

CITIZENS BUDGET COMMISSION

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CBC SUPPORTS RECOMMENDATIONS OF NEW YORK STATE LOCAL PROPERTY TAX RELIEF COMMISSION

New York, NY – June 2, 2008 – The Citizens Budget Commission released today the following statement on the recommendations of the New York State Commission on Local Property Tax Relief. The statement reads as follows:

The Citizens Budget Commission supports the recommendations of the Local Property Tax Relief Commission released today. Local property taxes in New York State are far too high, and the State needs to stop forcing costs onto local communities that can no longer afford them.

Local taxes in New York State are the highest in the nation by a large margin and represent a burden per \$1,000 in personal income that is \$84 and 78 percent above the average among states. Property taxes – and in particular school property taxes – comprise the bulk of this burden outside of New York City. New York ranks fifth among states for its property tax burden per \$1,000 in personal income, and the school district levy specifically accounts for about 58 percent of this burden.

High local taxes are in part driven by an undue burden placed on municipalities by the State. Accordingly, the Property Tax Commission has recommended a series of actions that address the root causes of the problem including the continued need to better target school aid and make the Legislature take responsibility for the costs it forces upon school districts, especially in the form of unfunded mandates and pension sweeteners.

The Citizens Budget Commission specifically urges the Governor and Legislature to implement immediately the following recommendations of the Property Tax Commission:

- A property tax cap on school district levies – at 4 percent, or 120 percent of the cpi, whichever is smaller – to provide needed discipline in the budget-making process at both the local and State level, where decisions about mandates and school aid adequacy must be made more rationally;
- A circuit breaker that would provide deeper and more targeted relief to individuals in need than the current poorly crafted and much-critiqued STAR program – by tying relief to tax burden as it relates to income;
- Additional mandated relief that would enable school districts to better control costs, manage their own labor inputs, and streamline operations.

The State must also maintain its multi-year commitment to better target school aid based on need and ability to pay. High need school districts have some of

the highest effective tax rates in the State. Directing large aid increases to these districts to help them reach more adequate per pupil spending levels while living under a cap is an integral part of the solution to the local tax problem.

New York's economy, particularly in parts of upstate, can no longer afford the State's noncompetitive tax burden. The time has come to take more radical action to force change, and these Commission recommendations, including a tax cap, are what is finally needed to begin to curb wasteful spending and hold State government responsible for its role in creating this noncompetitive environment.

Founded in 1932, the Citizens Budget Commission is a nonpartisan, nonprofit civic organization devoted to influencing constructive change in the finances and services of New York State and New York City governments.