

Cities in New York State with Tiered Tax Zones

Rome, Oneida and Saratoga Springs

Introduction

In New York State three cities – Rome, Oneida and Saratoga Springs – have tiered tax zones, which means different tax rates apply to properties located in what is often referred to as an inside district from those located in an outside district. A third zone includes both inside and outside (the entire community). In general, the term *inside* refers to the more densely populated city center, and the term *outside* to the area of each city that lies outside the more densely populated core. In all three cities the concept of tiered tax zones dates to the original charters that were adopted when each city incorporated – Rome in 1870, Oneida in 1901 and Saratoga Springs in 1915. Although the charters have been revised over time, all three cities’ current charters continue to clearly define tiered zones.

How are Zones Defined?

In Rome and Oneida, the zones, are defined in their charters as:

- Corporation tax district – with the boundaries described in detail (e.g., streets, key markers) in the charters
- Outside district – defined as the portion of the city situated outside the corporation tax district

In budget documents, Rome refers to the combined districts as the “general city” and Oneida refers to them as the “entire city.”

Saratoga Springs’ charter says the city shall consist of three separate tax districts designated as the city tax district, the inside tax district and the outside tax district, defined as follows:

City Tax District. The City Tax District shall consist of all territory within the boundaries of the City as they may exist at any given time.

Inside Tax District. The Inside Tax District shall consist of that portion of the City within the boundaries of the Village of Saratoga Springs as they existed in 1915, together with such other territory outside said village boundaries that may in the past have been added by law to the Inside Tax District or that may hereafter be added by law to the Inside Tax District.

The territory now comprising the Inside Tax District shall comprise all of the land designated Inside Tax District as it exists at adoption of this Charter and any territory hereinafter duly designated by the City to become part thereof. The description of the Inside Tax District shall be set forth in the Administrative Code of

the City.

Outside Tax District. The Outside Tax District shall consist of all land within the City Tax District that is not included in Inside Tax District boundaries.

Can a Zone Be Enlarged?

In all three cities, the boundaries of the inside district can be enlarged, but in each case the area to be included must be contiguous with the then-existing inside tax district. There are no provisions in the charters that would allow for enlarging the outside districts by incorporating land from the inside. The language of existing charters shows that the City of Rome has the broadest power for enlarging the corporation tax district. The Rome council can annex contiguous land in the outside district and make it part of the corporation tax district in one of two ways: 1) when the majority of the property owners, based on the value of lands/real estate and residents, petition for annexation, or 2) after public notice and a public hearing, and with the approval of the mayor, a majority of council members vote to annex an area. Current charter provisions, by city:

Rome Charter: Enlarging corporation tax district

The common council is hereby authorized and is granted power, from time to time, to annex and make any part of the territory of said city, not by this charter described as being within the corporation tax district and contiguous to said district, a portion of such district, whenever a majority of the property owners in value of the lands and real estate and residents so proposed to be annexed, according to the valuation of the last preceding assessment roll as to such property, shall petition the same, or whenever the common council shall elect, after public notice to be published once each week for three weeks in the official paper addressed generally to the residents and property owners of the territory therein described as proposed to be annexed, of such intention, and an opportunity given to be heard in opposition; but the common council may, nevertheless, with the approval of the mayor, by a majority vote annex the same, and it shall on such vote become a part of such district and thereafter all the provisions of this charter relating to the portion of the city within the corporation tax district hereby shall govern the territory so annexed.

Oneida Charter: Boundaries of tax districts

Notwithstanding any inconsistent provision of any general, special or local law to the contrary, the Common Council of the City of Oneida is hereby granted the power to adopt or amend local laws modifying the boundaries of the inside tax district and the outside tax district of said city so as to extend said inside tax district into contiguous areas of the outside tax district either in part or in its entirety as in the sound discretion of the Common Council seems appropriate. Any such local law as adopted or amended shall be subject to the provisions of § 24 of the Municipal Home Rule Law.

Saratoga Springs Charter: Revision of tax districts

The City shall have the power to adopt local laws to modify the boundaries of the Inside Tax District and the Outside Tax District to include in the Inside Tax District described portions of the Outside Tax District. Each shall be contiguous with

the then-existing Inside Tax District.

