OWEGO APALACHIN
CENTRAL SCHOOL DISTRICT

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Dear Resident,

We want to share some important information regarding how our district's budget will look on paper for the 2026—27 school year.

For several years, the Stagecoach Pipeline (formerly CNYOG) has been our largest taxpayer under a special agreement called a PILOT (Payment in Lieu of Taxes). This agreement ended in March.

What Is Changing?
By law, once the PILOT agreement ends, Stagecoach Pipeline will no longer be listed under "Miscellaneous Revenue." Instead, they will move onto the regular property tax rolls just like any other local business or homeowner.

Why This Matters for the Tax Report Card
Because of this shift in how we are required to account for the money, you will notice a significant change on the upcoming Property Tax Report Card that you will receive in the mail and in our Budget Newsletter:

The Appearance: It will look like there is a 17.10% increase in the district's tax levy.

The Reality: This is strictly an accounting change. The "increase" you see is actually the $3,183,700 payment from Stagecoach Pipeline moving from one category to another.

The important thing to emphasize here is that change is primarily an accounting and tax base adjustment and is not, by itself, a new increase in district spending. The increase shown in the tax levy is fully offset by the taxes Stagecoach Pipeline is now paying through the regular tax roll. The difference will only be seen in how it is reported.

If the PILOT was not coming back onto the tax rolls this year, the district's tax levy would once again be 0% for the fourth time in the last six years. The district's average tax levy change over the past 5 years has been 0.80%, and over the past 10 years, 1.14%.

Property taxes and local funding mechanisms are essential for supporting education, public safety, and infrastructure in Tioga County. While the system can appear complex, it follows a logical annual process. This letter provides an overview of how property assessments and Payments in Lieu of Taxes (PILOTs) impact our community and school district budgets.

The following general tax process information is provided for educational purposes by the Tioga County Real Property Office:

The Standard Property Tax Cycle

1. **Assessing Property Value:** Every property is assigned an assessed value by the Town Assessor. This represents a property's worth in relation to others, not the taxes owed. Assessors do not set tax rates; they ensure assessments are fair and equitable based on state standards.
2. **Creating Local Budgets:** School districts, counties, and towns adopt budgets based on service costs. Before calculating the tax levy, other revenue sources (state aid, sales tax, and PILOTs) are subtracted.

3. **Equalization:** Because towns assess at different percentages of market value, **equalization rates** are used to ensure each municipality contributes its fair share of the levy based on true market value.
4. **Calculating the Tax Rate:** The tax rate is determined by dividing the tax levy by the total taxable assessed value.

Understanding PILOTs and School District Tax Levies

A **Payment in Lieu of Taxes (PILOT)** is an economic development agreement between a property owner and local jurisdictions. Instead of full property taxes, the owner makes scheduled payments that typically start low and increase over time.

How PILOTs Affect the Budget

For school districts, PILOT payments are treated as a separate revenue source. While a PILOT is active, the property is classified as "exempt" and removed from the taxable assessment roll.

What Happens When a PILOT Expires?

When a PILOT agreement ends, two changes occur simultaneously:

- **Revenue Shift:** The final PILOT payment is no longer available as revenue, which causes the tax levy to increase by that same amount.
- **Taxable Base Increase:** The property returns to the taxable assessment roll, increasing the district's total taxable value.

Because these two shifts happen at the same time, the increase in the levy is offset by the increase in taxable value. Consequently, the overall tax rate impact may be moderated by the increase in taxable assessed value.

Key Takeaways for the Community

- **No New Spending:** The expiration of a PILOT is an accounting shift, not a new spending decision by the school district.
- **Stable Revenue:** The district expects to receive comparable revenue through the regular tax roll; it simply arrives via standard taxation rather than a PILOT agreement.
- **Tax Base Strength:** Returning properties strengthen the long-term tax base, ensuring a more robust financial future for the district.
- **Compliance:** The district anticipates remaining within its allowable tax levy limit under New York State law.

Property taxes are the result of fair assessments, responsible budgeting, and equitable distribution. Whether revenue comes from a PILOT or traditional taxes, our goal remains the same: a stable financial position for Tioga County and its residents.

Thank you for your continued support of our schools and for taking the time to stay informed about this unique budgeting requirement. Please do not hesitate to reach out with any questions as we move through this year's budget process.

OA Together,

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Superintendent of Schools

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