



NEW YORK STATE SENATOR

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Senate Passes \$6 Billion, Two Year Property Tax Relief Plan

CATHARINE YOUNG March 5, 2007

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The New York State Senate today passed a three part plan (S.1) to significantly expand the Senate-initiated property tax relief rebate program to provide \$2.6 billion in property tax relief this year and \$3.4 billion in 2008.

The plan would triple the size of direct property tax rebate checks in the first year, give voters greater input on local property tax rates, and establish a Blue Ribbon Commission to make reforms to help reduce property taxes.

A report commissioned by the Senate last year, conducted by Global Insights, found that local taxes per household in New York (\$6,377) are the highest in the country and more than two times the national median (\$2,952). Also, the Tax Foundation recently issued a report which studied property tax burdens in the 775 largest counties in the country. All six of the New York downstate suburban counties were in the top 25 highest property taxed counties in the country.

TRIPLE PROPERTY TAX REBATE CHECKS -- REBATE PLUS

The total value of the Rebate-NY program in 2006 was approximately \$875 million, which included \$200 million for income tax credits for New York City residents. The Rebate Plus plan would triple the current rebate/credit program across the state in 2007 and would approximately quadruple it in 2008. The Rebate Plus plan would provide \$2.6 billion in tax relief in 2007-08 and \$3.4 billion in 2008-09. (A county by county list of average rebate checks for seniors and non-senior taxpayers is attached).

In 2006, rebate checks averaged approximately \$175 for non-seniors and \$300 for seniors. Under the expanded Rebate Plus plan, in 2007 the rebates would average \$525 for non-seniors and \$900 for seniors.

The Rebate Plus program can be paid for with the State budget surplus. The Senate Finance Committee estimates that New York State will end this fiscal year with a sizable surplus.

Voter-Initiated Tax Rate Limits

This proposal would give voters a greater say in local tax rates by allowing them to collect signatures to limit the growth in the local school and municipal tax rates. If a sufficient number of signatures are collected, a proposition would be placed on the ballot at the next school budget vote. The petition would set the type of limits on the tax rate. If approved, the limits on increasing the tax rate would be in effect for one year.

Blue Ribbon Commission on Property Tax Reform

The Senate's property tax relief plan would establish a Blue Ribbon Commission to examine and make recommendations on specific areas of reforms for local governments and school systems with the goal of reducing the property tax burden in New York State.

The Commission will report at the end of calendar year 2007 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 would also be charged with examining possible alternatives to the real property tax for funding schools and changes to the property assessment system.

Members to the eleven-member Commission would be appointed as follows: three each by the Senate Majority Leader, the Governor, the Speaker of the Assembly, and one by each of the Minority Leaders.