existing pie without significantly reducing duplicative service areas highlighted in previous reports. Dissolving the city into the town is another option, but the region then loses its prescribed legal right to sales tax revenue or to apply for programs and funding sources exclusively available to cities.

This study focuses on sales tax as a primary factor not adequately addressed by two previous reports which first showed areas of inefficiency (Greater Oneonta Task Force, 1996) and then quantified the likely benefits from eliminating these duplications through consolidation (Center for Governmental Research, 2008).

However, neither study was able to quantify the possible impact on sales tax revenue. The analysis presented here improves the evidence by providing a better estimate about the “known unknown” of potential sales tax revenue under a combined city.

Sound policy decisions rely on measuring projected outcomes given some criteria.¹⁶ So far, past studies have predicted some efficiency to be gained through consolidation. Further studies will be necessary to quantify the degree of effectiveness expected by this change compared to current conditions. There are few appropriate guides or best practices for city-town consolidation – especially within New York State. Most recent reports focus on city-county efforts, annexation within highly urbanized areas, or village dissolutions. Further, the consolidation debate will likely bring in subjective issues of equity, community, and the relationship between individuals and larger groups that reflect larger, ongoing debates in American culture.

In the meantime, because sales tax has lately been such a significant contributor to revenues in both the city and town, this study provides one more piece of evidence in a broader discussion that likely will continue.

Given some of the reluctance to explore the issue of inter-municipal relations more fully, this policy analysis takes the additional approach of being educational. The intent is to encourage dialogue around information in a step-wise approach to a complex, contentious and rare public policy option. If the analysis of one aspect – the sales and use tax – indicates the possibility of a valued outcome for both communities, such as greater revenue than currently received, then there may more incentive to explore issues related to inter-municipal alternatives.

Report Organization

This report falls into several major headings.

The first three sections provide background information to describe some of the conditions, forces, studies and conversations related to inter-municipal relations. These include:

- A series of charts and figures showing revenue and expense trends at the local level based on over a decade of annual financial reports from the city and town as well as two fire districts within the town;
- A review of related activities outside Oneonta, such as public policy advice from nationally focused think tanks and academic researchers, examples from New York State history, a recent statewide commission charged with examining the idea of consolidation, and interest groups representing different municipal viewpoints; and
- Examples of municipal reorganization efforts such as annexation, city-county merger, village dissolution, special district consolidation and city-town relations with reviews of several recent discussions in New

York State, including Oneonta, that have considered city-town issues.

The next sections narrow the focus of this study to show the significance and potential implications of the sales and use tax for the municipalities in Otsego County and for the county government. Whereas previous reports focused on describing and quantifying possible areas of functional efficiency, no report has provided an acceptable approximation of sales tax revenue, which remains a relatively significant source for Otsego County governments compared to other places in the region. The related sections describe:

- Background information on sales tax rates and the current municipal distribution of revenues from this source within Otsego County;
- The base for modeling predictive scenarios, since the City of Oneonta currently does not charge its own sales and use tax; and
- A model based on a census of retail sales – and reasons to reject it – ahead of the latest model that uses a one-year report of actual retail sales tax reports along with an assumption about per capita spending to better estimate the location and attribution of sales tax in the city and town.

The final major section features a brief discussion of the results and potential implications for inter-municipal discussions to move forward at the local level.

Appendices show how state officials categorize local revenues and expenses; evidence for why CECD rejected the retail sales census model; and tax distribution revenue expected by local governments through the approach using Actual Revenue & Population data.

Oneonta Municipal Finances

In 2008, the New York State Comptroller launched an internet-accessible public database of spending by state agencies, municipalities and districts.¹⁷ The database contains fourteen years of financial data in various categories for individual local governments based on municipalities' annual financial reports. The Center for Economic & Community Development (CECD) at SUNY Oneonta downloaded data for each year from 1996 to 2008, the most recent information available at this time. (A complete listing of sub-categories appears in Appendix A.)

As shown in figures 1 & 3, Sales and Use Taxes and Real Property Taxes comprised significant portions of the total revenues for both the city and town of Oneonta.¹⁸ Increases in sales tax revenues have been greater than increases in property tax collections for both municipalities over the last decade. The figures are in nominal dollars not adjusted for inflation.

Other revenue and expense categories in the Comptroller datasets are difficult to compare between municipalities, particularly cities and towns, without drilling down to deeper line items that are very similar or by moving figures to comparable accounting areas. Examples are in the categories for state and federal aid sources. Although originating from these larger entities, the purposes and regulation of these revenues can vary. Also, neighboring governments may have different accounting practices. For example, the City of

Oneonta attributes employee benefits to each respective department in different expense categories.

In addition, neighboring municipalities have cooperative agreements and may charge each other for services that offset their respective revenues and expenses. For the 1996 report issued by the Greater Oneonta Task Force, the recommended process called for rearranging departmental and personnel items based on local financial data to better account and compare similar revenues and expenses given similar functions and services.¹⁹ This was also the recommendation of the 2008 report by Center for Governmental Research.²⁰ This recommendation holds in this study, but should be based on likely reorganization alternatives decided during talks between city and town officials.

Resources not attributed to the Town of Oneonta annual financial reports are two special districts: the Town of Oneonta Fire District and the West Oneonta Fire District. These municipal layers cover portions of the town with revenues primarily from special assessments of real property within each district. The Town of Oneonta contracts for fire services with the City of Oneonta's full-time department for the areas not covered by the West Oneonta volunteer fire department. Mutual aid agreements with neighboring departments are also not accounted here. The nearly \$800,000 in combined expenditures were not included in the \$3.2 million expenditure total for the Town of Oneonta in 2007. See tables 1 & 2.

Table 1: Town of Oneonta Fire District Revenue and Expenses (selected years)

	1996	1998	2000	2002	2004	2006	2008
Total Revenues	250,006	254,332	385,218	396,669	449,567	586,464	716,777
Payments In Lieu Of Taxes	-	-	3,484	4,784	8,827	1,544	39,401
Real Property Taxes	246,662	250,963	373,022	387,455	438,060	573,367	667,901
Interest And Earnings	3,344	3,369	8,712	4,430	2,680	11,553	9,475
Total Expenditures	246,731	262,527	376,515	402,564	452,169	584,747	682,781
Fire Protection	246,731	262,527	351,958	402,564	452,169	584,747	682,781
Judgments	-	-	24,557	-	-	-	-

Source: New York State Office of the State Comptroller, www.openbookny.com

Table 2: West Oneonta Fire District Revenue and Expenses (selected years)

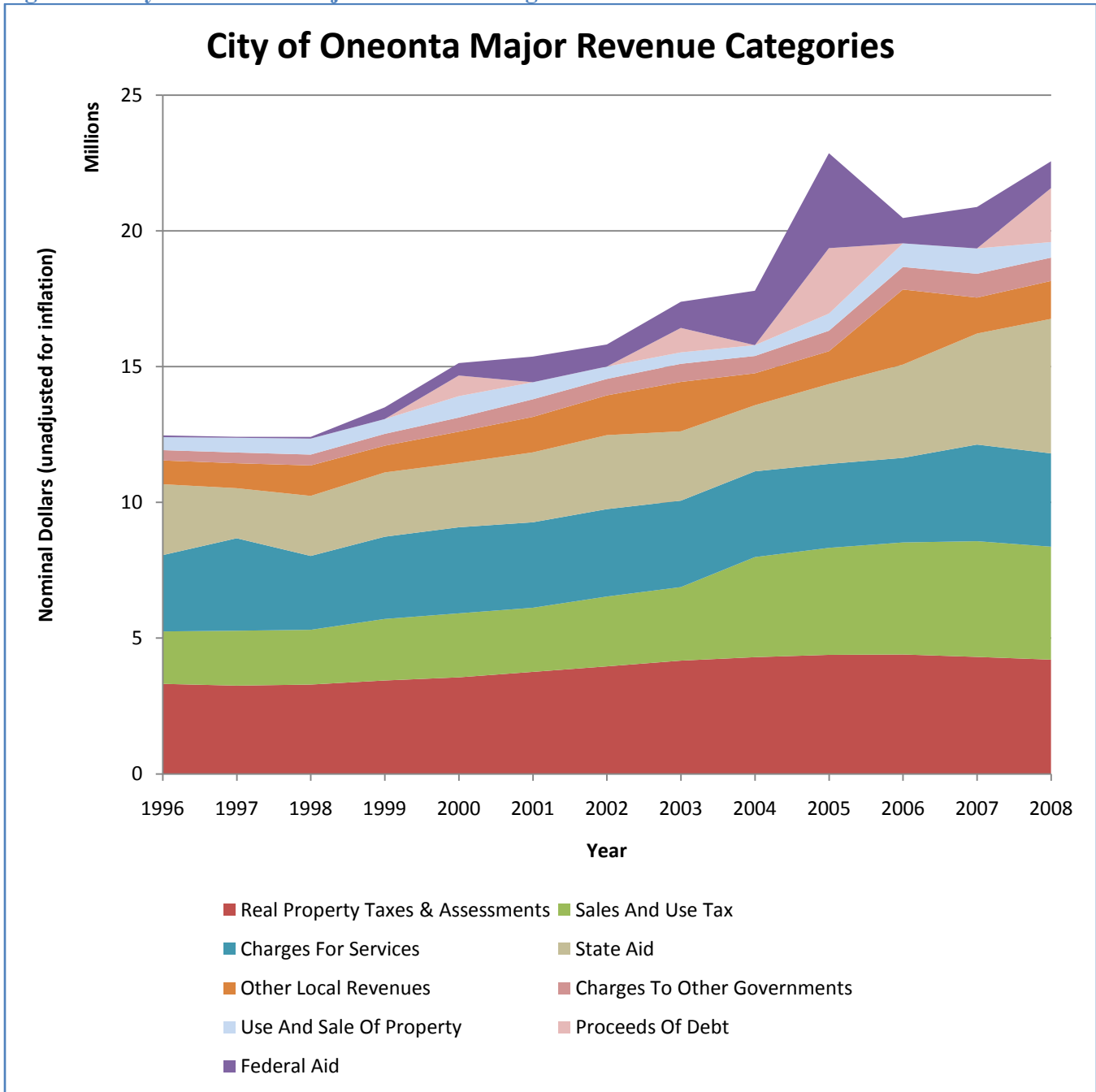
	1996	1998	2000	2002	2004	2006	2007
Total Revenues	68,478	60,926	80,215	58,984	195,231	100,697	83,977
Public Safety Charges	2,652	2,232	694	-	-	-	-
Federal Aid - Public Safety	-	-	-	-	72,000	9,217	-
Compensation For Loss	1,537	539	1,469	2,575	2,220	-	-
Miscellaneous Revenues	1,800	3,168	26,732	-	1	1	-
Sale Of Obligations	-	-	-	-	60,000	-	-
Real Property Taxes	57,312	52,416	46,173	56,295	60,681	85,257	83,381
Miscellaneous State Aid	-	-	-	-	-	2,954	-
Interest And Earnings	1,676	2,571	2,147	114	329	3,268	596
Sale Of Property	3,501	-	3,000	-	-	-	-
Total Expenditures	57,676	58,295	83,373	69,774	183,156	68,164	93,337
Debt Principal	20,500	20,500	20,500	19,137	17,000	23,000	23,862
Interest On Debt	8,979	6,074	3,629	1,035	7,055	8,074	6,236
Fire Protection	28,197	31,721	59,244	49,602	159,101	37,090	63,239

Source: New York State Office of the State Comptroller, www.openbookny.com; 2008 data not available

