



NEW YORK STATE SENATOR

Timothy M. Kennedy

No Time to Waste: Hold the Line and Pass the Cap

TIMOTHY M. KENNEDY January 24, 2011

| ISSUE: **TAXES, PROPERTY TAX**

Senate Democrats Announce Support for Property Tax Cap; Senator Tim Kennedy Proposes Comprehensive Property Tax Relief Plan

(Albany, NY) As millions of New Yorkers struggle to keep their homes due to skyrocketing property taxes, Senate Democratic leadership, members and local taxpayers from across the state announced their support for immediate passage of Governor Cuomo's two-percent property tax cap to hold the line on taxes for Middle Class families. Building on his support for Governor Cuomo's tax cap, Senator Tim Kennedy unveiled a comprehensive property tax relief plan.

Senator Kennedy's property tax relief plan would:

- Impose a 2% cap property taxes for school districts and local governments;
- Reduce costs and eliminate waste by relieving school districts and local governments of costly unfunded mandates; and
- Provide direct, targeted tax relief to those most in need through a middle class circuit breaker.

Senator Timothy M. Kennedy (D-Western New York) said, "Hardworking Western New Yorkers need property tax relief now. That's what I've heard first-hand from Middle Class

families and business owners throughout the region. Property taxes are pushing families out of their homes and suffocating job growth. That needs to change. Our comprehensive property tax relief package will help us build a stronger and more prosperous future in Western New York and throughout New York State. The provisions included in the bill – the property tax cap, serious mandate relief and direct tax relief for Middle Class families – will help reduce the tax burden that has been weighing down on New York’s families and businesses. It’s a comprehensive, aggressive and responsible first step toward changing our state’s tax climate.”

Democratic Deputy Leader Neil D. Breslin (D-Delmar) said, “Property taxes have risen to levels that are far too high for working families to afford which is why I voted to place a cap on property taxes twice during the 2010 legislative session. However, the establishment of a property tax cap alone will not do enough to reduce people’s taxes. A property tax cap without the reduction of costly state mandates will only lead to cuts in essential services. Additionally, we must also create a “circuit breaker” property tax rebate for the Middle Class which will benefit more than 1.6 million New York State households. To achieve real tax relief we must find solutions in a more comprehensive manner.”

Senator Suzi Oppenheimer (D-Mamaroneck) said, “The key to reducing property taxes is to provide school districts and municipalities with relief from unfunded mandates and to change the rules that prohibit them from sharing services and cutting costs. Last year, the Senate moved closer to achieving this goal by passing my package of bills that eliminated mandates and cut costs for school districts. We will need the agreement of both houses to afford meaningful property tax relief and I will work to achieve consensus on these and other much needed reforms.”

Senator Toby Ann Stavisky (D-Whitestone) said, “New York is one of the most beautiful states in the nation, which is why it’s a tragedy that mounting property taxes leave most unable to reside in it. In order to ensure New York’s future, and get back on the track of living up to our name as the Empire State, a property tax cap is not only necessary but essential. Across the aisle, upstate or downstate, our goal is the same, let’s get back the old New York.”

Senator Michael Gianaris (D-Queens) said, “High property taxes have choked local taxpayers in our state for too long. In order to succeed in creating a better economic climate in New York, controlling property taxes must be part of the solution. A property tax cap is the best way to accomplish that goal.”

David Sullivan, founder and president of Buffalo-based manufacturing company Industrial Support Incorporated said, “Every dollar I can save in tax payments, I can directly reinvest into the growth of my business. And that means more jobs for more workers. A property tax cap will give my company more predictability in our financial planning and will encourage future growth. It will help businesses like mine reach their full potential.”

Town of Cheektowaga Councilman Rick Zydel said, “A property tax cap will lead to serious property tax relief for Cheektowaga families and businesses. It will help keep families in their homes and encourage businesses to grow. From the perspective of a town councilman, Senator Kennedy’s proposal also jumpstarts the process of relieving and eliminating state mandates on local governments. The proposal will give us, as a town board, more flexibility to make creative decisions to reduce costs and alleviate the tax burden on Cheektowaga residents.”

Senator Kennedy’s Comprehensive Property Tax Plan:

I. 2% Property Tax Cap:

- Imposes a 2% (or rate of inflation, whichever is lower) cap on property taxes for school districts and local governments.
- Exempts capital expenditures, state-mandated social services and one-time legal settlements.
- Voters have the power to override the cap with a 60% vote.

II. Mandate Relief for School Districts and Local Governments:

- Imposes an immediate four-year moratorium on unfunded mandates from the state government.
- Ideas to reduce school costs:
 - New flexibility on funding for textbook aid, Pre-K, information technology.
 - New improvements to the proven-successful BOCES system to increase savings and efficiencies.
 - New protections for school finance information and new training on cost-savings and collaboration
- Ideas to reduce costs for local government:
 - Permit piggybacking of local, state and federal contracts.
 - Allow “reverse auction” bidding and “best value” contracting to save money on procurement.
 - Require local fiscal impact notes on all legislation to make legislators aware of the consequences of their actions.

III. Direct, Targeted Tax Relief For Working and Middle Class Families:

- Accompany any tax cap with a circuit breaker formula to directly tie property taxes to the adjusted annual income of homeowners, not merely the value of their property.
- Effectively targets property tax relief to those who need it most and reduces tax rates down to manageable levels.
- Create a tax credit against one's state personal income tax equivalent to the amount of a person's property tax bill that exceeds a certain percentage of their annual income.
- Use budget surpluses produced by controlling spending for property tax relief under a "circuit breaker" plan.
- Use of the new local government consolidation law to help provide direct tax relief.
- Require that 50% of the additional state aid local governments can receive by merging or dissolving municipalities under the new government consolidation law be given directly to the taxpayers in the affected communities for immediate tax relief.
- Restored funding for the Middle-Class STAR program.