



NEW YORK STATE SENATOR

Jack M. Martins

## From the Desk of Senator Jack M. Martins

JACK M. MARTINS October 17, 2012

| ISSUE: **LOCAL GOVERNMENT, PROPERTY TAX**

| COMMITTEE: **LOCAL GOVERNMENT**

### **Tax Cap Confusion**

I am sure you can imagine the phone calls and emails my office took this week as homeowners received their school tax statements. As a pretty seasoned public servant, I can tell you that as sure as the moon raises the tides, taxes raise blood pressures.

This time was no different, except people were asking me, "What happened to the tax cap?" In these cases, they knew their school district had voted to keep the budget at the cap, so they were understandably shocked when they received tax increases of much larger rates.

Certainly, taxes are not a matter to be trifled with on Long Island and it does no one any good to bury their heads in the sand and avoid explanations. Unfortunately, that seems to be the approach I'm seeing from some of the very people who could best explain what happened. That's why I think it's only fair to take this opportunity to reassure you that no one hi-jacked the various tax caps (they did remain firmly in effect) and to clarify exactly why some of you saw those notable tax increases.

Judging by some conversations I've had recently, I'm not sure everyone understands the tax cap. So first we should be exceptionally clear about what it is and more importantly what it

isn't. It is a cap on the amount of money a local government or school district can increase their property tax levy each year. A property tax levy is the total amount of money to be raised through property taxes charged on assessed value of property in that district. In other words, it's a cap on the total amount that can be raised from taxing a group of constituents, like a village or school district.

As you know, for years, many local governments and districts increased spending considerably, and with those swelling budgets came the ever-larger tax increases needed to pay for them. That's what we had to stop, so New York finally capped those budget increases at 2 percent or the rate of inflation, whichever is less, with some exceptions. Nowadays, the only way to bypass that is by a super majority vote. For the record, 90% of school districts and 83% of local governments statewide have complied with the tax cap, so it is definitely working for us.

Now, comes the confusing part: your tax bill. To start, let's be clear: the cap does not cap your personal property tax bill. It only caps the local budgets that drive your bill. The statement you receive in the mail is what you owe, literally your portion of that total budget amount. In a world where all the assessments on properties in a district remain the same, your tax obligation would remain constant, only increasing by the same amount the overall budget increased. But that would mean none of the property in your town or district is ever re-assessed, which is not likely. The truth is both residential and commercial properties have their values reassessed regularly and those numbers are in constant flux. Also, it's true that for every homeowner whose taxes went up, there is another whose taxes went down – remember overall spending was limited to the cap.

In fact, we are all painfully aware that that Nassau County has struggled under the weight of grievances filed by home and commercial property owners seeking lower tax rates. Last year alone 94,000 homeowners won reductions. In addition, this year's final numbers

indicate that values actually went down on nearly 70 percent of the county's 386,000 residential properties. But whenever someone's taxes go down, someone else's goes up to meet the budget so the taxes on the remaining 117,900 residential properties increased or stayed the same.

That's why some of us got hit with larger bills than we expected. Mine went up 9% but it wasn't because the tax cap didn't work. In fact, the damage would have been much worse had local governments and school districts circumvented the cap to raise their budgets.

I know that doesn't lessen the pain for those who saw increases. Property assessments have been a real problem for years and teams of people have worked diligently to try and come up with the most equitable solutions. But high property taxes have many culprits; foremost among them was unsustainable spending increases. The tax cap, thankfully, is correcting at least that one factor.

In short, the tax cap worked. It did not, and was not meant to, address fluctuations and shifts in assessments. Those shifts within the districts, between those getting reductions and those seeing increases are a result of assessments – not a failure of the cap.

In the meantime, if you feel your assessment is incorrect, Nassau County has a helpful web page so begin at the beginning and visit

<http://www.nassaucountyny.gov/agencies/ARC/propertyowners.html> for more information.