

NYS PROPERTY TAX REFORM COALITION

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TESTIMONY FOR: Joint Legislative Hearing on 2016-17 Executive Budget (Taxes)

Albany, Legislative Office Building, Hearing Room B

February 2, 2016

Distinguished Members:

I'm John Whiteley, Legislative Affairs Officer of the NYS Property Tax Reform Coalition, a volunteer advocacy group that represents the interest of residents throughout the state who seek property tax relief and reform via state legislation. We first organized statewide in 2007. I have personally been involved in property tax issues since the early 1990's, as have many of my colleagues, at local and regional levels.

Our long term objective has been and remains the gradual reduction in the continuing overdependence on the archaic and inequitable property tax as a means of funding services in our state, and to replace it with a gradual but significant increase in state funding, especially for schools, more in keeping with the state's constitutional obligations and our 21st century economic realities.

The property tax hits hardest at the middle class, contributing to its decline amid a level of income inequality not seen since the eve of the Great Depression. It's the killer tax in our state, as Governor Cuomo has pointed out. While middle class property tax relief remains important, as I'll get into more below, a tax system which does not fully consider the ability to pay and can so often put residents' homes at risk is inherently inequitable in and of itself. The 700,000 moderate income New York households paying over 10% of their incomes in property tax, with some 250,000 paying over 20%, are testimony to its flaws. When a tax is so burdensome to so many, we should reduce its use.

Conceptually, the state needs to do for schools what it has done for counties through the local medicaid freeze by eliminating or paying for state mandates that often drive local increases beyond what can reasonably be accommodated under the property tax cap. Failure to do this will inevitably strengthen efforts to weaken the cap, possibly lead to more overrides that will increase pressure on struggling taxpayers, or force unconscionable reductions in program quality at the expense of students. We support the educators' call for a significant increase in the state's share. Education cannot be flatlined, but property taxpayers are basically tapped out. The cost of annual increases should gradually become a state funding responsibility.

Fully implementing this concept will obviously take a while, but that doesn't excuse us from beginning now the serious discussions needed and seeking consensus on a blueprint for the future.

Finally, just to touch on some short history.

It's been eight years since an increasing property tax revolt led Governor Spitzer to launch his (and later Governor Paterson's) Property Tax Relief Commission, designed with much fanfare to seriously study the whole property tax problem and make recommendations. Many remember its primary recommendation of the cap, but fewer may recall it urged implementation of two other important relief measures — a circuit breaker and mandate relief — once a cap was enacted.

It's now been nearly five years since the cap was enacted. There has been some modest but still insufficient movement on mandate relief, but basically no progress on a meaningful circuit breaker. The fiscal crisis provided a convenient excuse for a while, but the legislature's failure to enact the excellent circuit breaker proposed and highlighted by Governor Cuomo himself in the 2015-16 Executive Budget, while effectively adding instead to the

already substantial STAR program, made it clear that its rejection was all about politics, not money.

Like other relief measures, the circuit breaker does not provide the fundamental, systemic tax reform discussed above. But as the only measure that meaningfully considers both one's income and tax bill, it would help save the homes of the 700,000 New Yorkers noted above and other moderate-income residents at risk of losing them, while they wait out the time-consuming process of long term reform.

The circuit breaker remains extremely important and should be enacted. We understand there may be some chance for progress beginning in 2017-18. We will be watching developments closely. We have submitted voluminous testimony in past years concerning the merits and important features of a circuit breaker, and we will be happy to respond to any questions or requests for more details.

Thank you for this opportunity.

Respectfully submitted,

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