



NEW YORK STATE SENATOR

William Larkin

Senate Democrats Reject Republican Effort to Enact Property Tax Cap, Provide Real Relief for Middle Class Taxpayers

WILLIAM J. LARKIN JR. April 27, 2010

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

Senate Democrats today unanimously voted down a Republican-sponsored amendment that would have enacted a property tax cap, prevented school districts from raising local tax levies this year, and provided middle-class taxpayers across the State with relief from soaring property taxes.

Taxpayers will go to the polls three weeks from tomorrow to vote on school budgets. Since Democrats have made the state budget late, school districts are uncertain how much state aid they will receive. In light of that, many districts are anticipating deep aid cuts and are proposing significant property tax increases.

"New York taxpayers are at the end of their rope when it comes to property taxes," said Senator Bill Larkin (R,C, Cornwall-on-Hudson). "This property tax cap proposal would have

been a first step towards bringing relief to the hardworking homeowners who have nowhere to turn when it comes to the ever-increasing tax burden here in New York. We have to give them some light at the end of the tax tunnel otherwise there is no reason for homeowners to stay," said Larkin.

"Last year, Senate Democrats eliminated the STAR rebate check and raised taxes by \$8.5 billion to pay for \$13 billion in new spending, and now they are feeling the backlash from voters," said Senate Republican Leader Dean G. Skelos. "Now they say they are going to hold up the budget in a blatant effort to cover their tracks from last year. They claim they want to partially restore the checks for seniors and are proposing to borrow money, or worse raise taxes, to pay for it. If Senate Democrats are serious about alleviating the property tax burden, the best way is to join us in passing a property tax cap now."

The Senate Democrats' plan has been condemned by elected officials and others across the state, with Governor Paterson calling it nothing more than "a political ploy in an election year."

The property tax cap proposed by Senate Republicans would have prevented school districts in the future from increasing property taxes by more than 2.5 percent, the same as the cap currently being considered in New Jersey and that was enacted in Massachusetts. After the cap was enacted in Massachusetts, the state went from having the 3rd highest property taxes in the nation to the 33rd highest.

The amendment put forth today would have guaranteed there would be no increase in taxes at the local level – since last year's CPI is flat, school districts would immediately be limited to keeping their property tax levy lower than last year.

Senate Republicans first passed a property tax cap with bipartisan support in 2008, but Assembly Democrats refused to act on the legislation. Senate Republicans also initiated the STAR rebate checks in 2007 in order to provide relief to struggling homeowners. Last year, every Senate Democrat voted to raise taxes by \$8.5 billion and eliminate the STAR rebate checks so they could go on an unprecedented spending spree the State could not afford.

Senate Republicans have advanced a property tax relief plan that would restore rebate checks for everyone who lost them when the Democrats passed the budget last year. The tax relief in the Senate Republican plan would be paid for with cuts in spending, including reductions in Medicaid spending and reinstating Medicaid and welfare screening, consolidating and streamlining administrative functions of state agencies, lifting the cap on charter schools to receive \$700 million in federal funds for schools and property tax relief, and higher targets for Medicaid fraud recovery, among other proposals.

Senate Republicans also put forth an amendment, sponsored by Senator Flanagan, to provide further property tax relief by authorizing school districts to use their reserves to reduce the property tax levy. Senate Democrats also rejected this amendment.

School districts cannot use their reserves to increase spending, but this amendment would have allowed them to use their reserves to provide dollar-for-dollar tax relief at the local level.

####