In addition, there are other government services within the city or town not provided, or paid for directly, by either municipality. In public safety, for example, the State University of New York College at Oneonta University Police Department, “a force of seventeen sworn police officers with full arrest powers,” patrols property occupied by the college that straddles the city and town.²¹ New York State Police Troop C patrols a large region that includes the city and town of Oneonta and other places from their Zone 1 station in the Town of Oneonta.²² The Otsego County Sheriff Department

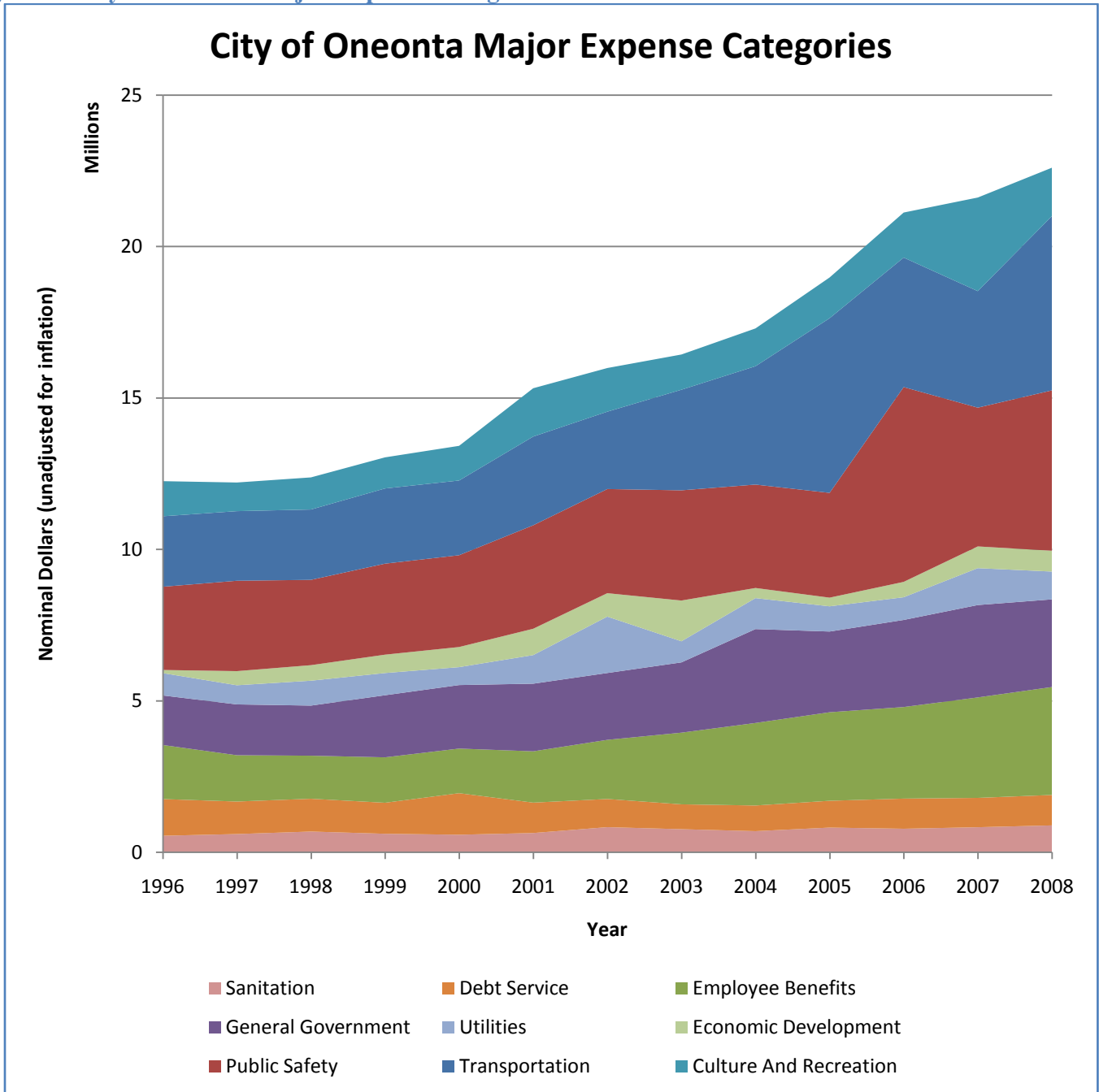
Patrol Zone #5 also includes the city and town of Oneonta.²³ Road maintenance can be another large line item in municipal finances. The New York State Department of Transportation Region 9, with headquarters in Binghamton, maintains state roads that pass through these and other municipalities in the region according to geography-based instructions codified in state laws.²⁴ These services may continue to some degree if municipal boundaries shifted unless state or county statutes and policies change.

Figure 1: City of Oneonta Major Revenue Categories



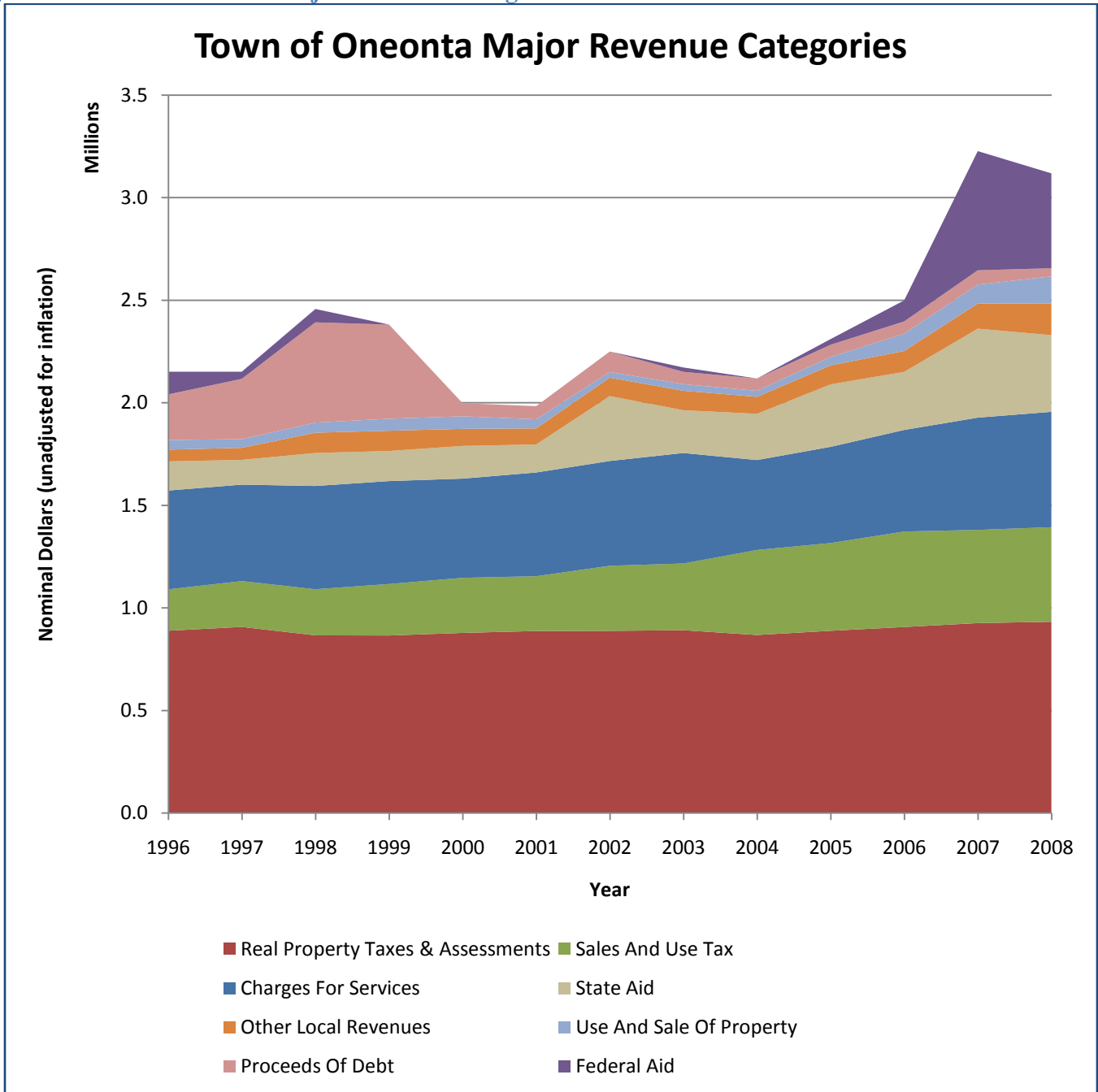
Source: New York State Office of the State Comptroller, www.openbookny.com

Figure 2: City of Oneonta Major Expense Categories



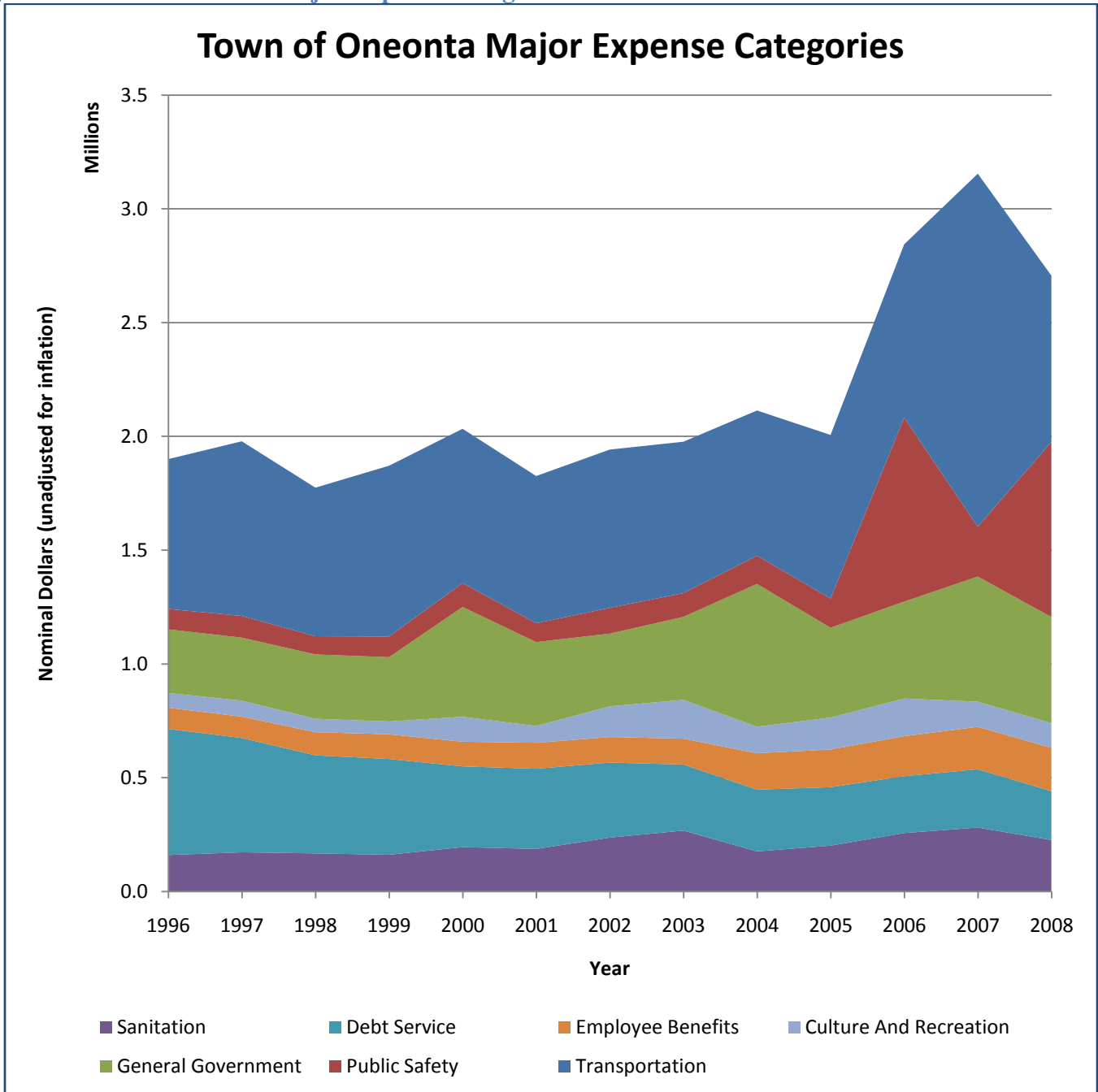
Source: New York State Office of the State Comptroller, www.openbookny.com

Figure 3: Town of Oneonta Major Revenue Categories



Source: New York State Office of the State Comptroller, www.openbookny.com

Figure 4: Town of Oneonta Major Expense Categories



Source: New York State Office of the State Comptroller, www.openbookny.com

Other Inter-municipal Relationships

If the City of Oneonta has existed in its present boundaries since the early 20th century, why are officials even mentioning consolidation? One response is that other people and communities have had similar discussions in many other places for a long time.

