

Put an end to short-sighted notion of big-box panacea for New Scotland

To the Editor:

Is our town dependent on a big-box developer like Sphere Development to build the necessary infrastructure in New Scotland's commercial zone? Let's use Sphere as an example and take a look at its latest plans to answer this question.

Sphere now has its eye on Little Falls, N. Y., population 4,860. It is looking at a 21-acre site to build three big-box retail stores. According to Kurt Wendler, Sphere Development partner, the cost of the project is estimated at \$10 million. Not only would the city have to route sewer and water lines to the new stores, but it would also have to apply for state grants of our tax dollars to complete the work.

The Herkimer County Legislature has decided, tentatively, to forego future tax revenues in order to help Sphere build the shopping center. Sphere asked the county, city, and school district to allow tax revenues, which would be realized only once businesses locate at the site, to be used to fund the cost. This arrangement is called payment in lieu of taxes, or PILOT.

Mr. Wendler explains, in the *Little Falls Times* "Should the development proceed, a minimum of \$17,000 in annual taxes would be split between the taxing jurisdictions [county, city, and school district] during the PILOT term . . . The taxing districts are not taking on any obligations of the development. They are simply allowing tax payments to be diverted for the purpose of funding the infrastructure costs."

The proposed PILOT agreement would not exceed 20 years.

The PILOT would bridge the gap between the cost and the overall developed value of the project to make a feasible development."

In other words, Sphere is using

loans and 20 years' worth of the village's future taxes to build its shopping center.

Testimony in 2005 by James Parrott, deputy director and chief economist for the Fiscal Policy Institute, included the following: "...The very existence of PILOTs represents a tax break. Not only do such tax breaks undermine the city's tax base, but since they most often go to large and well-endowed corporate interests, they unduly shift the tax burden to small- and medium-sized businesses and renters and homeowners."

In a 2007 article published by the New York City Bar Association about PILOTs, the authors say, "Tax breaks are not necessarily a panacea for economic growth." According to the article, the governmental entity takes a risk that a project will be successful, that is, that there will be "potential revenues from the development." In fact, the authors argue that, if the development is not successful, then the local government will have to make up for the loss of tax revenue. The local government here can be interpreted as the taxpayer — you and me.

Note that, in April 2009, the Madison County Industrial Development Agency voted to deny Sphere's application for \$571,288 in property-tax exemptions for Madison Marketplace, then under construction. The decision was made after Sphere failed to meet its own projections regarding the success of the project. Sphere claimed it needed the money because of "unforeseen costs."

Would it be any different in the town of New Scotland? All that tax money rolling into the town and the Voorheesville School District? Maybe, 20 years after the project is built. What is the life span of a typical commercial

mall? About 20 years.

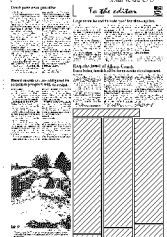
Sphere also appears to have no qualms about suing municipalities over code enforcement, requiring towns to spend money unnecessarily to promote a private business. An article from Lowville, N.Y. in November 2009 reported that Sphere sued that town's code-enforcement officer in State Supreme Court to force them to issue a building permit, despite "some 'missing gaps' of information to be filled before it [the village] issues a permit," according to the village attorney. The judge granted Sphere and its partners a temporary permit only for work approved by the village. More tax dollars down the drain.

What would the tax advantage to the entire town and the Voorheesville School District be with a typical big-box proposal that requires major infrastructure where none exists? In reality, who will pay for the commercial zone's infrastructure if we allow inappropriate large-scale big-box development to determine our town's commercial future?

We will, that's who! You and I and every resident of the town and state will pay for the infrastructure. Not the developer. So, let's put aside the false contention that a big developer is required for the commercial zone. Looking at how a big-box developer operates tells us all we need to know.

Over the past two years, the residents of New Scotland have voiced their desire for a more creative and economically sound solution to developing our commercial zone. It's time for all of our elected officials to join us in this effort.

Let's put an end to this short-sighted notion of a big-box panacea for New Scotland once and for all. Attend the public hearing on Thursday, March 11; let your voice be heard; ask all of



**our town board members to vote
yes on the size cap law.**

**Bri McAlevey
Voorheesville**

*Editor's note: Bri McAlevey is
a member of New Scotlanders 4
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