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# Tax Credits: Checks are in the Mail Just Before Election

## Region to get \$18M share of state child tax credit program as election nears

By Rick Karlin

September 25, 2014

The season of giving is coming early for more than a million New Yorkers — in the form of a child tax credit.

The first batch of \$350 "Family Tax Relief Credit" checks went out in the mail on Tuesday, according to state officials. And the checks will continue rolling out well into October, which means they will land in recipients' mailboxes just weeks before Election Day.

Included in this year's budget, the credit is expected to go to about 1.2 million state taxpayers.

About \$400 million in checks are due this year in the \$1.2 billion three-year program.

While the money will be welcome news for eligible families, critics say the payout represents a textbook example of tax policy bent to the service of politics.

The credit is available to families with adjusted gross incomes between \$40,000 and \$300,000 who had at least one child under age 17 during the 2012 tax year or later.

Lawmakers and Gov. Andrew Cuomo hailed the measure when it was put in the budget as a way to help middle-class families.

"It's just bad tax policy," said Elizabeth Lynam, deputy research director at the Citizens Budget Commission, which advocates for tax benefits that are fair, simple and capable of making an economic impact. She said this mechanism fails on all counts, and looks more like a pre-election handout.

"It's not particularly well-targeted because they wanted to reach a lot of people," Lynam said. " ... The income ranges are broad and the relief is shallow."

The measure might have had more impact by focusing on the lowest-income households, or expanding the existing but modest "circuit breaker" that constrains the percentage of household income that can be consumed by property taxes.

Nor is the break particularly simple.

Geoffrey Gloak, a spokesman for the state Department of Taxation and Finance, said qualifications had to be based on the 2012 tax year since the state is, even at this point, still getting late returns from 2013.



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Also, the checks are being sent by mail at a time when the state has been encouraging people to file their returns online in order to save on paperwork and postage.

"What was in the law was the mailing of the checks; that's what we are doing," Gloak said.

The largest payout by county are in New York City (a total of \$68.8 million in Kings and Queens counties) and on Long Island (a total of \$73.2 million in Nassau and Suffolk counties). The four-county Capital Region will take in slightly more than \$18 million from the family tax credit.

This isn't the first time that rebates or tax breaks have been sent as a check rather than in electronic form. The state from 2006 to 2008 sent out checks for its enhanced School Tax Relief or STAR rebate program.

State Senate Republicans pushed the idea after a consultant, former White House adviser Frank Luntz, urged them to focus heavily on tax issues.

The STAR rebate checks for the first two years came with notes saying they were "approved by Gov. George Pataki and the state Legislature." The checks and the rebate were eventually phased out.

This year's Family Tax Relief Credit checks don't list the names of Cuomo or any lawmakers — though Tax Commissioner Thomas Mattox is named on the envelope.

The note that will arrive with the check simply says, "Last year's State Budget included this Family Tax Relief Credit. This tax relief is part of New York State's new effort to reduce taxes."

Named or not, lawmakers and Cuomo defend the credit.

"Our position is that we should drive as much taxpayer relief to hard-working New Yorkers as possible, Senate Republican spokesman Scott Reif said.

"This much-needed relief for families is one of many steps taken by Gov. Cuomo to control and reduce taxes, and came as a result of four years of smart fiscal discipline," Cuomo spokesman Rich Azzopardi said in an email. "As the governor has repeatedly said, New York has no future as the high-tax capital of the world."

The Family Tax Relief Credit isn't the only check that New Yorkers will be getting this fall. Next month, checks fueled by the state's new property tax "freeze" will be going out as well.

As part of a deal worked out this spring between Cuomo and legislative leaders, homeowners in school districts that kept the rise in their tax levy under the state cap — 1.46 percent this year, with some exceptions — will get checks covering the increase in that bill. As a result, those property tax rates would be effectively frozen for the homeowner.

The state Tax Department is currently finalizing information from localities that forward the individual tax bills to the state in order to calculate the rebates.