

Villages of Monroe and Harriman Sue Town of Monroe Over Property Taxes

The Village of Harriman and Village of Monroe have commenced litigation against the Town of Monroe to challenge the Town's intended property tax charges to the owners of properties located in the Villages. This lawsuit against the Town arises from the Town's settlement in 2023 of state and federal lawsuits brought by the owners of property known as the "Rye Hill Corridor" against the Town Board's moratorium law on development approvals and zoning amendment. The developers claimed in the lawsuits that the Town violated their property rights and civil rights. The Town settled the lawsuits by buying the developers' properties for \$19,000,000, and the Town borrowed \$19,500,000 to pay for the purchase and related expenses, and, therefore, the Villages must also pay for the bond.

New York State Law, specifically Town Law § 261, provides that any expenses and charges related to a town's zoning and planning actions must be charged only to properties in the town located outside villages (TOV). The Town properly did so on its January 2024 tax bills and Village property owners did not see an increase in Town taxes related to the Rye Hill settlement. However, the Town now intends to charge all Town property owners, including property owners in the Villages, for the principal and interest on the \$19.5 million bond borrowed to pay for the property. The term of the bond is 30 years. The Villages contend that since the Town's purchase of the Rye Hill property was for the purpose of settling zoning lawsuits, the purchase price must be paid for by only Town property owners and not by Village property owners. The Town's position is that the Town purchased the developers' properties for park or open space purposes (although there is no evidence of this in the settlement documents) and, therefore, the Villages must also pay off the \$19.5 million bond.

We will not know the actual tax increase on Village property owners due to this additional tax until the Town prepares its 2025 budget. However, based on the Town's estimates in this litigation, the additional tax bill to a Village property owner will be approximately \$213 per \$100,000 assessed property value per year – for the next 30 years. This amount is less than the \$400 per \$100,000 assessed value estimated by the Supervisor when the bond resolution was adopted on April 1, 2024. If the Villages prevail in the litigation against the Town, those additional taxes will be prohibited by the court, although it is likely that the 2025 property taxes will be levied prior to the court's decision. If so, the Town should be required to reimburse that additional tax to the Village taxpayers.

The Town's tentative budget for 2025, which is prepared by the Town Supervisor, must be filed in the Town Clerk's office no later than September 30, 2024. The Town Board will then approve the Town's preliminary budget in October. The Town Board is required to hold a public hearing prior to adoption of the final budget. The public hearing date is not yet scheduled, but the hearing usually occurs in mid to late October or early November.

Property owners in the Village of Monroe may attend that budget hearing and object to the imposition of additional Town property taxes on their properties due to the Town's settlement of litigation against the Town Board's zoning actions.

If you have any questions or comments concerning this matter, please contact Mayor Neil Dwyer at 845-782-8341.