



NEW YORK STATE SENATOR

Hugh T. Farley

Senator Farley Calls on Governor Paterson, State Leaders to Keep Promise Made to Residents of Canajoharie

HUGH T. FARLEY August 31, 2010

| ISSUE: **ECONOMIC DEVELOPMENT**

Senator Hugh T. Farley today called on state leaders to keep the promise they made to the residents of Canajoharie, who are facing significant tax increases as a result of the relocation of the Beech-Nut baby food manufacturing facility to the Town of Florida, NY.

“When the State announced the approximately \$100 million deal to relocate the Beech-Nut manufacturing facility to another site within Montgomery County, I stood beside then-Governor Spitzer as he made a commitment that the residents of Canajoharie would not be harmed in any way,” said Senator Hugh T. Farley. “The residents are now left holding the bag for the loss of tax revenues and are facing a dramatic increase – an average of \$2,700 per household -- in their tax bills if the State doesn’t step in and do something about it.

“The Village incurred substantial debt to install municipal water and sewage systems large enough to accommodate the Beech-Nut facility,” continued Senator Farley. “The Environmental Facilities Corporation (EFC) should assume that debt and not stick village residents with the bill. That violates the promise the Governor and other Majority leaders made to hold Canajoharie residents harmless.”

An audit released by the State Comptroller’s office found that the Beech-Nut facility was by far the largest consumer of the Village of Canajoharie’s wastewater treatment and water plants, using over 80 percent of their capacity. To offset the loss of tax revenues, property taxpayers within the village could expect to pay annually an extra \$1,047 for water and \$1,540 for sewer, plus a \$120 increase in their local property taxes.

“The EFC is reportedly looking to extend the terms of the loan, interest-free, for an additional ten years. While that would lessen the tax increases, it’s not enough,” said Senator Farley. “The EFC should do the right thing for the community and assume this debt entirely, sparing the residents of Canajoharie from these unanticipated and unbearable costs.”

Senator Farley had previously alerted Governor Paterson to the devastating problems the Village of Canajoharie was facing because of the loss of the Beech-Nut facility, and also called to his attention the numerous proposals that Village officials have submitted to several state agencies to help the Village recover from the loss (see attached letters).

“The State made a commitment to the residents of Canajoharie three years ago, and they have a responsibility to the remaining taxpayers who cannot sustain these tax increases,” said Senator Farley. “The relocation of the Beech-Nut plant kept a successful manufacturer here in Montgomery County and created many new jobs, but that victory has been diminished by the broken promise to the residents of Canajoharie.”