The issue of municipal reorganization is often a topic at larger levels of our federal system of government. It seems to be everywhere today. One proponent of change is Bruce Katz, Brookings Institution vice president and Metropolitan Policy Program founding director. He has remarked that American states should realign their local governments to support metropolitan regions as the economic engines of today rather than perpetuating a weak, fragmented and inefficient mix of historical boundaries and structures. Katz has advocated consolidating school districts and special-purpose authorities, encouraging inter-jurisdictional collaboration, and delegating state functions to regional organizations.

In *The Wall Street Journal* Katz wrote: “In geographical terms, little boxes [of government] ensure that in almost every region scores of archaic boundaries artificially divide areas that otherwise represent single, interrelated social, economic and environmental communities. Such divisions complicate efforts to carry out cross-boundary visioning, plan cooperatively or coordinate decision-making across large areas.”²⁵ Similarly, Mitchell Moss, a professor at New York University’s graduate school of public service, recently called for an end to redistributing tax dollars into what he called uncompetitive areas of the state.²⁶ These and other fiscal arguments may compel some local governments to consider different cost-cutting arrangements for service provision, including inter-municipal relations, or alternative revenue streams. This line of reasoning tends to support urban regional forms.

Other contributors to the debate see nuances in carrying out such mergers. RAND Corporation analysts recently acknowledged that a multifaceted tension exists in government organization around different valuations and perceptions of equity in

constituent representation, service provision, economic efficiency, and community goals.²⁷

This dynamism between regions and their governments is not new. There are many examples of how groups with various interests aligned themselves individually or in coalitions alongside others during the evolution of American cities. For example, a delegation of Utica business owners and elected officials were in the New York State capital a century ago to meet with legislators about that city annexing five nearby villages. The idea was reportedly opposed by people in areas outside the city.²⁸ Similar, multi-faceted arguments appeared in discussions of consolidating “Greater New York” (City) in 1896.²⁹

Inter-municipal conflict between places is expected. According to research by economic development experts John Blair and Michael Carroll, diverse jurisdictions are likely to differ about the best use of scarce resources. Policy responses may try to find benefits for both entities or to adjust any disparities between them. The tension between cities and their regions have been described in the so-called Suburban/Central-City Exploitation Thesis, which implies that suburban residents are nearly free-riders on city dwellers and associated urban services. However, Blair and Carroll found mixed evidence about this idea.³⁰

Although the subject is a theoretical topic for historians and political economists, this difficult discussion continues in reality at numerous governmental levels.³¹ One source that describes the period in which a majority of New York State states incorporated is Downtown by urban historian Robert M. Fogelson. He described the power struggles found in many American cities from 1880 to the mid-20th century and called these “spatial politics.”³² The issues are not limited to New York or the United States of America.³³

New York State recently devoted significant time and resources to reconsider municipal structures. In 2006, reports from the Office of the State Comptroller called the state’s municipalities and their boundaries “outdated.”³⁴ A subsequent state Commission on Local Government Efficiency and Competitiveness (LGEC) commissioned several

studies on the subject, including one from Donald Boyd, a senior fellow at the Nelson A. Rockefeller Institute of Government of SUNY Albany. Like those at RAND Corporation, Boyd described a tension that exists between government closer to its people and the more limited ties to a regional effort. Any broader arrangement than the current municipal organization may have to realize – and citizens would have to experience – specific outcomes for people to favor any change. Boyd cited substantial service improvement or tax reduction as examples.³⁵

Several state officials have argued that benefits will result from increased local government efficiency. As New York State Attorney General, Andrew Cuomo pushed for legislation to streamline the process of municipal consolidation, dissolution, or transfer of functions or duties, which Governor David Patterson signed into law in June 2009. The *New N.Y. Government Reorganization and Citizen Empowerment Act* became effective March 2010.³⁶ It is too early to see or predict what impact this policy change will have, but the bipartisan Legislative Commission on Rural Resources recently highlighted this section of the laws of 2009, Chapter 174, as “significant.”³⁷ As a candidate for Governor in 2010, Cuomo also made the reorganization of local government and related incentives a main issue early in his campaign.³⁸

Although a public policymaking priority in recent years, the focus on local government fluctuates by governmental level and ideology. During their respective gubernatorial campaigns in 2010, Carl Paladino and Rick Lazio instead prioritized reorganization of state government, agencies and related public authorities and advocated for lessening the statewide mandates on local governments and school districts.³⁹

Other interested parties continue to debate these issues and policy responses. One source is the New York State Conference of Mayors (NYCOM), an organization that represents city interests. A recent newsletter article by Wade Beltramo, NYCOM general counsel, used the concepts of fairness and equity to argue why city and village officials should involve themselves with issues in neighboring places outside their municipal boundaries,

particularly towns. Calling the present situation self-perpetuating, unfair and unsustainable, he wrote:

“Instead, cities and villages lose substantial population and commercial activity to outlying areas while they remain the primary locations for the tax-exempt governmental and non-profit organizations upon which their surrounding communities rely.... While the costs are limited to the host municipality, the benefit of these services is enjoyed by the entire region, including the towns in which new development is occurring.”⁴⁰

Beltramo advised city and village officials to consider annexation of areas of urbanized development, especially in predominantly rural regions, or where town residents receive services provided by the city or village. He also encouraged officials to examine the consequences of land use regulations such as zoning in adjacent areas – and regionally – as well as to look inside their own boundaries to “insure that their zoning codes are not inhibiting sustainable redevelopment within the city or village.”⁴¹

Sources affiliated with town-related interests in New York have also recognized links between government layers and types. According to information available on its website, the Association of Towns of the State of New York saw the decades of population shift and commuting patterns from cities to towns as lessening the dependency on traditional urban centers while also creating urban conditions and service needs within many towns.⁴² Further, the association’s legislative advocacy statements show a commitment to home rule, but acknowledge the role of government partnerships that foster “shared economic prosperity and to improve the quality of life for those who live, work and visit New York.”⁴³

However, the town-focused group warned against going beyond certain inter-municipal partnerships. Following receipt of a report on local government efficiency, G. Jeffrey Haber, executive director of the association, concluded that full consolidation would not achieve “material cost savings or better

governance.”⁴⁴ The report for ATSNY by public policy consultant Wendell Cox refuted assertions associated with establishing New York’s Commission on Local Government Efficiency and Competitiveness. (Cox completed a similar report in 2005 for the Pennsylvania Association of Township Supervisors in 2005 and for the Indiana Township Association in 2009.)⁴⁵ One recent internet post attributed to Cox summarized the conclusions echoed in his consultancy’s studies: “The reality is that there are few, if any, economies of scale in local governments, except for the special interests that can influence them more readily, for less cost, as the town hall is moved farther away from citizens.”⁴⁶

This is the larger environment in which local discussions about municipal reorganization occur. Many people and places are waiting to see what happens when a similar community seriously takes on this topic. The challenge is great. There are many layers of government in New York State, including state governance, counties, towns, cities, villages, regional authorities, school districts and other special districts (e.g. lighting, fire, water, sewer). Any discussion of relationships between governments must also consider the size and type of municipality or district given the geographic, demographic, partisan, legal and social distinctions between these areas.

Municipal Reorganization Efforts

Annexation is one way the boundaries and other aspects of a municipality can change. In New York State, annexation is covered by General Municipal Law Article 17, Sections 700-719. A study by the Brookings Institution indicated that cities with elastic borders through continued use of annexation had better fiscal health as judged by bond ratings. This indicator was stronger than other signs such as poverty rate or median household income. Annexation was less widely an option in northeast states such as New York where splintered governments were often associated with disparities in wealth and economic segregation. Absent annexation, the Brookings study advised, regions around cities could achieve similar results through policies combining inclusive mixed-income

housing, regional economic development and collaboration, and tax-base sharing for common services and interests. For the difficult work of changing policy structures as well as citizen attitudes, the author suggested facilitating coalitions of businesses and local community groups that see such gradual changes in municipal boundaries as being in their own interests.⁴⁷ Annexation has been so rare in New York State that most studies reviewed for this report instead focused on consolidation or dissolution.

On a broad geographic scale, many studies lately have considered the option of cities merging into their county borders. In New York State, much of the recent focus has been on the City of Buffalo and Erie County. A 2005 report by the Greater Buffalo Commission illustrated benefits in reduced political infighting and streamlined decision-making toward regional effectiveness as well as better competitiveness from potential cost savings in service provision. The cost reductions projected would not be from service efficiencies of the merged entity, but from renegotiations of municipal contracts and service awards.⁴⁸ Other studies support the conclusion that the benefits of city-county mergers are not established and that the merged costs may be higher, depending on the negotiation of services, contracts and benefits.⁴⁹

Aside from studies of broad regions, like in Buffalo, inter-municipal discussion has also happened at more discrete levels. For villages and other relatively small municipal districts, studies tend to focus on shared services or dissolution. In some areas, residents are part of – and property owners are taxpayers to – three layers of municipal government (i.e. county, town and village) as well as special districts (e.g. school, fire, water, sewer, light).

There were more than 550 villages in New York State, according to the 2000 U.S. Census, providing a relatively large base if possible case studies. A 2006 Rural Vision Project report from researchers at Cornell University reviewed attempts by villages to dissolve and found mixed outcomes.⁵⁰ Another Cornell study conducted by Michael Hattery and presented to one New York village suggested that dissolution into a hamlet of the surrounding town

can stem from a lack of community involvement in low-populated areas and fiscal distress. Town residents would have no formal vote in the matter other than representation on a dissolution study committee. Studies have usually predicted tax increases in the towns and establishment of multiple special districts related to former village districts or services.⁵¹

Other interested groups have explored village options, too. The New York State Bar Association later offered an outline of the process for village dissolution or transfer of government functions.⁵² In 2009, the League of Women Voters of New York State published a bibliography of such efforts that included links to newspaper articles, collaborative websites and actual reports – many of them authored by the Rochester-based non-profit Center for Governmental Research (CGR) – for about a dozen villages.⁵³ However, opposition to dissolution exists. For example, NYCOM president and Mayor of West Hampton Dunes Gary Vegliante argued against dissolving villages as “a panacea to the financial and economic challenges facing New York” since that municipal format consolidates what would devolve into many special districts.⁵⁴

School districts have also entered the debate about governance and service provision. For example, the Otsego Northern Catskill Board of Cooperative Educational Services (ONC BOCES) – itself an effort to consolidate and streamline common school services – recently examined how its component school districts can better collaborate. The talks stopped short of formally discussing district consolidations which are under local authority, not of BOCES.⁵⁵ Researchers in sources cited here have not fully explored the parallels between efficiency and competitiveness discussions within municipalities and school districts.

