

Memo to: File
From: Bill Rubin
Subject: Why are Fairview's Fire Taxes so High?
Date: March 16, 2009

Q: Why are Fairview's fire taxes so high?

Widely-quoted answer: Because a substantial portion of Fairview's market value is tax exempt.

This answer is only partially correct. It only explains *part* of the reason why Fairview's fire taxes are so high. Even if all the tax exempt properties paid their "fair share" of fire tax, *Fairview's fire tax would still be the second highest in Dutchess County.*

Fact: The Fairview Fire District has the highest fire tax rate in Dutchess County. The fire districts in Dutchess County with the highest fire tax rates for 2009 are:

Fire District	Fire Tax Rate (per thousand dollars of market value)	Fire Tax Levy
Fairview	\$5.09	\$2,935,480
Arlington	\$3.76	\$14,123,892
LaGrange	\$2.03	\$4,945,335

Fact: A substantial portion of Fairview's market value is tax exempt: 47.5 percent in 2009. However, the tax exempt properties do make \$165,000 in payments in lieu of taxes (PILOTs) in 2009.

Analysis: First, suppose the tax exempt properties no longer paid PILOTs. Then the Fairview fire tax levy would increase to \$3,100,480. If this higher levy were paid only by the taxable properties, the Fairview fire tax rate would increase proportionately, to \$5.38 per thousand dollars of market value. But the taxable properties represent only 52.5 percent of Fairview's market value, since 47.5 percent is exempt. If all of Fairview properties paid fire tax, the taxable properties would only be paying at 52.5 percent of the no-PILOTs rate, or $0.525 \times \$5.38 = \mathbf{\$2.82 \text{ per thousand dollars of market value}}$. This reduced rate would place Fairview about halfway between Arlington (which would then be highest) and LaGrange. Fairview's rate would be even closer to Arlington's if Arlington's rate were discounted in the same way based on *its* tax exempt properties. Arlington contains one of the largest tax exempt institutions in Dutchess County – Vassar College.

Summary: *Factors other than the large percent of tax exempt properties are of major importance in Fairview's high fire tax rate. Even if none of Fairview's properties were tax exempt, Fairview's fire tax rate would still be the second highest in Dutchess County. Getting all tax exempt properties to pay fire tax does not solve Fairview's problem.*

References: See <http://home.roadrunner.com/~billrubin/FairviewFireTax>.