How Have Inside Zones Been Enlarged in the Recent Past?

Based on interviews conducted by the Center for Governmental Research (CGR), all three cities have enlarged their inside districts in the recent past. In Rome, for example, in a case of adjacent sub-divisions – one in the outside district and one in the inside district – the city moved to enlarge the inside boundary to include both subdivisions. In addition, in the early 1990s, when Griffiss Air Force Base closed, all of the base area was brought into the inside zone. Prior to the base closing, part of the property had been in the inside district and part in the outside district.

In Oneida, in 2002 or 2003, the city changed a boundary line to enlarge its inside district when a new sub-division was built. The sub-division crossed the boundary line between the zones and in order to have all properties subject to the same tax rates, the city enlarged the inside zone to include the entire sub-division.

In Saratoga Springs, Skidmore College swapped land with a neighboring town as part of a deal that resulted in having the entire college located within the city inside district.

How Do the 3 Councils Levy Taxes?

The table that accompanies this white paper (see *Overview of New York's Three-Tier Taxation Cities*) provides information on how tiered zone taxation is currently applied in the three cities, and how the cities are now taxing for services provided in the zones. The table was developed by CGR after discussions in March 2009 with numerous staff members in each city.

CGR also reviewed existing charters. We found charter language, at times, is inconsistent with current practice. CGR assumes such inconsistency is the result of having outdated charter language inadvertently remain following a charter revision, or because over many decades changes in existing practices haven't all been mirrored, for unknown reasons, in the charters. We provide below, for each city, the pertinent charter language that relates to the tax levy. Rome's language is consistent with current practice, Oneida's is consistent in many respects, but the provisions for Saratoga Springs are, according to CGR interviews, outdated and should no longer appear in the charter. We provide them here because they offer an historical look at what has existed, at some point in the past, in this NYS tiered zone taxation city.

Rome Charter: *Levy of taxes by council: tax roll*

The council must annually cause to be levied and raised by general tax upon all taxable real property, in the city, according to the valuation upon the assessment roll for the current year... the following: [*within corporation tax district*] "The amount necessary to be raised by tax to meet current expenses apportioned to the corporation tax district, as evidenced by section one of the annual estimate or other estimates adopted by the council or otherwise appropriated by law." (There are similarly worded provisions for the outside district and the entire city.)

A separate charter provision (*Authority to decide application of certain revenues*) says: "Except as otherwise provided by law, the board of estimate and contract shall determine the application of any moneys received by the city, and shall decide whether such moneys are to be applied to the

payment of city expenses apportioned to the corporation tax district or to the section outside the corporation tax district or to both.”

Oneida Charter: Annual tax levy

The Common Council shall raise annually by tax upon the real and personal property assessable in the city in each year such moneys as it shall deem necessary and appropriate for any public or municipal purpose. Unless otherwise provided in this Charter or other provision of law, all expenses incurred or authorized shall be borne by the city as a whole. Except as otherwise provided in this Charter or other provision of law, expenditures for the Bureau of Fire, streetlighting, repair and maintenance of storm and sanitary sewers, tree removal and snow removal in the corporation tax district, and any new or additional services or benefits which shall be available only to the corporation tax district, shall be raised by tax upon the real and personal property assessable in the corporation tax district. The Common Council shall apportion the moneys to be raised by tax among the several city funds, as established by this Charter or other provision of law, and the City Comptroller shall state and keep his accounts of the funds accordingly.

A separate provision in the charter (*special powers of taxation*) says: The Common Council shall have the power to establish an equitable system of taxation for protection against fire, public safety and capital improvements in the corporation tax district, outside district and fire protection districts duly organized in the outside district and to assess a hydrant tax on any building and lot upon which it stands situated within 600 feet of a hydrant in either the corporation tax district or outside district...”

Saratoga Springs Charter: Apportionment of taxes

Inside Tax District apportionment. Except as herein provided, the Inside Tax District shall pay the expense, excluding administrative expense, of construction and maintenance of highways, public works, lands, buildings (except City Hall), lighting, fire and police protection, charity and health therein, and the expense of the waterworks, water carriers, sewers, and sewage disposal plant extending into the Outside Tax District.