City-town consolidation discussions have been less prevalent than among villages, possibly due to the lower number of cities. Of 62 cities – nearly all incorporated prior to 1920 – there are few recent examples of city-town consolidations or studies in New York State. The NYS Commission on Local Government Efficiency and Competitiveness published a memorandum describing the issues of city-town consolidation with the perspective that a

new city would be the intended result. Noted concerns were of constitutionality, home rule, differing tax zones, city school district responsibilities, debt obligations, public employee transfers, and roles of elected and appointed officials.⁵⁶ While many New York State counties have examples of shared or consolidated services (e.g. countywide property assessors), only a few municipalities seriously considered closer relationships between cities and towns.⁵⁷

The following is a list of city-town consolidation efforts recently featured in studies or news reports:

- City of Batavia / Town of Batavia engaged the Center for Governmental Research (CGR) to work with a joint consolidation study committee. The CGR recommended combined city status with a tiered district structure.⁵⁸ That city’s government continues to explore the options.⁵⁹
- Village of Cobleskill / Town of Cobleskill were the subject of a CGR exploration of options for additional shared services, regional service alternatives and city status. The latter option depends on the new city receiving a greater proportion of sales tax revenue that likely is generated within the present village limits and the potential for accessing economic growth areas currently within town borders. However, the report warned of possible detrimental fiscal impacts on the county and surrounding towns. Local officials continue to study this report.⁶⁰
- City of Cortland / Town of Cortlandville: a member of the City Common Council is working on plans to dissolve city government, leaving the provision of taxes and services to the surrounding town. The idea reportedly met opposition from other city elected and appointed officials as well as town representatives.⁶¹ The idea stemmed from a 2008 study by CGR on potential implications of merging the city with the town or dissolving the city.⁶²
- City of Ithaca / Town of Ithaca: municipal officials have been considering – and acting upon – the possibilities of “Greater Ithaca” for many decades. Options have included shared service contracts and other ideas about consolidation.⁶³

- City of Norwich / Towns of Norwich and North Norwich were the subject of a CGR report that gave options for merging the city with two neighboring towns or dissolving the city into the surrounding town.⁶⁴
- The City of Oneonta / Town of Oneonta was also part of the studies conducted in 2008 by CGR with support from the New York State Commission on Local Government Efficiency and Competitiveness. Chapter 3 of that report covers the greater Oneonta community including geographic, demographic, governmental, and general fiscal descriptions (based on 2006 reports from the Office of the State Comptroller) of each municipality. The CGR report also reviewed the status of inter-municipal services and any related agreements, including several areas of county service provision, and possible fiscal impacts of consolidation. The report indicated that a consolidated city could receive **a net benefit amounting to about 4% of city and town expenses in 2006** (including separate fire districts) primarily through additional state aid revenue and cost savings from personnel and benefits reductions. Likewise there could be some fiscal financial benefit to city taxpayers if the city dissolved into the town, according to the report which did not discuss this option at a similar length.⁶⁵ The CGR report also did not explore annexation by the city of selected town property and the resultant real property and potential sales tax revenue shifts.

The CGR study followed – and cited – a 1996 report from a task force on inter-municipal relations facilitated and compiled by the SUNY Oneonta Center for Economic & Community Development (CECD). That study showed service areas in which the municipalities had **duplicative or ineffective services** and indicated other areas that a synergy of both could provide in services not supported by the city or town on their own. The task force found that both entities provided similar functions, but that only modest cooperation occurred – particularly among what the task force concluded were duplicative services and personnel. Finally, the task force considered using what it saw as a rising trend in using sales tax revenues to offset property tax increases in both municipalities.

The “Final Report on Intergovernmental Relations between the City and Town of Oneonta” (1996) contended that communities that did not create conditions to expand residential and business populations may fail. It concluded that “movement toward one governmental unit” and its economies of scale may help the region adapt to external conditions that pressed municipal costs higher and encouraged dramatic changes to the region’s industrial base. The report recommended functional consolidation of many service areas for the proposed benefit of cost-effectiveness and service enhancement. A highlighted recommendation was to create a nine-member joint commission, including the city mayor and town supervisor, to further study the possibility of consolidation.

A centerpiece to the revenue side of the case for consolidation was that the merged city could realize a net gain in sales and use tax revenue. At the time, the report implied that this additional revenue could greatly offset property taxes within the expanded city.⁶⁶ The report also noted in an appendix that sales tax imposed by this larger city would affect the amounts redistributed to other municipalities in Otsego County as well, assuming that a certain level of taxable sales was attributed to the new city.⁶⁷

Since 1996 the city and town have re-negotiated contracts that provide areas of the town with services such as fire protection, but have not officially broached the idea of further functional consolidation or total merger.

Given the renewed rhetoric and policy activity surrounding inter-municipal relations at various levels of government, this case study examines the data available for one place in New York State to estimate the potential impact of consolidation. The primary focus at this point in the study process is on sales tax as a significant revenue source distributed between Otsego County and its local municipal governments.

Significance of Sales Tax

The comparability of municipal finances could improve with a line-item analysis of coded figures based on records from each municipality. This more direct analysis than presented by viewing data from the state comptroller would better indicate if efficiencies will be gained through consolidation of government functions and services to achieve similar, or better, service levels at the same or lower financial costs.

The issue of sales tax, however, has broad implications for the surrounding region. Changes that impact sales tax will have significant ripple effects since it has varying importance to individual municipal budgets. Statewide over the last decade, cities generally relied on sales tax disbursements for

nearly 20% of their total revenues. The proportion was even less for towns (nearly 10%) and villages (about 5%).⁶⁸ In Otsego County, sales tax comprised about 5% to 20% of total municipal revenues locally in 2008.⁶⁹

In comparison to neighboring counties, the sales and use tax contributes greatly to total revenue attributed to Otsego County. An estimate showing greater sales tax revenue per capita (with equal local tax rates) is evidence that shows Otsego County has more purchasing power among residents, greater spending by persons from outside the county (e.g. tourists, regional shoppers, etc.), less leakage of qualified purchases to other counties, or a combination of these and other factors. Regardless of the reason, Otsego County gains more from this revenue source than one would expect.

Table 3: Sales and Use Tax Revenue and Estimated Revenue Per Capita for Selected Counties 2008

	Gross Sales and Use Tax Revenue (2008)	Percent of Total Revenue	2008 Population	Sales Tax Revenue Per Capita (est)
Otsego	\$33,450,375	32%	61,811	\$541
Delaware	\$19,869,340	21%	45,938	\$433
Schoharie	\$13,412,828	23%	31,803	\$422
Chenango	\$18,299,855	20%	50,937	\$359

Sources: OSC Annual Financial Reports at www.openbookny.org; U.S. Census Bureau population estimate; CECD calculation

Sales Tax in Otsego County

In addition to the state, every county in New York State imposes a local sales and use tax (“sales tax”). The figures range from a statutory maximum of 3% allowed by simple local approval (NYS Tax Law Article 29, Subsection 1210) to 4.75% under temporary New York State legislative authorization. As of November 2009, most counties had approval to impose a local sales tax up to 4%, including Otsego County and most of its neighbors.⁷⁰ State lawmakers authorized Otsego County to impose its additional 1% sales and use tax (from 3% to 4%) effective December 2003.⁷¹ Unless extended again, this rate will sunset in November 2011.⁷²

The total sales tax on eligible purchases combines any local rate with a statewide sales and use tax. The statewide tax has ranged from 2% to 4.25%, and is currently 4%. Vendors remit both local and state collections directly to the New York State

Department of Taxation and Finance (DTF) then the NYS Office of the State Comptroller distributes proceeds to chief fiscal officers of counties and cities at least quarterly.⁷³ The current total of 8% seen on Otsego County sales tax receipts adds the statewide sales and use tax (4%) to the county tax (4%). The City of Oneonta currently does not have a sales tax, but only cities and counties are allowed to charge this tax.

Otsego County is among 45 counties that redistribute some portion of the local sales tax to local municipalities; neighboring Delaware County does not.⁷⁴ Otsego County towns and villages currently share in local sales tax revenues under an agreement between the City of Oneonta and Otsego County government that came into effect in 1992.

The City of Oneonta previously received some sales tax revenue after officials approved a local sales tax only on food and drink sold in eateries or by

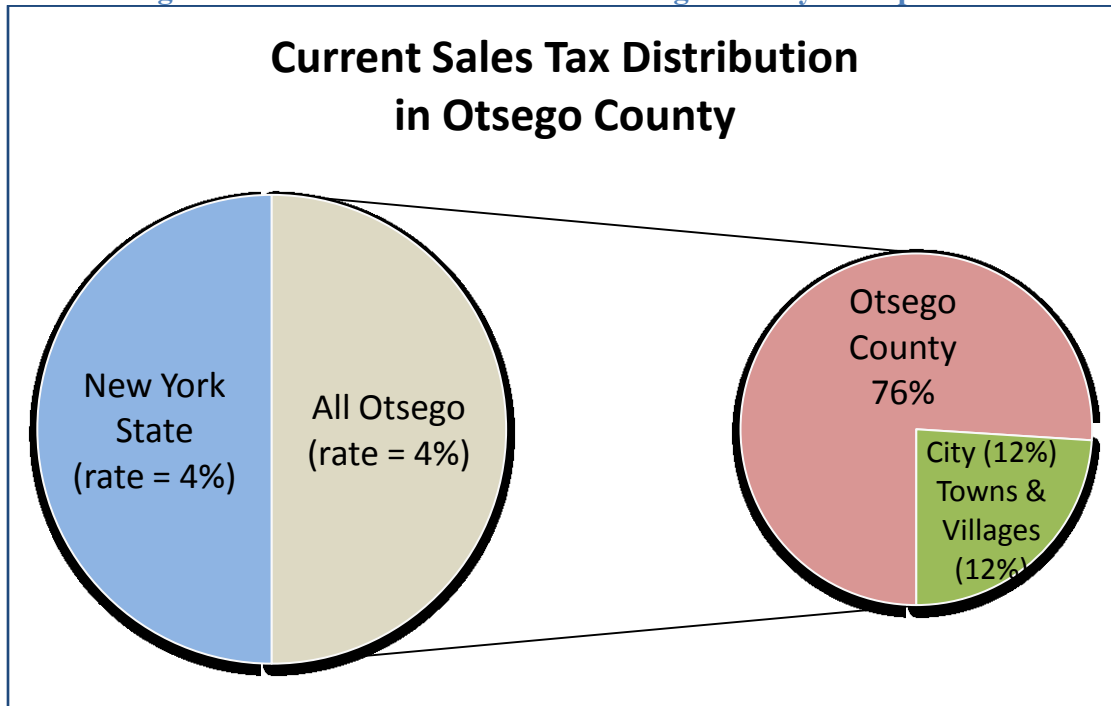
caterers within the city limits effective March 1, 1991. For those goods, the city charged the maximum 3% sales tax in addition to the state's 4% for a total of 7%. The rate outside the city remained at 6% (4% state, 2% Otsego County) for these goods.⁷⁵

The current Otsego County sales tax revenue-sharing agreement came after the City of Oneonta Common Council passed a series of related measures. City officials voted in June 1991 to impose a 3% sales tax effective March 1992. Common Council records state that "if the City passes the pre-emptive motion this evening, the County would sit down with the City within the next month to work out some type of agreement."⁷⁶ By October 1991, Otsego County planned to raise

its sales tax to 3% and negotiate a revenue-sharing agreement that required the city to repeal its preemption and sales tax.⁷⁷ At the end of that month, the Common Council voted to repeal its sales and use taxes effective December 1991 and execute a sales tax sharing agreement with Otsego County.⁷⁸ Under the 1992 agreement, the City of Oneonta waived its right to preemption of a portion of the sales tax collected within its municipal boundary.

