



State of the State Address Fact Sheet: **Property Tax Relief, Cap and Reforms**

“We need to start getting real about our property tax crisis...We cannot grow if property taxes continue to force young people out of the state and our seniors out of their homes...Experience has taught us that we need stronger medicine. A rebate check may temporarily ease the pain, but it doesn’t cure the disease. In the end it’s a losing game for the taxpayer if the State gives you a rebate check on Monday and then on Tuesday your local government taxes it away.”

- Governor Eliot Spitzer (January 9, 2008)

The Challenge

- New York’s per capita local tax burden is the highest in the nation and more than twice that of the national average;
- According to the Office of the State Comptroller, outside of New York City, school districts account for 61% of the property taxes paid by New Yorkers;
- During the past five years, school district tax levies have grown by an average of 7.3% annually;
- There are more than 4,200 taxing jurisdictions in New York State;
- New York’s local government spending is nearly \$2,600 above the national average and also exceeds our peer states. Local government officials point to unfunded mandates as a major factor that drives spending.

Our Approach

- **Direct Relief:** The Governor’s Executive Budget will provide another round of property tax rebates targeting the most amount of relief to middle class homeowners.
- **Mandate Relief:** The Executive Budget will include a series of mandate relief proposals and initiatives to help school districts and local governments control costs:
 - Wicks Law Reform (see separate fact sheet);
 - Local government procurement reforms to lower contracting and purchasing costs for local government;
 - Initiatives to help local governments provide more affordable employee health care including purchasing consortiums and lower cost public employee health options;
 - Improvements to the State’s \$25 million local shared services program, which provides grants to encourage local governments to pursue cost-saving mergers and shared services;
 - Reforms to promote coordination of highway services; and,

- Local financial data improvements.
- Property Tax Commission: Governor Spitzer will appoint a bipartisan Commission with Moreland Act investigatory powers to examine school district property taxes. The Commission will be charged with developing:
 - Reforms that address the major costs driving local school district property taxes;
 - Proposals to increase the fairness and effectiveness of New York's property tax relief system for middle class taxpayers; and
 - A fair and effective property tax cap for school districts that controls property taxes while providing for needed education investments. The Commission will study the experience of other states in implementing caps, recognizing the differences between those states and New York.

Related Initiatives

- Governor Spitzer's new Middle Class STAR Rebate program is now targeting over \$1 billion in relief directly to three million households; providing the largest benefits to homeowners with incomes below \$90,000 Upstate and \$120,000 in the higher cost New York City metropolitan region. During its first year, participation in Middle Class STAR met expectations, with over 90 percent of all eligible homeowners submitting benefit applications in 2007-08. Taxpayer savings also surpassed original estimates with an average basic rebate of \$386, ranging from \$120 in New York City to \$923 in Westchester County.
- Governor Spitzer established the Commission on Local Government Efficiency and Competitiveness in 2007, which is chaired by former Lieutenant Governor Stan Lundine and includes representatives of local government and the Legislature and experts in government finance. The Commission is working on more than 150 initiatives identified by local officials which could result in consolidation of taxing jurisdictions, shared services and other efficiencies. It also is developing a series of broader policy recommendations to improve local government operations.
- The 2007-08 budget provided the largest increase in school aid in State history and enacted a series of accountability initiatives to ensure that money is spent effectively. (see separate fact sheet)
- Governor Spitzer has committed to a multi-year funding increase for the Aid and Incentives for Municipalities (AIM) program, which links increased aid to improved financial accountability.
- The Governor's City-by-City initiative will finance key economic development projects tailored to the unique needs of our Upstate Cities. These projects will help grow the local tax base and relieve the property tax burden.