

GE tax dispute case moves to courtroom

By ROGER NOYES

The dispute between General Electric and Rotterdam over the company's tax assessment for its properties in the town went to court Wednesday.

State Supreme Court Justice William Keniry will hear the case, which is being adjudicated in Schenectady County.

GE has questioned its tax assessment for the last eight years, according to company spokeswoman Jan Smith. Last May the town assessed the roughly 300 acres of GE property in Rotterdam—about half of GE's total property in Schenectady County—at \$275 million, while GE contends it is worth about \$40 million.

Smith said that until this year, the town's property assessment had long been set at about \$150 million, but GE questions even that assessment.

"Rotterdam cavalierly changed GE's assessment without any other adjustment to anyone else in Rotterdam," Smith said.

When asked if she thought the case would be settled without the court's intervention, she said: "I don't think so. We have made innumerable attempts to reach an agreement. The town has not been interested in settling."

In addition to the contested assessments put forth by GE and the town, the state Office of Real Property also evaluated the property at \$60 million, Smith said.

"We are dealing with a nine-year situation that has never been settled. I have never heard of anything like this. It has never been our intention to put Rotterdam in this position," Smith said. "Nothing compares to this situation—even the gap between the \$60 million (Office of Real Property) assessment and the \$275 million."

Depending on how the case pans out, the town might have to refund money for past years, in addition to the amount GE's tax bill will increase for next year under the new assessment. Smith said that according to law, the company must pay the town tax bill using the \$275 million assessment despite the court action. The bill is due in

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"Since we have been grieving this for the past nine years, the town of Rotterdam may be in arrears for the nine years," Smith said.

Rotterdam Comptroller Patrick Aragosa said the town hasn't made any plans for next year's budget in anticipation of a refund to GE.

"Most likely we would be seeking a loan. We would be publicly advertising for loans," Aragosa said.

He said the town will be setting up a reserve for certiorari cases like the one filed by GE. It would be used to pay refunds to GE if the court rules in the company's favor.

The money that will be put into the reserve is the difference between GE's taxes for next year under the new assessment and the taxes it paid for this year under the previous assessment—roughly an 80 percent increase.

"We're not going to recognize that

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money (in the fund) as money to be spent. We are going to recognize it as if it never was received," Aragosa said. "We've got to put in that amount in the event that they (GE) challenge the taxes under the new assessment."

This year, GE paid about \$4.5 million in town, school and county taxes on its Rotterdam property. With the increased assessment, that could go as high as \$8.5 million next year, depending on tax rates.

To cushion itself from the possibility of having to pay a refund to GE as well, the Schalmont school district recently added \$2.16 million to its certiorari reserve fund.

School tax rates were set a couple of weeks ago, so the school is certain how much will go into the reserve.

The \$2.16 million is the difference between the amount of taxes due under the previous assessment and the amount due under the town's higher assessment of the GE property for the 2000-01

school year. This process of funding the reserve is similar to what the town is doing, said Schalmont Business Administrator Mark Kellett.

Money in the reserve fund would be used to help pay for any refund the school district might have to give GE.

As with town taxes, GE must also pay its school tax bill to Schalmont under the new \$275 million assessment. That bill is approximately \$4.9 million and is due by the end of the month.

"What we put in the reserve is based on the new assessment. I think we're in the same situation as the town and I think we're doing the same thing the town is doing," Kellett said.