Of the money returned to the Otsego County Treasurer from state collections since 1992, the Otsego County government keeps 76% of the total amount and distributes the remaining 24% of total funds to the city (12%) and towns and villages (12%).

Figure 5: Sales Tax Distribution in Otsego County 1992-present



Towns and villages receive part of the 12% share based on proportions of their combined full valuation of all assessed real property before exemptions (i.e. includes properties exempt from real property taxes such as hospitals, churches, museums, educational institutions, etc.).⁷⁹ For individual towns and villages, this figure can fluctuate based on changes in total assessed value of real property within each municipality as set by the Otsego County Board of Representatives each fall.⁸⁰

Since at least 1996, the Town of Oneonta has received about 1.4% of countywide sales tax collections annually.⁸¹

In 2008, for example, Otsego County received approximately \$33.45 million in sales and use tax revenue from NYS Department of Taxation and Finance collections. From this it redistributed about \$8.0 to million the City of Oneonta, villages and towns (24%). The City of Oneonta received \$4.0

million and the remaining towns and villages shared \$4.0 million per the 1992 agreement. The municipal share for the Town of Oneonta was about \$461,000 – about 1.4% of the countywide total, 5.8% of the municipal redistribution, and 11.5% of

the amount split among towns and villages.⁸² The latter figure reflects the Town of Oneonta’s proportion of total assessed valuation of real property before exemptions after county representatives apply an equalization rate.

Table 4: Real Property Assessed Values for Town of Oneonta 2008

Municipality	Total Assessed Value before Exemptions	Equalization Rate	True Value for Apportionment	Proportion of Total
Town of Oneonta	271,465,429	61.85	438,909,344	11.6%
COUNTY TOTAL (excluding City)	2,230,259,537		3,785,282,326	

Source: “Proceedings of the Board of Representatives of Otsego County 2007,” Otsego County, NY, 2008; CECD calculation.

Sales Tax in Cities

Cities in New York State are allowed under state law to impose their own sales tax; towns or villages may not. As of November 2009, a total of 20 cities in the state levied a sales tax. According to a report from the NYS Office of the State Comptroller, cities must share at least half of the 3% statutory maximum – or 1.5% – with the county when preempted unless exempted or otherwise entitled by state law. Sales and use tax rates vary across New York State cities.⁸³

Current state tax law specifically allows Otsego County and the City of Oneonta to charge a rate different from the statutory minimum.⁸⁴ However, the language is somewhat unclear and ambiguous given the allowance in another section for “Otsego County” to tax at the 4% rate unless the approval sunsets in 2011. This analysis assumes that the City of Oneonta could preempt half of that additional temporary amount.⁸⁵

When both jurisdictions levy a sales tax, the rates do not add together. According to the NYS Office of the State Comptroller, in general, “When the city’s 1.5 percent tax rate becomes effective, the county’s... tax rate (within the city boundary) rolls back to 1.5 percent.” Counties must then share with the remaining towns and villages all local sales tax revenue generated outside the city at the same 1.5% rate. Counties are not required to share the remaining amount above the 3% rate unless stipulated in a sharing agreement, legislative authorizing agreement, or local enactment.⁸⁶

The analysis presented here is based on an equal rate among all jurisdictions. This assumes that city officials would approve a city sales tax at the maximum rate currently allowed which would “roll back” the existing Otsego County tax within the city. The effective city rate would become 2% so the total sales tax charged within the city, combined with the 2% county portion, equals the maximum allowed 4%. This 1:1 ratio would carry over into sales outside city limits to be shared between county government and towns/villages. Should the current 4% rate limit sunset in 2011 and revert to 3% locally, all parties would experience rate reductions – and revenue distributions – in equivalent proportions (i.e. 1.5%).

Sales Tax Revenue Estimates

The fiscal benefit to a city exercising the option to levy its own sales tax depends on the revenue it may expect to receive under a new arrangement compared to what it already receives. There also will be wider revenue consequences to other governments given preexisting revenue-sharing agreements, such as that based on total real property values in Otsego County. Further, any benefit to one municipality may be offset among its constituents who contribute taxes to county and city or town coffers (villagers are responsive to taxation in three areas: county, town and village).

An appendix of the 1996 Greater Oneonta study estimated that the amount generated within an area covered by the city and town of Oneonta may be 55% of the county’s taxable sales.⁸⁷ This was an

educated guess at best. A windshield tour of the county suggests that much of the sales tax revenue comes from purchases that occur within the city and town of Oneonta. The city has several viable commercial corridors, including its traditional downtown. The Town of Oneonta commercial areas have grown considerably since 1996 with the addition of many internationally recognized regional retailers. These so-called “big box” stores are often significant contributors to the retail sector in rural areas like Otsego County. With few localized exceptions, such as The Commons commercial plaza in Hartwick, no other Otsego County municipality seems to have experienced such apparent net growth in significant new retail business development.⁸⁸ A review of building permit data found a majority of commercial construction centered in the Town of Oneonta and somewhat along the NYS Route 28 corridor south of Cooperstown in the Town of Hartwick. Other areas have experienced mostly new residential construction and renovations to existing structures.⁸⁹

Places within Otsego County are not the only source of sales tax revenue. Since the 1996 study the so-called “bricks-and-mortar” marketplaces have also combined with virtual storefronts (i.e. online sales; see NYS Tax Law Subsection 1101(b)(8)(vi): “...whether by a link on an internet website or otherwise...”) and other decentralized business spaces (e.g. home office) for sales tax revenue. Therefore, quantifying sales tax generated within a

location is difficult unless a geographic code is already in place.

Method 1: A Retail-Based Model

One way of approximating how much sales tax may be generated by businesses within a municipality is through the U.S. Census Bureau Economic Census. The Center for Governmental Research, a non-profit research firm with experience in the New York State Department of State Shared Municipal Services Incentive Grant Program, used this methodology in at least one case study about municipal consolidation. In its analysis of the potential impact of the Village of Cobleskill becoming a city, CGR used the 2002 Economic Census data for the village and Schoharie County. As the report asserted, “Our experience indicates that retail trade does capture a majority of taxable sales activity.”⁹⁰

Retail sales data from 2007 became available in mid-2010 as part of the Census Bureau’s five-year measurement cycle.⁹¹ These data suggest that a third of all Otsego County retail sales dollars from establishments located in Otsego County originated within the City of Oneonta. Nearly three-quarters of sales were from the Oneonta city and town region (see table below). The 2002 Economic Census data are less geographically specific, but also traced 34% of total retail sales amounts to entities in the City of Oneonta and the balance to the rest of the county.

Table 5: Retail-classified Sales by Geography in Otsego County 2007

Geography	Number of Establishments (2007)	Sales (\$1000s) in 2007	% of Total Reported Countywide Retail Sales	% of Otsego County Sales Tax Distribution (2007)
City of Oneonta	98	\$311,764	33%	12%
Town of Oneonta	69	\$363,570	39%	1.3%
Town of Otsego (e.g. Cooperstown, Fly Creek)	53	\$100,392	11%	1.2%
Balance of Otsego County	81	\$156,648	17%	9.5%
TOTAL	301	\$932,374	100%	24%
Source: U.S. Census Bureau, 2007 Economic Census (NAICS codes 44-45)			Source: CECD calculations	Sources: CECD calculations; Open Book NY data

These figures imply that the Oneonta area is generating more sales tax than it receives. But the model's foundation is questionable.

The *estimated* total local sales tax revenue based on this method is \$37.3 million (\$932,374,000 x 0.04). However, this figure is higher than the actual sales tax revenue of \$34.3 million returned from the state to Otsego County in 2007. It is important to note that these data represent all sales categorized as "retail" and do not necessarily reflect taxable sales within a place or tax-eligible sales delivered – along with the attributed sales tax revenue – into another place. This \$3 million (9%) net difference may be due to:

- non-response, inaccurate statements (e.g. physical location) or other methodological errors in the census
- mathematical error from multiplying statistics to create the revenue estimates
- transfer payments of sales tax from Otsego to other counties based on local sale of delivered goods such as automobile dealers [\$175 million in the city and town of Oneonta area alone (2007 Economic Census), or an about \$7 million in local sales tax (CECD estimate); Oneonta lies on or near the border of two neighboring counties]
- retail purchases exempt from sales tax such as food from grocery stores and medications, or purchases by non-profit organizations which are significant factors in the local economy (e.g. colleges, schools, hospitals, etc.)
- taxable sales from industries not classified by the Economic Census as retail
- taxable sales of non-retail consumer utilities (e.g. cable, electric)
- goods sold through electronic commerce (e.g. television, internet) linked to a business not having a physical location within the county

The CECD also found discrepancies between actual sales tax revenue reported and those expected by this model in the 19 cities outside New York City that collect sales tax. That information appears in Appendix B. Therefore, the CECD concluded that

the CGR's sales tax estimation model based on Economic Census Data was not a reliable predictor of actual sales and use tax revenues.

Method 2: Actual Sales Tax Revenues and Population

Another way to estimate the sales tax revenue is to examine the New York State Department of Taxation and Finance (DTF) database of distributions to local governments such as Otsego County. In 2010, Otsego County Treasurer Daniel Crowell obtained the latest (2008) annual Otsego County sales tax dataset from DTF to separate sales tax figures by industry classification codes for the purpose of forecasting and interim reporting to guide public policymaking. The treasurer presented these initial findings to the 44th annual county finance school of the New York State Association of Counties.⁹² If the dataset for Otsego County could reveal broad industry categories, then it may also provide broad summaries based on geography such as sales tax revenue generated for purchases associated with individual municipalities while maintaining confidentiality.

However, there is no unique code associated with a specific municipality within Otsego County, such as that representing the City of Oneonta when it preempted in 1991.

The treasurer noted that the current reporting methods made it impossible to track the geographic origin of *all* sales tax generators to the local municipal level (i.e. village, city, town) and make a precise report. The primary business address reported in the current DTF database often is the corporate headquarters rather than the physical address of the point of sale. In the case of automobiles, delivered merchandise has sales tax paid through the merchant in one place, but attributed to the residence municipality of the purchaser. Internet-based and television-based sales have a similar taxation scheme for the sales and use tax. Franchises with operations in multiple municipalities currently pay sales tax as a lump sum for their entire operations in a county.⁹³

However, a treasurer could establish a base (floor) figure from a total based on sales tax collection from entities with a known location and taxable products. This method uses real sales tax data to chart a minimum, but true range for a geographic place, such as a city, would be less solid.

For this study, Crowell first examined the top 400 largest sales-tax-paying entities in Otsego County for the single year of 2008.⁹⁴ From this list, he established a “floor” of total countywide sales tax revenues assumed to be attributable in either the city or town of Oneonta. Excluded from this initial list were entities thought to sell delivered goods such as automobiles.⁹⁵ As the Oneonta area is a population center, some portion of these delivered sales could be attributed to the city or town, increasing the sales tax figure attributed to the Oneonta area.

According to the treasurer, the database showed a relative concentration of sales-tax-generating entities as there are more than 12,000 individual entities in the entire dataset. Adding more known entities from this list would raise the “floor” since the normal bell-shaped curve is skewed to have a very long tail.

