



NEW YORK STATE SENATOR

Jeffrey D. Klein

## Klein Budget Proposal Restores Property Tax Relief for Thousands of New Yorkers

JEFFREY D. KLEIN March 13, 2009

### Raises Revenue to Pay for Circuit Breaker

ALBANY-Today NYS Senate Deputy Majority Leader, Senator Jeff Klein introduced a budget proposal that would pave the way for property tax reform for middle-income and working class residents throughout the state. The proposal raises taxes on wealthier New Yorkers making more than \$500,000 a year, generating approximately \$3.5 billion dollars in revenue by the end of 2010 that would be used to provide tax credits to all eligible home owners in the form of a circuit breaker. In addition, the proposal produces an additional \$1 billion dollars in future savings for the state.

"My proposal doubles relief for middle class New Yorkers with one goal in mind – putting real money back in the pockets of real New Yorkers. These may be difficult times, but in a New Albany it's time for innovative solutions to our long standing problems," said Klein.

New York State has the highest property taxes in the nation, with homeowners paying an average of \$2,303/capita compared to a national average of \$1,134/capita. School property taxes have grown at an average rate of 7% per year since 2001-02 (42% statewide since 2000), which is twice the rate of inflation and twice the growth of average salaries. This steep rise in taxes has occurred despite the relief provided through the School Property Tax Relief (STAR)

Program enacted in 1997. Residents of Westchester and Nassau counties lead the state paying an average of \$7,908 and \$7,726 in property taxes respectively.

Under Klein's circuit breaker, home-owners making less than \$250,000 annually would receive a tax credit once their property tax bills exceed a particular portion of their income. This plan benefits suburban homeowners and seniors the most because those groups currently pay the largest share of their income in property taxes. Basing the benefit on both income and local property tax levels, the circuit breaker offers targeted and progressive tax relief to some of New York's most overburdened taxpayers.

Downstate homeowners (includes those in Nassau, Suffolk, Rockland, Westchester, Putnam, Orange, and Dutchess counties) will receive a 70% credit for the portion of their property taxes exceeding:

- 6 percent of income for homeowners whose income is below \$120,000
- 7 percent of income for homeowners whose income is between \$120,000 and \$175,000
- 8 percent of income for homeowners whose income is between \$175,000 and \$250,000

Upstate homeowners (includes all remaining counties) will receive a 70 percent credit for the portion of their property taxes exceeding:

- 6 percent of income for homeowners whose income is below \$90,000
- 7 percent of income for homeowners whose income is between \$90,000 and \$150,000
- 8 percent of income for homeowners whose income is between \$150,000 and \$250,000

For instance, if a Westchester family earning \$100,000 and paying \$10,000 in property taxes would be eligible for the credit because their property tax bill is \$4,000 above the threshold 6% (or \$6,000) of their income. That family would be eligible for a credit equal to 70% credit of that \$4,000 excess, or \$2,800.

Klein's proposal would restructure the personal income tax by increasing the rate from 6.85 to 8.97% for millionaires and 10.3% for income above \$3 million.