



New York State
Association of
County Directors
of Real Property
Tax Services

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NEW YORK STATE ASSOCIATION OF DIRECTORS OF REAL PROPERTY TAX SERVICES

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Senate Select Committee on Budget & Tax Reform **October 13, 2009** **Roundtable on Real Property Tax Exemptions**

The New York State Association of County Directors of Real Property Tax Services is a statewide organization committed to creating tax equity within and between all municipalities.

We would like to thank Chairwoman Kruger and the members of the Senate Select committee on Budget and Tax Reform for allowing the County Real Property Tax Directors to submit testimony on this important issue.

The history of real property taxation in New York State is longer than the history of the State itself. In the pre-revolution colonial era, the colony of New York placed a tax on improved land. As the tax system evolved during the course of the revolution, many New York residents were being taxed by the British occupiers to pay for the war. People then, as now, were in danger of being taxed out of their homes.

Today, the local property tax is by far the largest tax imposed by local governments in New York State representing 79% of all local taxes outside New York City. It outpaces every other revenue source available to local governments including State and Federal aid.

Unlike sales tax, which fluctuates with the rising and falling of the economy, the property tax is relatively stable. Because of this stability, many levels of government rely on the levying of a property tax as their main source of funding including counties, cities, towns, villages and school districts. This reliance, combined with the sheer number of taxing jurisdictions that rely on the tax, has

translated into a burden for New Yorkers that is 49% higher than the national average.

As you are well aware, school taxes represent the largest portion of the overall property tax levied on homeowners. 61% of the total real property tax levy outside New York City is accountable toward school spending; by contrast counties represent only 18% of the total levy.

Our association's main charge is to strive for property tax equity throughout the State. One way to achieve this is to make sure every taxpayer is shouldering their fair share of the burden. We must consider obvious fixes such as reforming the exemption process to promote equity in the administration of real property taxes.

Annually, hundreds of bills are introduced into both houses of the state legislature that increase the number of properties that are exempt from real property taxation. For decades, New York State has provided targeted groups, such as charitable, religious and educational organizations, with real property tax exemptions to support a broad array of public purposes.

Over time, however, the number of non-profit groups and the cumulative impact of individual exemptions has steadily increased shifting the overall tax burden and triggering serious financial repercussions at the local level. To address this impact, the Legislature should create a system of annual application for these exemptions and tighten any standards for receiving them.

Any proposed reforms must also increase local control over the real property tax exemption process, providing for increased tax equity and substantial local cost savings that can be passed on to local property tax payers.

As we move forward on this important and timely issue please feel free to use the county director's association as a resource and a partner. Many of the members of the state legislature came from county government and know full well what can be accomplished when the State and the counties work together.