

Senate Passes Property Tax Cap Legislation: Grisanti Supports Relief to Homeowners

MARK GRISANTI January 31, 2011

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The New York State Senate today passed property tax relief legislation (S.2706) that would place a cap on the growth of school property taxes at two percent or the Consumer Price Index (CPI), whichever is less. If enacted, New York would become the 44th state to cap local property taxes. In addition, the Senate approved two measures related to providing mandate relief to school districts and local governments.

"We need to keep residents and businesses in Western New York," Senator Mark Grisanti said. "By supporting this legislation, this will ensure that small businesses and residents pay fewer taxes and remain in New York." said Sen. Grisanti.

The bill, which is supported by business organizations across the state, includes the following provisions:

A school district's tax levy limit, excluding the taxes necessary to support the local share
of capital expenditures, could increase by up to the lesser of two percent or the annual
increase in the consumer price index ("CPI");

- A school district would be allowed to carry over unused tax levy capacity from the prior year, but could use this carryover levy capacity to increase its tax levy only an additional 1.5% in any year; and
- In the event a district's actual tax levy exceeds its authorized levy due to clerical or technical errors, the erroneous excess levy must be placed in reserve to offset the levy for the next school year. A school district would be required to submit a tax levy proposition for approval by voters at the district's annual meeting on the 3rd Tuesday in May. If the proposed tax levy is within the district's tax levy limit, then a majority vote would be required for approval. If the proposed tax levy exceeds the district's tax levy limit, then the vote threshold required for approval would be 60 percent.
- If the tax levy proposition is defeated, then the district would be required to submit a second levy proposition for approval, that complies with its tax levy base, by voters at a district meeting held on the 3<sup>rd</sup> Tuesday in June. If the proposed tax levy is within the district's tax levy limit, then a majority vote would be required for approval. If the proposed tax levy exceeds the district's tax levy limit, then the vote threshold required for approval would be 60 percent.
- If the second proposition is defeated, then the district would be required to adopt a tax levy that is no greater than the prior school year. If enacted, the law would take effect for the 2012-13 school year.
- The bill also provides for the same cap to apply to taxes levied by municipal governments.

  Local governments that do not levy an amount up to the cap in one year can rollover that amount up to 1.5 percent in the following year.

"With this bill we are keeping our commitment to provide real property tax relief to homeowners across the state who are sick and tired of paying the highest property taxes in the nation," Senate Majority Leader Dean G. Skelos said. "I applaud Governor Cuomo for submitting this bill and making the cap a priority. The Senate is ready to put it in law, now we need the Assembly to join us in passing this measure so we can stop the dramatic growth in property taxes and provide the relief that taxpayers desperately need."

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