Upon advice from the CECD, the treasurer then generated a simple random sample of 375 from the remaining database and selected entities known to have a base in Oneonta. The proportion of sales tax generated from this sample in the Oneonta area was applied to the remaining database of sales tax payers to increase the “floor.”

Finally, the methodology assumed equal purchasing per person countywide to calculate the amount of sales tax attributed to the city and town of Oneonta from delivered goods. The distribution was based on the city having for 22% of 61,676 in population and the town comprising 8%.

It is important to note a possible flaw in assuming uniform per capita spending for this model, especially for the Oneonta area. According to the 2000 Census, the per capita income differs for various places such as City of Oneonta (\$12,640), Town of Oneonta (\$18,841) and the entire county (\$16,806).⁹⁶ Also, college students comprise a majority of the city population and their reported typical spending on goods and services in Oneonta is much lower than working adults surveyed at the city’s largest college.⁹⁷

The range of sales tax generation attributed to the combined region encompassing the city and town of Oneonta, as suggested by this methodology, was **31-37%**.⁹⁸ This estimate was much less than the 72% figure predicted via the Economic Census of retail sales.

The charts below reflect possible sales tax revenue redistribution impacts on the “New City,” county government, and all other municipalities assuming a 31% floor and 37% ceiling. A speculative 25% figure is included to reflect what could happen if taxable activity shifted to places outside the Oneonta area.

Dollar amounts are based on actual sales tax revenues reported in 2008 of \$33,450,375, the latest figures available from the New York State Office of the State Comptroller. These figures appear only to illustrate possible scenarios. Revenue figures for “New City” combines the amounts presently distributed to the City of Oneonta and Town of Oneonta, while subtracting the town’s current distribution from the amount given to the towns and villages.

As a combined municipality that includes the former city and town of Oneonta, the “New City” would break even on this fiscal measure if more than a quarter of the taxable activity was attributed to this expanded place.

Table 6: 25% Total Taxable Sales Attributed to “New City”

	Proposed Revenue (est)	% of Total	Current Revenue (actual)	Difference
“New City”	\$4,181,297	12.5%	4,475,123	(\$293,826)
Towns & Villages	\$12,543,891	37.5%	\$3,552,967	\$8,990,924
Otsego County	\$16,725,188	50%	\$25,422,285	(\$8,697,098)
TOTAL	\$33,450,375	100%	\$33,450,375	\$0

Sources: CECD (estimates); NYS Comptroller (actual)

Table 7: 31% Total Taxable Sales Attributed to “New City”

	Proposed Revenue (est)	% of Total	Current Revenue (actual)	Difference
“New City”	\$5,184,808	15.5%	4,475,123	\$709,685
Towns & Villages	\$11,540,379	34.5%	\$3,552,967	\$7,987,412
Otsego County	\$16,725,188	50%	\$25,422,285	(\$8,697,098)
TOTAL	\$33,450,375	100%	\$33,450,375	\$0

Sources: CECD (estimates); NYS Comptroller (actual)

Table 8: 37% Total Taxable Sales Attributed to “New City”

	Proposed Revenue (est)	% of Total	Current Revenue (actual)	Difference
“New City”	\$6,188,319	18.5%	4,475,123	\$1,713,196
Towns & Villages	\$10,536,868	31.5%	\$3,552,967	\$6,983,901
Otsego County	\$16,725,188	50%	\$25,422,285	(\$8,697,098)
TOTAL	\$33,450,375	100%	\$33,450,375	\$0

Sources: CECD (estimates); NYS Comptroller (actual)

Discussion

- The total real property tax revenue from the present city, town and fire districts (2008) totaled nearly \$6 million, so the model based on actual sales tax revenues estimates that sales tax revenue attributed to the “New City” could offset some – but not all – of the property tax levy. This budget comparison does not account for changes in the tax levy due to any fiscal shifts with consolidating services or eliminating prior contractual agreements for the two municipalities.

- Given that this model attributes more sales tax revenue to the Town of Oneonta – and that increased revenue to “New City” is near the break-even point – the City of Oneonta is predicted to lose revenue from sales tax if it pre-empted today without including most of the major sales-tax-generating businesses in the Town of Oneonta.

- The model predicts that the amount distributed to towns and villages would be significantly higher than with the current revenue-sharing agreement. However, the amount would vary in future years based on the ratio of sales within the new city in addition to year-to-year changes in total sales. The estimated impact on sales tax revenue (2008) for towns and villages in Otsego County given the existence of “New City” appears in Appendix C.

- Regardless of the total taxable sales in the Oneonta area, Otsego County government revenue from this source would drop dramatically if the city exercised its right to preemption. Any changes in the taxable sales ratio inside and outside the city would only impact the city or towns & villages since the county government would have equivalent taxation inside and outside the city. For comparison, Otsego County government’s real property tax revenue for 2008 was nearly \$10.1 million.

- Normally towns may elect to receive their share of the sales tax revenue as a credit on county property taxes or as cash. If the county did not cut expenses or find other revenues to fill the sales tax revenue gap projected, it would likely increase county-levied property taxes. All other things

equal, local municipal real property taxes would decline and Otsego County real property taxes would increase. The total amounts could mostly offset, largely depending on local real property assessments and tax rates.

- The sales and use tax and the property tax are levied according to different formulas on different goods. Sales tax is closely associated with consumer goods, some of which are exempt. Property tax is on real property which also has various types and levels of exemptions even between county and town or city assessment totals. Changes in the sales tax collection or distribution may impact taxpayers differently as the costs differ between property ownership (and rent indirectly) and taxpayer spending on retail goods and utilities – including individuals, families and organizations / businesses.

- The efficiency analysis provided by the Center for Governmental Research predicted that 4% of combined expenses from the city and town could be saved with increased efficiency (2006). If that net savings rate held consistent, then the estimate would have been \$1.05 million in 2008. Adding the range of sales and use tax revenue of \$710,000 to \$1.7 million in 2008, the **total effect predicted is \$1.76 million to \$2.75 million**. For comparison, the estimated total impact represents 6–10% of the 2008 expenses in the city and town; or about 30% to 45% of total city, town and fire district real property tax revenues of nearly \$6 million.

- This efficiency estimate of 4% is based on a cursory analysis of government expenses, not on actual decisions – pending or made – by city and town officials. The magnitude of actual savings, if any, will depend on the final organization of municipal services, policies and personnel. As noted in the introduction, and recommended in two previous studies of Oneonta, a better approximation of efficiencies could result from closer talks involving decision-makers from the city and town.

- This analysis examined sales tax and suggested a combined impact based on previous studies of efficiency. Although it appears probable that a combined entity would gain more sales tax

than the separate Oneonta municipalities currently receive, town and city officials should also consider the magnitude of this benefit in light of lingering concerns of government efficacy. Further, more subjective questions remain about equity, community and citizens' expectations about the structure and function of local government.

- If a net benefit to a “New City” materializes in reality, the community also would have to decide how to invest the potential savings and increased revenue. Some may argue that the fiscal issues experienced by the City of Oneonta resulted from over-spending and a lack of investment in a significant amount of internal projects that would grow revenue (e.g. tax base) or reduce superfluous expenses. If the city attracts additional resources through expansion into the town, inter-municipal negotiations, or some other path, municipal officials may eventually have to address similar critiques in the future.

- Under the current tax-sharing agreement, the growth of most taxable sales generated within in the Town of Oneonta has benefitted it and other areas, including the City of Oneonta, while externalizing many of the costs to New York State. At a time when New York State government is cutting funds and shifting its traditional costs elsewhere, existing services such as state police patrols and highway maintenance could transfer to the local level. This reversal would impact expenses of the town as it stands now or under an expanded city. The likelihood of this cost shift in either scenario is unknown at this time.

- Economic census of retail sales implies that the Oneonta area is generating more sales tax than it receives, but the census does not count what the treasurer claims are significant non-point sources of sales tax revenue outside the traditional retail properties with a recognizable physical presence. If it had been necessary for local governments to provide water, sewer and street services for retailers and other users, today it appears just as necessary to support communications infrastructure. This new infrastructure demand is more regional in scope than city-town relations. However, potential trade-

offs exist in policies that encourage generating sales tax from outside entities. These consequences include retail profit leakage and loss of tax revenue usually paid by local properties.

- No matter what occurs between the city and town in the Oneonta area, a quarter of the current total sales tax rate will disappear after 2011 without reauthorizing legislation. In addition to municipal impacts, there may be wider implications for school and other special districts of what could be a \$7.5 million countywide reduction in local government revenue (based on a rounded average of \$30 million total revenue in recent years). Although schools in Otsego County do not receive sales tax revenue, a reduction in municipal revenue without similar expense reductions could impact how real property tax payers perceive and respond to changes in any local levies.

- There are many differences between urbanized cities and rural towns. However, if government efficiency is a valued outcome for state officials, public policy groups, and local citizens, an alternative may be functional or total consolidation between similar, neighboring towns. Most of the current municipal boundaries in Otsego County date back to the 19th century, except designation of the City of Oneonta in 1908. Further, there are more towns in the county – and statewide – than villages or cities. However, this analyst has not explored problems for which town-town consolidation has become an important policy alternative. According to literature gathered for this study, there is very little comparative evidence to support or reject this policy option.

- Above all, this policy analysis is an iterative process. Conditions may change in future years as they did since the 1990s when the current revenue-sharing agreement took effect and people in the region last took an in-depth look at inter-municipal relations between the city and town of Oneonta. Identification of new problems or better methods will lead to more data collection, consideration of alternatives and projected outcomes. At the least, that future process can build from the present framework as this analysis built from past efforts.

Appendix A

Revenue and Expense categories and sub-fields as defined by the New York State Office of the State Comptroller. (Excludes sub-category of Transfers in both revenues and expenditures, which usually offset each other.)

Revenues and Proceeds of Debt

Charges For Services	Federal Aid / State Aid (similar sub-field names)	Other Real Property Tax Items
• Community Services Fees	• Community Services Aid	• Gain From Sale Of Tax Acquired Property
• Culture And Recreation Fees	• Culture And Recreation Aid	• Interest & Penalties
• Economic Development Fees	• Economic Development Aid	• Miscellaneous Tax Items
• Education Fees	• Education Aid	• Payments In Lieu Of Taxes
• General Government Fees	• General Government Aid	• STAR Payments
• Health Fees	• Health Aid	Proceeds Of Debt
• Miscellaneous Fees	• Miscellaneous (Fed) / Unrestricted (State)	• Bans Redeemed From Appropriations
• Public Safety Fees	• Public Safety Aid	• Miscellaneous Debt Proceeds
• Sanitation Fees	• Sanitation Aid	• Sale Of Obligations
• Social Services Fees	• Social Services Aid	Real Property Taxes & Assessments
• Transportation Fees	• Transportation Aid	• Real Property Taxes
• Utility Fees	• Utilities Aid	• Special Assessments
Charges To Other Governments	Other Local Revenues	Sales And Use Tax
• Community Services Charges	• Compensation For Loss	• Miscellaneous Use Taxes
• Culture And Recreation Charges	• Employee Contributions	• Sales Tax
• Debt Service Charges	• Fines	• Sales Tax Distribution
• Education Charges	• Forfeitures	• Utilities Gross Receipts Tax
• General Government Charges	• Gifts	State Aid
• Health Charges	• Library Grants From Local Governments	• Mortgage Tax
• Misc. Intergovernmental Charges	• Misc. Grants From Local Governments	Use And Sale Of Property
• Public Safety Charges	• Miscellaneous Revenues	• Interest And Earnings
• Sanitation Charges	Other Non-Property Taxes	• Rental Of Property
• Social Services Charges	• City Income Tax	• Sale Of Property
• Transportation Charges	• Emergency Telephone System Surcharge	
• Utility Charges	• Franchises	
	• Miscellaneous Non-Property Taxes	