Outside Tax District apportionment. Except as herein provided, the Outside Tax District shall pay the expense, excluding administrative expense, of construction and maintenance of highways (except bridges having a span of five feet or more), charity, health, and schools therein.

City Tax District apportionment. Except as herein provided, the City Tax District shall pay the expense, excluding administrative expense, of construction and maintenance of bridges in the Outside Tax District having a span of five feet or more, machinery and tolls for use in the Outside Tax District or removal of obstructions caused by snow, and of City Hall and all other City expenses not otherwise provided for.

Administrative expense. The administrative expenses of the City shall be apportioned by the Council on the several tax districts according to benefits received therefrom as the Council may from time to time determine, after publication of notice of hearing and a hearing thereon. When made, apportionment shall be the basis for subsequent levies until changed after a new hearing.

Additional provisions. Notwithstanding any other provisions of this section or any other special act or local law, 1/2 the cost of street improvements shall be paid by the City Tax District, and 1/2 shall be paid by the Inside Tax District. One-half the cost of items associated with highways and highway miscellaneous shall be paid by the City Tax District, and 1/2 shall be paid by the Outside Tax District. Notwithstanding other provision of this section or other special act, ordinance, or local law, 3/4 the cost of fire and police protection shall be paid by the City Tax District.

How Is the Budget Preparation Process Impacted?

In all three cities the fiscal year is the calendar year. In Rome, the charter specifically requires that department heads and officers who control or authorize expenditures must provide budget estimates to the mayor prior to September 1 and that they must break down estimated expenditures for the inside district, outside district and the entire city. This breakdown – for both revenues and expenses – continues throughout the budget process. According to the city’s charter, except as provided by law, a board of estimate and contract determines whether revenues are to be applied to the payment of inside or outside district expenses or both. The specific charter language follows:

Rome charter: *Fiscal year, department estimates*

The fiscal year of the city shall commence on the first day of January.

On or before the first day of September in each year all heads of departments and officers, including the bureau of water, empowered by law or by city ordinance to control or authorize expenditures shall furnish to the mayor estimates in writing of the amount of expenditures for the next fiscal year in their respective departments or offices, including a statement of the salaries of all their subordinates. Such estimates shall set forth in detail which of said expenditures are to be apportioned upon the property within the corporation tax district, which of said expenditures are to be apportioned upon the property outside the corporation tax district and which of said expenditures are to be apportioned upon the property of the entire city including the property inside and outside the corporation tax district. Said estimates shall also include a statement of the amount expended from each appropriation during the preceding twelve months.

The mayor shall lay such estimates before the board of estimate and contract at its first meeting thereafter, and the same shall be entered in its minutes.

Oneida's charter says that the city's budget message has to "enumerate the specific funds to be charged against the city as a whole, the specific funds to be charged against the corporation tax district and the specific funds to be charged against special districts."

How Are Assessment Rolls Affected?

Both the Rome and Oneida charters require that their assessment rolls be prepared "so as to show separately the assessed parcels of real property within and without the corporation tax district." The Oneida assessment procedure section also adds that the assessment roll must "show the name or number of any special district in which special ad valorem levies are made for district purposes and each special franchise, together with the date of payment and such other items and details as may be required."

Who Decides How Local Improvements Are Assessed?

In Saratoga Springs, "the Council may, with or without petition, order any public work or local improvement and provide for payment of such work by tax on the City Tax District or the Inside or Outside Tax District, or apportion it to two or more tax districts, as the Council may determine."

In Oneida, after work of any local improvement has been completed, the council, according to the charter, "shall assess the cost and expense reasonably incidental to and a part of the local improvement, including but not limited to surveying, advertising, inspection, interest, legal and other professional services and assessment of such local improvement...(and) shall cause a report of assessment to be made by the City Engineer or other city official in charge of the local improvement project. The report of assessment shall be certified by the appropriate city official as to the total cost of such improvement, the part of the total cost of the improvement to be borne by the corporation tax district or the city as a whole..."

Additional Resources

[Overview Chart of NY's 3-Tier Taxation Cities](#)

[City of Rome, NY Code & Charter](#)

[City of Oneida, NY Code & Charter](#)

[City of Saratoga Springs, NY Code & Charter](#)

[Comparison of City & Town of Batavia Codes](#)