



NEW YORK STATE SENATOR

Jeffrey D. Klein

Putting Money Back in New Yorkers' Pockets

JEFFREY D. KLEIN March 18, 2010

| ISSUE: **LOCAL GOVERNMENT, TAXES, PROPERTY TAX, STAR (SCHOOL TAX RELIEF PROGRAM)**

Senator Klein and Majority Members Pass Real Property and School Tax Relief Bill

ALBANY – State Senate Deputy Majority Leader Jeff Klein and Senate Majority Democrats passed Property Tax Relief legislation aimed at reversing New York's skyrocketing property taxes. The legislation, passed Thursday in a 58-1 vote, would put more money back in the pockets of middle income families and seniors.

The legislation (S.6212), sponsored by Senator Klein, restores STAR property tax rebate checks for senior homeowners earning less than \$150,000, creates a "circuit breaker" property tax rebate for the middle class, and caps local school property tax increases.

"The bottom line is that New Yorkers across the state are looking to us in Albany to develop productive fiscal solutions when their pocketbooks are hurting. By providing targeted and progressive tax relief, and putting money directly back in taxpayers' pockets, we are protecting the dream of homeownership for millions of New Yorkers and providing real relief now," said State Senator Jeffrey D. Klein (D-Bronx/Westchester).

Senator Klein's legislation provides direct property tax relief to senior homeowners across New York State by restoring the STAR rebate checks for seniors with household incomes of

\$150,000 or less. In order to provide immediate and guaranteed relief to seniors, but avoid potential “double-dipping,” the bill requires that the amount of the STAR rebate check received be subtracted from the total property taxes paid, in order to calculate eligibility for a circuit breaker on the recipient’s 2010 state income taxes.

The circuit breaker created in Senator Klein's legislation will benefit more than 1.6 million New York State households. The circuit breaker tax credit would provide targeted tax relief to households earning up to \$250,000 per year and paying more than a threshold percentage of their income on property taxes, with the tax credit equal to 30% of property tax payments over the threshold percentage. Eligibility will be determined based on a formula in which the circuit breaker takes effect when spending on property taxes exceeds 7% of the first \$120,000 of income, 8% of the next \$55,000, and 9% of the excess, up to a total income of \$250,000.

Senator Klein has long been a staunch advocate for creative revenue generating measures, as well as ensuring that all monies due to the state are collected in full and on time. Earlier this week, the Senate passed Senator Klein’s resolution calling on the U.S. House of Representatives to pass legislation banning the shipment of cigarettes via the U.S. Postal Service. This federal legislation is expected to help New York State recoup hundreds of millions of dollars in lost cigarette tax revenue annually. On Wednesday, the Senate also passed legislation sponsored by Senator Klein to expand hours and types of games for video lottery terminals, which is expected to generate an additional \$100 million annually for state aid to education.

“Property taxes have skyrocketed, and middle income families are being priced out of their homes. Today demonstrates the Senate Majority’s commitment to lowering costs, lowering taxes, and putting the people’s money where it belongs - back in their hands. I applaud my colleague, Senator Jeff Klein for his leadership and vision for giving families a more affordable New York,” said Senate Majority Conference Leader John L. Sampson.

Finally, Senator Klein's legislation will provide significant savings to local property tax payers by establishing a "cap" on school property tax cap increases of 4% over the total amount of taxes levied for the prior school year or 120% of CPI, whichever is less. Any school tax levy exceeding the cap (an "override") must be approved by 55% of school district voters, while a school budget that falls within the cap only requires the approval of 50% of the voters.

"For years, New Yorkers have been asked to pay more and more in property and school taxes, cutting into already stretched budgets. Tax payers, especially our senior citizens, need relief from these rising costs. I applaud Senator Klein for his commitment to putting money back into the hands of hardworking New Yorkers," said Senate President Pro Tempore Malcolm A. Smith.

"This legislation provides the kind of substantive tax relief that the Senate Democratic majority conference has pledged to provide to state residents to ease the hardships created by the economic crisis. It will provide immediate property and school tax relief to senior citizens and low- and middle-income residents across the state. I am proud to be a co-sponsor of this bill, and I applaud my colleague, Sen. Klein, for legislation that will provide much-needed economic relief to millions of residents," said State Senate Majority Leader Pedro Espada, Jr. (D-Bronx, 33rd district), who also serves as Chairman of the Senate Standing Committee on Housing, Construction and Community Development.

"As a senator from Long Island where homeowners face some of the highest property taxes on Long Island, I am proud to co-sponsor this legislation and work towards its passage. We are working hard to deliver real, substantial property tax relief for Long Islanders. The circuit breaker, along with the restoration of the STAR Rebate Checks, will put money back in the pockets of struggling families and help stabilize and stimulate our economy," said Sen. Brian X. Foley (D – Blue Point).

"This balanced and realistic plan delivers real tax relief to the middle class families that need it the most and helps seniors afford to stay in their homes, as well as cap and control property taxes that have spiraled out of control. I urge all of my colleagues to support this very important bi-partisan legislation that will help many residents on Long Island and across New York State that struggle with the ever-increasing property tax burden," said Senator Craig M. Johnson, (D-Nassau).

"This proposal will provide vital tax relief to New Yorkers at a time when they need it the most. By putting more money back into the pockets of seniors and families throughout the state, we will help our residents more easily make ends meet during a difficult time and help to revitalize our overall economy," said State Senator George Onorato (D-Queens).

"The time is now to provide real property tax relief to struggling homeowners and seniors across our State. As a new member of the Senate, I am extremely proud to join Senator Klein in his fight to create true fiscal responsibility and put money back in New Yorkers' pockets," said Senator Jose Peralta (D-Queens).

"It is our responsibility to deliver solutions that do more for New Yorkers, when taxpayers themselves are day-to-day doing more with less. Senator Klein's legislation will provide millions of middle class and senior New Yorkers vital, immediate relief, and I am proud to voice my support for it loud and clear today," said Senator Diane Savino (D-Staten Island).

"Property tax relief is my number one priority. As a strong and vocal advocate of the STAR program, I was extremely disappointed to see the part of the program which previously issued middle class homeowners a rebate check in the mail discontinued two years ago. This refund was a tremendous help to homeowners and especially to our seniors on fixed incomes. This legislation will bring some real relief back to hardworking taxpayers and help our seniors stay in their homes. As one of the main sponsors of this bill, I will be doing

everything within my power to fight for its enactment in the coming weeks,” said Senator William T. Stachowski (D-C, Lake View).

“I applaud Senator Klein for introducing this tax relief legislation. This bill will provide property tax relief to seniors and help them stay in their homes,” stated Senator Antoine Thompson (D-60th District).

“Providing substantial long-term property tax relief is a main priority for me, and this legislation puts measures in place that will help to lower the property tax burden. I urge my colleagues on both sides of the aisle to put money back in the pockets of New Yorkers by voting in favor of this legislation,” said Senator David J. Valesky (D-Oneida).