Expenditures

Community Services	Employee Benefits	Sanitation
<ul style="list-style-type: none"> • Constituent Services 	<ul style="list-style-type: none"> • Disability Insurance 	<ul style="list-style-type: none"> • Drainage
<ul style="list-style-type: none"> • Elder Services 	<ul style="list-style-type: none"> • Life Insurance 	<ul style="list-style-type: none"> • Landfill Closures
<ul style="list-style-type: none"> • Miscellaneous Community Services 	<ul style="list-style-type: none"> • LOSAP / Miscellaneous 	<ul style="list-style-type: none"> • Miscellaneous Sanitation
<ul style="list-style-type: none"> • Natural Resources 	<ul style="list-style-type: none"> • Medical Insurance 	<ul style="list-style-type: none"> • Refuse And Garbage
<ul style="list-style-type: none"> • Student Census 	<ul style="list-style-type: none"> • Retirement - Police & Fire 	<ul style="list-style-type: none"> • Sewer
Culture And Recreation	<ul style="list-style-type: none"> • Retirement - State/Local 	<ul style="list-style-type: none"> • Storm Sewer
<ul style="list-style-type: none"> • Adult Recreation 	<ul style="list-style-type: none"> • Retirement - Teacher 	Social Services
<ul style="list-style-type: none"> • Cultural Services 	<ul style="list-style-type: none"> • Social Security 	<ul style="list-style-type: none"> • Employment Services
<ul style="list-style-type: none"> • Library 	<ul style="list-style-type: none"> • Unclassified Employee Benefits 	<ul style="list-style-type: none"> • Financial Assistance
<ul style="list-style-type: none"> • Miscellaneous Cultural And Recreation 	<ul style="list-style-type: none"> • Unemployment Insurance 	<ul style="list-style-type: none"> • Housing Assistance
<ul style="list-style-type: none"> • Recreation Services 	<ul style="list-style-type: none"> • Union Benefits Program 	<ul style="list-style-type: none"> • Medicaid
<ul style="list-style-type: none"> • Youth Recreation 	<ul style="list-style-type: none"> • Worker's Compensation 	<ul style="list-style-type: none"> • Miscellaneous Social Services
Debt Service	General Government	<ul style="list-style-type: none"> • Non-Medicaid Medical Assistance
<ul style="list-style-type: none"> • Debt Principal 	<ul style="list-style-type: none"> • Administration 	<ul style="list-style-type: none"> • Public Facilities
<ul style="list-style-type: none"> • Interest On Debt 	<ul style="list-style-type: none"> • County Distribution Of Sales Tax 	<ul style="list-style-type: none"> • Social Service Administration
Economic Development	<ul style="list-style-type: none"> • Judgments 	<ul style="list-style-type: none"> • Youth Services
<ul style="list-style-type: none"> • Development Infrastructure 	<ul style="list-style-type: none"> • Miscellaneous General Government 	Transportation
<ul style="list-style-type: none"> • Economic Development Administration 	<ul style="list-style-type: none"> • Operations 	<ul style="list-style-type: none"> • Airports
<ul style="list-style-type: none"> • Economic Development Grants 	<ul style="list-style-type: none"> • Zoning And Planning 	<ul style="list-style-type: none"> • Bus Service
<ul style="list-style-type: none"> • Miscellaneous Economic Development 	Health	<ul style="list-style-type: none"> • Highway Services To Other Govts
<ul style="list-style-type: none"> • Promotion 	<ul style="list-style-type: none"> • Environmental Services 	<ul style="list-style-type: none"> • Highways
Education	<ul style="list-style-type: none"> • Mental Health Services 	<ul style="list-style-type: none"> • Miscellaneous Transportation
<ul style="list-style-type: none"> • Community College 	<ul style="list-style-type: none"> • Miscellaneous Public Health 	<ul style="list-style-type: none"> • Rail Service
<ul style="list-style-type: none"> • Education - Transportation 	<ul style="list-style-type: none"> • Public Health Administration 	<ul style="list-style-type: none"> • Transportation Ancillary
<ul style="list-style-type: none"> • Instruction 	<ul style="list-style-type: none"> • Public Health Facilities 	<ul style="list-style-type: none"> • Transportation Facilities
<ul style="list-style-type: none"> • Instructional Support 	<ul style="list-style-type: none"> • Public Health Services 	<ul style="list-style-type: none"> • Waterways
<ul style="list-style-type: none"> • Miscellaneous Education 	Public Safety	Utilities
<ul style="list-style-type: none"> • Pupil Services 	<ul style="list-style-type: none"> • Correctional Services 	<ul style="list-style-type: none"> • Electricity
<ul style="list-style-type: none"> • Student Activities 	<ul style="list-style-type: none"> • Disaster Response 	<ul style="list-style-type: none"> • Natural Gas
	<ul style="list-style-type: none"> • Emergency Response 	<ul style="list-style-type: none"> • Steam
	<ul style="list-style-type: none"> • Fire Protection 	<ul style="list-style-type: none"> • Water
	<ul style="list-style-type: none"> • Homeland Security And Civil Defense 	
	<ul style="list-style-type: none"> • Miscellaneous Public Safety 	
	<ul style="list-style-type: none"> • Police 	
	<ul style="list-style-type: none"> • Public Safety Administration 	

Appendix B

The table below shows differences between sales tax revenues predicted by the model using retail sales as a proxy for taxable sales and actual sales tax revenue reported for cities in New York State. Data for this table was from the U.S. Census Bureau 2007 Economic Census and 2007 annual financial reports submitted by the respective cities and published by the New York State Office of the State Comptroller. Calculations based on these sources were by the Center for Economic and Community Development (CECD) at SUNY College at Oneonta.

Place	Reported Retail Sales (2007 Economic Census, NAICS Codes 44-45)	Sales Tax Rate in 2007 (Office of the State Comptroller)	Expected Sales Tax Revenue (CECD calculation: Sales x Tax Rate)	Actual Sales Tax Revenue (OSC annual financial reports; Open Book NY)	Percent Difference (Expected vs. Actual)	Expected Sales Tax Revenue, Subtracting Food & Beverage Store Sales (CECD calculation)	Percent Difference After Subtracting Sales from Retail Food (NAICS Code 445)
City Auburn	\$583,395,000	2.0%	\$11,667,900	\$7,341,901	-37%	\$9,799,080	-25%
City Corning	\$124,467,000	1.5%	\$1,867,005	\$3,050,331	+63%	<i>Data withheld</i>	<i>Data withheld</i>
City Glens Falls	\$200,318,000	1.5%	\$3,004,770	\$3,331,063	+11%	\$2,054,865	+62%
City Gloversville	\$120,791,000	3.0%	\$3,623,730	\$2,498,513	-31%	\$2,786,850	-10%
City Hornell	\$169,280,000	1.5%	\$2,539,200	\$2,773,798	+9%	\$1,901,595	+46%
City Ithaca	\$610,400,000	1.5%	\$9,156,000	\$11,048,064	+21%	\$6,757,395	+63%
City Johnstown	\$258,767,000	3.0%	\$7,763,010	\$3,055,418	-61%	<i>Data withheld</i>	<i>Data withheld</i>
City Mount Vernon	\$583,799,000	2.5%	\$14,594,975	\$17,538,011	+20%	\$11,776,425	+49%
City New Rochelle	\$1,031,519,000	3.0%	\$30,945,570	\$25,193,188	-19%	\$26,384,820	-5%
City Norwich	\$102,240,000	3.0%	\$3,067,200	\$1,359,768	-56%	<i>Data withheld</i>	<i>Data withheld</i>
City Olean	\$497,159,000	1.5%	\$7,457,385	\$3,783,522	-49%	\$6,620,220	-43%
City Oneida	\$307,408,000	2.0%	\$6,148,160	\$4,329,219	-30%	<i>Data withheld</i>	<i>Data withheld</i>
City Oswego	\$307,103,000	4.0%	\$12,284,120	\$12,170,415	-1%	\$9,807,440	+24%
City Rome	\$461,017,000	1.5%	\$6,915,255	\$8,444,165	+22%	\$5,886,045	+43%
City Salamanca	\$116,065,000	1.5%	\$1,740,975	\$533,217	-69%	\$1,506,285	-65%
City Saratoga Springs	\$614,046,000	3.0%	\$18,421,380	\$8,628,740	-53%	\$15,378,360	-44%
City Utica	\$580,076,000	1.5%	\$8,701,140	\$11,782,080	+35%	\$7,128,135	+65%
City White Plains	\$2,004,619,000	2.0%	\$40,092,380	\$44,853,309	+12%	\$36,989,740	+21%
City Yonkers	\$2,591,145,000	4.0%	\$103,645,800	\$59,036,541	-43%	\$84,626,160	-30%

Appendix C

The table below shows the estimated sales tax distribution revenue expected by the Actual Revenue & Population model for local governments, assuming that entities within the “New City” would have generated 31% of countywide taxable sales in 2008.

Town or Village (V)	Estimated Municipal Distribution of Sales Tax Revenue Given “New City” (using 2008 data)	Estimated Distribution of Outside-City Sales Tax Revenue for Towns and Villages (using 2008 data)	Actual Sales Tax Distribution Revenue (2008)	Estimated Difference
Burlington	2.3%	\$264,892	\$81,553	\$183,339
Butternuts	2.8%	\$322,968	\$99,433	\$223,535
Cherry Valley	1.8%	\$208,408	\$64,163	\$144,245
Cherry Valley (V)	0.5%	\$61,106	\$18,813	\$42,293
Cooperstown (V)	9.9%	\$1,147,007	\$353,132	\$793,875
Decatur	0.9%	\$108,220	\$33,318	\$74,902
Edmeston	3.0%	\$349,528	\$107,610	\$241,918
Exeter	2.1%	\$244,081	\$75,146	\$168,935
Gilbertsville (V)	0.7%	\$78,964	\$24,311	\$54,653
Hartwick	6.9%	\$795,222	\$244,827	\$550,395
Laurens	4.1%	\$476,346	\$146,654	\$329,692
Laurens (V)	0.2%	\$24,448	\$7,527	\$16,921
Maryland	3.3%	\$378,124	\$116,414	\$261,710
Middlefield	6.5%	\$745,604	\$229,551	\$516,053
Milford	6.1%	\$699,958	\$215,498	\$484,460
Milford (V)	0.5%	\$60,902	\$18,750	\$42,152
Morris	2.3%	\$259,776	\$79,978	\$179,798
Morris (V)	0.8%	\$96,793	\$29,800	\$66,993
New Lisbon	2.6%	\$304,551	\$93,763	\$210,788
Oneonta Town				
Otego	3.3%	\$383,538	\$118,081	\$265,457
Otego (V)	1.5%	\$175,654	\$54,079	\$121,575
Otsego	11.6%	\$1,341,210	\$412,922	\$928,288
Pittsfield	2.5%	\$283,224	\$87,197	\$196,027
Plainfield*	*0.29%	\$33,754	*\$10,437	\$23,318
Richfield	3.3%	\$380,329	\$117,093	\$263,236
Richfield Springs (V)	1.8%	\$205,695	\$63,328	\$142,367
Roseboom	1.5%	\$176,336	\$54,289	\$122,047
Springfield	5.0%	\$580,360	\$178,677	\$401,683
Unadilla	4.7%	\$546,171	\$168,151	\$378,020
Unadilla (V)	1.1%	\$127,475	\$39,246	\$88,229
Westford	1.8%	\$207,206	\$63,793	\$143,413
Worcester	4.1%	\$472,527	\$145,478	\$327,049

*Data from Plainfield not available from OSC source (www.openbooknyc.com), so approximate number calculated from total of 100%. Column total error due to rounding.

