



NEW YORK STATE SENATOR

William Larkin

Larkin Pushes For Comprehensive Plan To Overhaul Property Tax System In New York State

[WILLIAM J. LARKIN JR.](#) June 12, 2007

Senator Bill Larkin (R-C, Cornwall-on-Hudson) and members of the Senate Majority today passed major property tax reform legislation that could result in the complete elimination of residential school property taxes in school districts that vote to phase out property taxes over five years. Revenue would be replaced with additional state funding.

"Despite the Senate Majority's success in providing increased property tax rebates this year and despite the historic increases in school aid we were able to secure, New Yorkers are still paying the highest property taxes in the nation and they need a break," said Senator Larkin. "This plan would completely reform our system of property taxes and bring the relief that families, seniors and average homeowners need."

The New York "Stop Taxing Our Property" Reform Plan (NY-STOP) would: give school districts the authority to eliminate residential property taxes over five years, with revenue replaced by additional State funding; impose an immediate freeze on property tax assessments for seniors; create a Blue Ribbon Commission on Property Tax Reform and enact comprehensive mandate relief measures to help lower costs for school districts and municipalities.

ELIMINATING RESIDENTIAL PROPERTY TAXES

Under the provisions of the bill (S.6119), every school district would be authorized to take 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 the persons 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.

In 2006, primary residential homeowners paid approximately \$9.5 billion in school property taxes. If every school district entered the optional system, the 20 percent reduction in residential tax levies would reduce school property taxes by \$1.9 billion annually. Eventually, if every school district were under this new system, State funding would fully replace the \$9.5 billion paid by homeowners in school taxes. This amount is equal to the \$9.5 billion in proposed school aid increases and property tax relief proposed by Governor Spitzer in his Executive Budget this year.

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.

PROPERTY TAX FREEZE FOR SENIOR CITIZENS

Under the Senate bill, school districts would be authorized to freeze the school tax rate for seniors over the age of 65. The Senate's proposal would provide immediate tax relief to hundreds of thousands of seniors across the State by freezing the real property assessed value of their homes at a fixed rate, while also providing state reimbursement to municipalities for lost real property tax revenue.

The legislation would establish a fixed real property assessed value for persons sixty five years of age or older who own a primary residence. Eligible seniors must have an income of less than \$100,000. Individuals would apply annually with their assessor to participate in this program by completing a form developed by the Office of Real Property Services.

Under the terms of the bill, the local assessor would be charged with notifying all local real property owners about the program, and would have to provide a statement on tax bills stating, "Your tax savings this year resulting from the fixed real property assessed value is \$__". Assessors would also be responsible for applying to the State for reimbursement for the loss in property tax revenue.

In addition, the Senate's proposal will enable school districts to freeze property tax rates on senior citizens over 65 who currently qualify for the senior STAR enhancement.

BLUE RIBBON PROPERTY TAX REFORM COMMISSION

The would also establish a Blue Ribbon Property Tax Reform Commission. The eleven-member commission, which would include experts in the fields of education, municipal finance and assessment administration, would examine the property tax system and offer

reforms to relieve homeowners and other property owners of their increasing tax burdens. The Governor, the Temporary Leader of the Senate and the Speaker of the Assembly would each appoint three commission members. The Minority Leaders of the Assembly and Senate would each make one appointment.

The commission would report at the end of calendar year 2007 on a reform plan for schools and local governments to lower local tax burdens with a focus on enhanced accountability, alternative financing methods, governance options, property assessment plans, and tax containment policies. The commission also would be charged with examining possible alternatives to the real property tax for funding schools and changes to the property assessment system. A stand-alone version of this legislation was approved by the State Senate on May 9, 2007 (S. 1052).

MANDATE RELIEF PLAN

The Senate's reform plan also includes a comprehensive mandate relief plan in order to help reduce costs to school districts, municipalities and local taxpayers. The measure would require the State to pick up the cost of any state mandated program imposed on municipalities or school districts.