



NEW YORK STATE SENATOR

Catharine Young

## Senate Majority Unveils Multibillion Dollar Property Tax Relief Plan as Top Priority for 2008

CATHARINE YOUNG January 8, 2008

State Senator Catharine Young (R,I,C -Olean) and the New York State Senate Majority today advanced its top priority for 2008 through introduction of a multi-billion dollar property tax relief plan that would double the size of the current STAR rebate for most homeowners and triple the size of the STAR rebate for seniors next year, while abolishing the current income eligibility thresholds instituted last year by Governor Spitzer.

Under the comprehensive plan, the Senate Majority is also advancing its NY-STOP proposal, which could result in the complete elimination of residential school property taxes in school districts that vote to phase out property taxes over five years, with revenue replaced by additional State funding.

This new initiative seeks to build on the Senate Majority's record in winning meaningful property tax relief for New Yorkers, initially through creation of the STAR school property tax relief program and then through its successful efforts to initiate a property tax rebate system to distribute checks directly to taxpayers.

Under the major tax relief plan, the average eligible, non-senior homeowners would receive a 2008 STAR rebate check double the size of their 2007 STAR rebate check, while their 2009

STAR rebate check would triple in size. Homeowners that did not receive a check last year would receive a rebate check double the size of the average check of the top qualifying income bracket under the current system.

Meanwhile, senior homeowners would receive a 2008 STAR rebate check triple the size of their 2007 STAR rebate check, while their 2009 STAR rebate check would be roughly four times the current amount.

Under the Senate Majority's proposal, the total value of the STAR property tax rebates would grow from an estimated \$1 billion in 2007 to \$2.3 billion and \$3.6 billion in 2008 and 2009, respectively. (The \$3.6 billion is approximately \$2.1 billion above the projected level of relief that would occur under existing law in 2009-10). The New York City Personal Income Tax Credit component of STAR would also be increased to save New York City taxpayers \$650 million by 2009

The Senate was instrumental in ensuring that taxpayers received the relief they deserved this year after the Governor's new rule requiring taxpayers to apply for benefits resulted in thousands of New Yorkers failing to initially receive their applications, along with other administrative errors which delayed STAR tax rebate checks for others.

When the Senate's enhanced STAR rebate check proposal is combined with the State's existing STAR tax exemption program, New York State will provide a total of \$6.6 billion in total tax relief in the upcoming fiscal year, and \$8.4 billion in tax relief in the 2009-10 fiscal year.

Earlier this year, the Senate passed legislation (S.6485), sponsored by Senators Carl Marcellino (R, Syosset) and John Flanagan (R-C, East Northport), that extended the date to apply for property tax rebate checks until the end of the year. could result in the complete elimination of residential school property taxes in school districts that vote to phase out property taxes over five years, with revenue replaced by additional State funding

## NY-STOP (**STOP TAXING OUR PROPERTY**)

NY-STOP would give school districts the authority to eliminate residential property taxes over five years, with revenue replaced by additional State funding; impose an immediate freeze on property tax assessments for seniors; create a Blue Ribbon Commission on Property Tax Reform; and enact comprehensive mandate relief measures to help lower costs for school districts and municipalities.

## ELIMINATING RESIDENTIAL PROPERTY TAXES

In 2006, primary residential homeowners paid approximately \$9.5 billion in school property taxes. If every school district entered the optional system, the 20 percent reduction in residential tax levies would reduce school property taxes by \$1.9 billion annually. Eventually, if every school district were under this new system, State funding would fully replace the \$9.5 billion paid by homeowners in school taxes. This amount is essentially consistent to the \$9.5 billion in proposed school aid increases and property tax relief proposed by Governor Spitzer in his Executive Budget this year.

Under the provisions of NY-STOP, every school district would be authorized to take a public vote to determine if real property taxes on primary residences (STAR eligible properties only) would be phased out over five years and be replaced with additional State funding. This vote would be held on the third Tuesday in May (school district budget vote day).

The proposition would be placed on the ballot only after the submission of a petition which contained at least 25 percent of the persons who voted in the previous school budget vote (or in the previous general election in the Big Five cities). Districts which enter into this system would be required to reduce residential real property taxes on primary homes by 20 percent

annually until such tax was eliminated after five years.

A new state aid formula would be created to fully reimburse districts for this reduction in local tax collections. After five years, the formula would provide districts with an annual school aid cost-of-living increase.

Under the new system, property taxes on other properties (i.e. second homes, apartments and businesses) would continue under the current taxing system. Districts which do not enter into this financing system would continue under the existing property tax structure.

#### PROPERTY TAX FREEZE FOR SENIORS

Under NY-STOP, school districts would be authorized to freeze the school tax rate for seniors over the age of 65. The Senate's proposal would provide immediate tax relief to hundreds of thousands of seniors across the State by freezing the real property assessed value of their homes at a fixed rate, while also providing state reimbursement to municipalities for lost real property tax revenue.

The legislation would establish a fixed real property assessed value for persons 65 years of age or older who own a primary residence. Eligible seniors must have an income of less than \$100,000. Individuals would apply annually with their assessor to participate in this program by completing a form developed by the Office of Real Property Services.

Under the plan, the local assessor would be charged with notifying all local real property owners about the program, and would have to provide a statement on tax bills stating, "Your tax savings this year resulting from the fixed real property assessed value is \$\_\_." Assessors would also be responsible for applying to the State for reimbursement for the loss in property tax revenue.

In addition, the Senate's proposal will enable school districts to freeze property tax rates on senior citizens over 65 who currently qualify for the senior STAR enhancement.

#### BLUE RIBBON PROPERTY TAX REFORM COMMISSION

NY-STOP would also establish a Blue Ribbon Property Tax Reform Commission. The eleven-member commission, which would include experts in the fields of education, municipal finance and assessment administration, would examine the property tax system and offer reforms to relieve homeowners and other property owners of their increasing tax burdens. The Governor, the Temporary Leader of the Senate and the Speaker of the Assembly would each appoint three commission members. The Minority Leaders of the Assembly and Senate would each make one appointment.

The commission would report on a reform plan for schools and local governments to lower local tax burdens with a focus on enhanced accountability, alternative financing methods, governance options, property assessment plans, and tax containment policies. The commission also would be charged with examining possible alternatives to the real property tax for funding schools and changes to the property assessment system.

The Senate's property tax relief plan was unveiled today in anticipation of the 2008 legislative session. Since the end of the regularly-scheduled 2007 legislative session, the Senate has returned to Albany on four different occasions to act on priority issues such as tax relief, criminal justice initiatives, and legislation blocking the Governor's plan to grant driver's licenses to illegal aliens.

