



NEW YORK STATE SENATOR

William Larkin

Senate Acts To Cut And Eliminate Property Taxes

WILLIAM J. LARKIN JR. September 23, 2008

New York STOP TAXING OUR PROPERTY Plan

Plan Would Empower School Districts to Completely Eliminate School Property Taxes; Allow Locals to Put a Tax Cap in Place

Senator Bill Larkin (R-C, Cornwall-on-Hudson) announced the New York State Senate today passed major property tax relief legislation (S8522) that would result in the complete elimination of school property taxes in school districts that vote to phase them out over five years, with revenue replaced by additional state funding.

The plan, known as New York STOP TAXING OUR PROPERTY (NY-STOP), would reduce school property taxes by 20 percent a year until they are eliminated after five years, rather than simply capping property tax increases, as the Suozzi Commission has proposed.

"Families simply can't afford their property taxes and seniors are being taxed out of their homes," said Senator Larkin. "Year after year, my colleagues and I in the Senate Majority have pushed for measures that would drastically reduce the property taxes of hardworking New Yorkers. We have a fiscally sound plan in 'NY-STOP' that would eventually eliminate all residential property taxes. We have the opportunity to bring real relief to homeowners across the entire state. I truly hope that this is the year our colleagues in the Assembly will

agree that enough is enough and that the need for this plan to be enacted is indisputable."

The STOP TAXING OUR PROPERTY plan would: give school district voters the authority to eliminate residential property taxes over five years, with revenue replaced by additional State funding; and allow localities the option to put a local tax cap in place. Most importantly, STOP TAXING OUR PROPERTY would reduce taxes 20 percent a year rather than limit the year-to-year property tax increase to 4 percent.

Meanwhile, as part of Stop Taxing Our Property, local school districts would also have the option to authorize a local property tax cap if district residents voted to do so through a petition and voting process, allowing localities to have the flexibility they need to address unique district-by-district challenges.

The plan would be paid for through existing revenue in the State Budget, just as the State satisfied the Campaign for Fiscal Equity (CFE) lawsuit and provided additional funding for New York and other high-needs school districts throughout the State. In addition, passage of NY-STOP would signal that the Legislature and Governor are committed to providing property tax relief to homeowners who are challenged by high property taxes, high gas prices, and the high costs of basic grocery staples like bread, milk and eggs.

ELIMINATING RESIDENTIAL PROPERTY TAXES

Under the provisions of NY-STOP, every school district would be authorized to hold a public vote to determine if real property taxes on primary residences (STAR eligible properties only) would be phased out over five years and be replaced with additional State funding. This vote would be held on the third Tuesday in May (school district budget vote day).

The proposition would be placed on the ballot only after the submission of a petition which contained at least 25 percent of those who voted in the previous school budget vote (or in the

previous general election in the Big Five cities). Districts which enter into this system would be required to reduce residential real property taxes on primary homes by 20 percent annually until such tax was eliminated after five years.

A new state aid formula would be created to fully reimburse districts for this reduction in local tax collections. After five years, the formula would provide districts with an annual school aid cost-of-living increase.

If all school districts opted to eliminate residential property taxes, the total annual cost would be approximately \$2.34 billion or \$11.7 billion over five years.

Under the new system, property taxes on other properties (i.e. second homes, apartments and businesses) would continue under the current taxing system. Districts which do not enter into this financing system would continue under the existing property tax structure.

In addition to NY-STOP, the Senate was set to act on two bills that would provide additional relief to taxpayers, including mandate relief legislation to reduce costs to school districts, municipalities and local taxpayers, and a measure to provide enhanced financial incentives for school districts which merge or share a superintendent.