



Published in the

WALL STREET JOURNAL

State Lawmakers Urge Bill de Blasio to Cap Property-Tax Rate

Mayor was grilled in Albany, where he went to make his case for more state funds

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January 26, 2016

New York Mayor Bill de Blasio traveled to Albany on Tuesday to ask for money. He instead faced five hours of questions that focused on his administration's spending and the city's property-tax rate, which some state lawmakers urged him to cap.

In testimony before a joint legislative budget hearing, Mr. de Blasio argued New York City contributed about 60% of the state's revenue and shouldn't have to take on more costs associated with Medicaid and the City University of New York as Gov. Andrew Cuomo has suggested in his proposed state budget.

"I don't think it's right to take state obligations and increasingly put them on the city of New York," the mayor said.

Lawmakers noted, however, that New York City was flush with cash, was spending billions more every year and projections of property values were at all-time highs. The city budget has risen to about \$80 billion from \$72 billion when Mr. de Blasio took office.

"People are being bludgeoned by rising property taxes," said Sen. Tony Avella, a Queens Democrat. Sen. Andrew Lanza, a Staten Island Republican, said many in his district move to other states because the cost of living in New York has climbed while wages haven't.

Some lawmakers offered to restore proposed cuts to the city's Medicaid program in exchange for Mr. de Blasio agreeing to a property-tax cap. He said he wouldn't make such a deal.

Annual property-tax increases are capped elsewhere across the state at 2% or the rate of inflation, whichever is lower. New York City is exempt from the law.

"Are you looking at your spending?" Sen. Cathy Young, an upstate Republican, asked the mayor, adding the city was "awash" with money while many upstate towns and cities were struggling.

The state Senate, run by Republicans, passed legislation Tuesday imposing a property-tax cap on New York City, but the measure wasn't expected to pass the Assembly, which is controlled by Democrats, who are generally allied with Mr. de Blasio.



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While the city's tax rates haven't risen in years, assessed values have steadily climbed. Total city property values recently crossed the \$1 trillion mark. Property-tax revenue for the city government was expected to climb from about \$22.5 billion to almost \$28 billion in four years.

A city spokeswoman said a cap could cost New York City billions in revenue every year.

While Mr. de Blasio said he didn't want to raise property taxes, the mayor said the city wanted to reserve the option of setting its own tax rate when it needed to—as when the city had financial setbacks after the Sept. 11, 2001, terror attacks.

The Real Estate Board of New York, a New York City industry group, signaled support for a tax cap. "We applaud the Senate for raising this important issue," said John H. Banks III, the group's president.

Members of RENBY were big donors to the re-election campaigns of the state's Republican senators. Many of them were recently dismayed by the dissolution of 421-a, a tax abatement for some developments. "The city's property-tax system is seriously flawed," Mr. Banks said. "An improved system...would promote the creation and maintenance of rental housing."

But Kathy Wylde, president of the Partnership For New York City, a business trade group, said a cap alone wouldn't help. "There is no evidence that a cap will have any benefit in the absence of comprehensive reform of our property-tax classes and assessment criteria," she said.

Maria Doulis, vice president of the Citizens Budget Commission, a fiscal watchdog, said capping one tax might only put pressure on another tax stream to the city. "They should be cautious about limiting New York City's ability to control its revenue when it has very large obligations and services to support," she said

De Blasio aides weren't prepared for the daylong discussion on property-tax rates. The mayor was friendly to senators, including those who were critical of his policies.

In his testimony, the mayor sought to dissuade lawmakers from shifting more Medicaid and CUNY costs to the city, and to get more state support for schools and housing.

Among the nontax topics Mr. de Blasio was asked about were overcrowded schools; charter schools; the city's snow response; Harlem; Long Island City; his affordable-housing plan; and the New York Police Department. He pushed for permanent mayoral control of schools and argued for more funding on several fronts, including for the public hospitals.

He later met for an hour with State Senate President John Flanagan, a Long Island Republican who had canceled previous meetings with the mayor. Mr. Flanagan and many in his caucus are angry because they believe Mr. de Blasio will again get involved in elections to flip the State Senate to



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Democrats, as he did in 2014. Mr. de Blasio said Tuesday the two men had a “productive conversation.”

Mr. de Blasio then went to Mr. Cuomo’s office for about five minutes. He declined to characterize the meeting, chuckling when asked.

Asked about upstate legislators saying New York City’s taxes were too high, Democratic Assemblyman Danny O’Donnell of Manhattan defended the city. “We do pay high taxes, and we get a lot of benefits from that,” he said. “We live in the greatest city in the world, and they don’t.”