Endnotes

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⁴ “City of Oneonta, NY 2007 Comprehensive Plan,” City of Oneonta; prepared by Clark Patterson Associates, May 2007.

⁵ See minutes of the regular meetings of the Charter Revision Commission, City of Oneonta, available at <http://www.oneonta.ny.us/government/minutes.asp>, accessed 24 September 2010; “Oneonta may OK \$18K more for zoning,” *The Daily Star (Oneonta, NY)*, 20 April 2010; “City zones to be redone,” *The Daily Star (Oneonta, NY)*, 20 August 2010; “A sign of hope for ex-Bresee’s,” editorial, *The Daily Star (Oneonta, NY)*, 2 May 2008; “Oneonta’s new brand unveiled,” *The Daily Star (Oneonta, NY)*, 6 August 2010; “Oneonta needs better than ‘Life Enjoyed,’” editorial, *The Daily Star (Oneonta, NY)*, 9 August 2010.

⁶ Richard P. Miller Jr. “My turn: Tough financial times will make our community more important to us,” *The Daily Star (Oneonta, NY)*, 4 January 2010.

⁷ “City council OKs study for merger,” *The Daily Star (Oneonta, NY)*, 3 February 2010; “City-town merger study can provide needed data,” *The Daily Star (Oneonta)*, 8 February 2010; “Seriously study town, city merger,” *The Daily Star (Oneonta)*, 21 May 2008.

⁸ “Supervisor candidates spar about finances, projects,” *The Daily Star (Oneonta, NY)*, 27 October 2009.

⁹ “Oneonta Town Board doesn’t advance merger measure,” *The Daily Star (Oneonta, NY)*, 10 February 2010.

¹⁰ “Tax Rates” table for general and highway [excludes special districts], Town of Oneonta internet site, available from http://external.oneonta.edu/town/pages/tax_rates.asp, accessed 24 September 2010.

¹¹ Trend data from annual financial reports compiled by the New York State Office of the State Comptroller, available from New York State Office of the State Comptroller, www.openbookny.com

¹² “Welcome!” message from Robert T. Wood, Supervisor, Town of Oneonta, available from <http://external.oneonta.edu/town/>, accessed 24 September 2010.

¹³ Laws of the Town of Oneonta, Chapter 103, Zoning (adopted 1966, amended 1974, 2007), available from internet site <http://www.ecode360.com/?custId=ON0907>, accessed 24 September 2010; see also zoning districts map available from http://external.oneonta.edu/town/documents/zoning_map.pdf, accessed 24 September 2010.

¹⁴ For example, the New York State Department of Transportation maintains NYS Highway 23 which serves automobile traffic to properties in a commercial section of the town. NYS DOT has studied possible improvements to that road in consultation with town officials since 2002 and the project remains “In Development” as of 2010 with no direct local funding anticipated for the \$17 million cost. See “DOT seeks help with traffic,” *The Daily Star (Oneonta, NY)*, 2 October 2002; “DOT: Plans firming up for Southside,” *The Daily Star (Oneonta, NY)*, 31 July 2003; “Oneonta Southside Improvements,” New York State Department of Transportation, Project ID: 9120.43, available from <https://www.nysdot.gov/regional-offices/region9/projects/oneontasouthside>, accessed 24 September 2010.

¹⁵ See, for example, a news headline from Utica, NY that attributed town expansion to the city: “Oneonta woman honored for role in city’s growth,” WKTV (Utica, NY), 26 May 2010, available from www.wktv.com/news/local/94921334.html, accessed 26 May 2010; and U.S. Census Bureau list that names the Oneonta micropolitan statistical area for the “core urban area” within Otsego County that has a “high degree of social and economic integration (as measured by commuting to work) with the urban core” available from <http://www.census.gov/population/www/metroareas/metroarea.html>, accessed 27 September 2010.

¹⁶ See Eugene Bardach, *A Practical Guide for Policy Analysis: The Eightfold Path to Move Effective Problem Solving*, 3rd ed., Washington, DC: CQ Press, 2009.

¹⁷ “DiNapoli Announces *Open Book New York*,” press release, New York State Office of the State Comptroller, 17 June 2008. Available from www.osc.state.ny.us/press/releases/june08/061708a.htm; accessed 30 June 2010.

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¹⁹ “Final Report on Intergovernmental Relations Between the City and Town of Oneonta,” Greater Oneonta Task Force, prepared by SUNY College at Oneonta Center for Economic & Community Development, Appendix I, p. 37.

²⁰ “Opportunities to Use Shared Services and Consolidation Strategies to Improve Efficiency, Effectiveness and Equity in Local Government,” Center for Governmental Research, April, 2008 p. 46. Available from http://www.cgr.org/reports/08_R-1545_LGECCombinedStudy.pdf; accessed 30 June 2010.

²¹ “University Police,” SUNY College at Oneonta, available from www.oneonta.edu/admin/police; accessed 13 July 2010.

²² “Troop C Information,” NYS Division of State Police, www.troopers.state.ny.us/contact_us/Troop_Information/Troop_C; accessed 13 July 2010.

²³ “2009 Annual Report,” Otsego County Sheriff’s Office, pp. 19-24, available from <http://www.otsegocounty.com/depts/shf/AnnualReports.htm>; accessed 22 July 2010.

²⁴ “Region 9 at a Glance,” New York State Department of Transportation, available from www.nysdot.gov/regional-offices/region9/general-info; accessed 13 July 2010. New York State may also abandon its maintenance responsibility for state roads to respective counties as it has done in several areas of Otsego County (see NYS Highway Law Sub-section 137). New York State law specifically designates roads under state purview for construction and maintenance (see NYS Highway Law Sub-section 341, part 37) and designates highways as city streets (see NYS Highway Law Sub-section 349-e).

²⁵ Bruce Katz, “The Metro Moment,” *The Wall Street Journal*, Life & Style, 15 April 2010. Available from <http://online.wsj.com/article/SB10001424052702303695604575182040939996422.html>; accessed 6 May 2010.

²⁶ Mitchell Moss, “Struggling Towns Must Evolve or Die,” *The New York Times*, 28 March 2010, pg. WK12. Available from www.nytimes.com/2010/03/28/opinion/28moss.html; accessed 6 May 2010.

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³⁴ Office of the New York State Comptroller, “Outdated Municipal Structures: Cities, Towns and Villages – 18th Century Designations for 21st Century Communities,” *Local Government Issues in Focus*, Vol. 2, No. 3, October, 2006.

³⁵ Donald Boyd, “Layering of Local Governments & City-County Mergers: A report to the New York State Commission on Local Government Efficiency and Competitiveness,” March 2008.

³⁶ See: The New N.Y. Government Reorganization and Citizen Empowerment Act, 2009. New York State Office of the State Comptroller, www.dos.state.ny.us/lgss/pdfs/ConsolidationDissolutionProcedures-summary.pdf; accessed 29 June 2010 (the law does not cover school districts, cities or special purpose districts); and *Reforming Government: A Citizen’s Guide*, 2008. “Attorney General Cuomo’s Proposal Compared to Previous Law,” NYS Office of the Attorney General, www.reformnygov.com/proposal.html; accessed 29 June 2010.

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- ⁷⁶ Minutes of the City of Oneonta Common Council, 25 June 1991.
- ⁷⁷ Minutes of the City of Oneonta Common Council, 1 October 1991.
- ⁷⁸ Minutes of the City of Oneonta Common Council, 28 October 1991.
- ⁷⁹ Sales Tax Allocation: Method of distributing sales tax revenue to Oneonta City, 24 towns and 9 villages. The County retains 76% and distributes 12% to Oneonta City and the remaining 12% to the towns and villages. See “Financial Terminology,” Otsego County Treasurer, no date.
- ⁸⁰ For example, see table of assessed value before exemptions, taxable assessed value for county purposes, and true value for apportionment of 1996 in “Proceedings of the Board of Representatives of Otsego County 1995,” Otsego County, NY, p. 297. The CECD found that the Board of Representatives unanimously agreed every year that the Town of Oneonta represented approximately 9-11% of countywide total true value for apportionment over the last decade.
- ⁸¹ CECD calculations based on municipal revenue data from New York State Office of the State Comptroller via www.openbookny.com; accessed 10 February 2010.
- ⁸² Rounded figures compiled by the CECD using the “Sales Tax” line in category “Total Sales and Use Tax” for Otsego County and individual towns in searchable database www.openbooknewyork.com internet site, Office of the State Comptroller. Accessed February 2010. Note: Due to a change in reporting procedures, Otsego County sales tax figures listed by NYS OSC for 2006 and prior years represent the portion of sales tax retained by Otsego County not the full reimbursement from NYS DTF. Full revenue received by Otsego County may be calculated by dividing the figures shown by 76%.
- ⁸³ “Local Government Sales Taxes: 2010 Update,” NYS OSC, p. 3. Note that 20 cities are a third of all cities in New York State.
- ⁸⁴ New York State Tax Law Article 29, Subsection 1223 “Limitations on rates.” Available via <http://public.leginfo.state.ny.us/menuf.cgi>; accessed 20 July 2010.
- ⁸⁵ The information presented here is from cited sources assumed to be credible for the sole purpose of creating a model to explore potential impacts of a public policy alternative.
- ⁸⁶ “Local Government Sales Taxes: 2010 Update,” NYS OSC, p. 30-31.
- ⁸⁷ “Table 38: County of Otsego Distribution of [Real Property] and Sales Taxes Under New Town [sic] Preemption Proposal, 55% Sales Assumption,” in “Final Report on Intergovernmental Relations Between the City and Town of Oneonta,” Greater Oneonta Task Force as prepared by SUNY College at Oneonta Center for Economic & Community Development, p. 58.
- ⁸⁸ A major commercial development in the Village of Richfield, including a Price Chopper supermarket, is not mentioned here because it replaced a recently closed supermarket in a relatively small market area so the net impact is not assumed to be significantly different. The Commons complex in Hartwick and substantial development of Southside Oneonta added retail businesses to the Cooperstown and Oneonta market areas in addition to their traditional “downtown” areas. Although there arguably was loss to those traditional areas, the regional gains are assumed to largely outweigh a variety of losses.
- ⁸⁹ “Otsego County Building Report 2000,” Otsego County Planning Department, September 2001; and “Otsego County Building Report 2008,” unpublished data collected by the Center for Economic & Community Development, SUNY College at Oneonta, based on records from Otsego County Code Enforcement Office and surveys of local municipal code officers.
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- ⁹² “Thank Cal, Hugo Chavez, for Windfall in Sales Tax,” *The Freeman’s Journal*, 6 May 2010, p. 1.
- ⁹³ Letter from Daniel Crowell, Otsego County Treasurer, to Tim Hayes, Director of the SUNY College at Oneonta Center for Economic & Community Development on 1 June 2010; and personal communication.
- ⁹⁴ Evidence based on a single year is not typically recommended for models intended to forecast or extrapolate. However, Otsego County has not experienced recent significant changes in retail sales activity – no large-scale store closures or expansions – and additional datasets are not currently available.
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- ⁹⁶ U.S. Census Bureau, American Factfinder, Census 2000, GCT-P14 Income and Poverty in 1999: 2000; <http://factfinder.census.gov>, accessed 22 September 2010.
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Center for Economic & Community Development
SUNY College at Oneonta
Morris Conference Center
Oneonta, NY 13820
Phone: (607) 436-2792 Fax: (607) 436-2786