



NEW YORK STATE SENATOR

John J. Flanagan

## Senator Flanagan Fights To Enact Property Tax Cap and Provide Tax Relief For Middle Class Taxpayers

JOHN J. FLANAGAN April 29, 2010

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In order to provide middle-class taxpayers across the State with relief from soaring property taxes, Senator Flanagan worked with members of the Senate Republican delegation to put forward an amendment to a budget extender that would provide relief to Long Island's property taxpayers.

Unfortunately, Senate Democrats unanimously voted down the 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.

With taxpayers going to the polls in three weeks to vote on school budgets, the late state budget will leave school districts uncertain about how much state aid they will receive. In light of that fact, many districts are anticipating deep aid cuts and are proposing significant property tax increases.

"The budget, due to the lack of good faith negotiations by the leadership of the Senate, is overwhelmingly late and school districts are going to place the burden of this broken process

on the backs of property taxpayers. Our amendments would have provided this state with the ability to provide critical relief while also helping schools keep their tax levies in check. It is unfortunate that Senate Democrats, just a year after they eliminated the STAR rebate check and raised taxes by \$8.5 billion, chose to hold the taxpayers hostage again,” stated Senator Flanagan.

The property tax cap proposed by Senate Republicans would prevent 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 yesterday would guarantee 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 the Assembly failed to act on the legislation.

To provide further relief, Senator Flanagan also sponsored an amendment to provide further property tax relief by authorizing school districts to use reserve funds to reduce the property tax levy. This would allow school districts to continue providing the quality education the students across this state have come to expect without placing that burden on the taxpayers.

The plan would enable school districts to utilize Employee Benefit Accrued Liability Reserve (EBALR) accounts to offset any loss in state revenue that may be coming. This money is now used to pay for accrued leave time to retiring employees and most schools have maintained

excess surpluses in these accounts.

Currently, school districts are unable to 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.

Senate Democrats voted unanimously to defeat the amendment.

“The timing of this amendment is critical because, while we all hope the leadership in the New York State Legislature will start to work with all legislative members to negotiate and pass a fair budget; the reality is that school budget votes are quickly approaching. School districts across this state are right now making choices that will affect our homeowners and the state needs to step up to help them minimize the potential impact on taxpayers. By providing school districts with the ability to tap into their reserve funds to protect taxpayers, we can help minimize property tax increases while maintaining critical services and programs for all students and the time to do this is now.”

In addition to this week’s effort to provide sensibility to the school aid issue, Senator Flanagan and his colleagues have advanced a property tax relief plan entitled the Homeowner Protection and Property Tax Rebate Act that would restore rebate checks for everyone who lost them when they were eliminated as part of last year’s state budget and also freeze school taxes for those age 70 and above.

The tax relief plan supported by Senator Flanagan also included a number of changes that would cover the cost for any tax relief including a cap on state spending and a permanent ban on unfunded mandates to reduce costs for schools and local governments.

The act is awaiting a thorough examination by the Senate Democrats.

[Please click here to view Senator Flanagan's remarks on this proposal](#)