

## **SUMMARY OF TAX ACTIVITY - FEBRUARY 10, 2008**

**Over the course of the past several years, there has been significant effort underway to address the issues relating to property tax and school funding reform. The following summarizes those major milestones as well as the most significant activity currently underway.**

### **April 12, 2004      Hague Tax Assessment Advisory Committee Final Report**

“School funding options were discussed at an early March 2004 meeting with Assemblywoman T. Sayward and Minority Council Henry Meyers. The feeling that prevailed was that the current system of funding education is seriously flawed and that action must be pursued to reduce the dependency on property taxes as well as to control spending. Significant State and Federal mandates must be challenged. There was also a discussion of establishing a foundation system that would establish the cost to educate a student regionally adjusted for local needs.

The significant demand of unfunded State and Federal mandates, contractual commitments to teachers and staff, increased contributions to retirement funds, increased healthcare costs taken together have driven large budget increases as well as limit the level of local control. Our legislators understand these concerns, however the sheer magnitude of effort required to enact any changes has resulted in slow and limited progress.”

### **September 23, 2004      Tri-County Committee for Property Tax Relief Established**

In September of 2004, working with concerned taxpayers in the three counties surrounding Lake George, the **Tri-county Committee for Property Tax Relief** was formed.

The Tri-County Committee for Property Tax Relief is an action-oriented group of citizens in the North Country who are deeply concerned about the burdens and inequities of New York State's local property tax system -- a situation spiraling out of control.

Steering committee members include: Richard Gladu – Hague, N. Y., Warren County, John Whiteley – Ticonderoga, N. Y. ,Essex County, and Bert Windle – Putnam N. Y., Washington County.

### **April 14, 2005      Town of Hague Resolution 44 - Resolution in favor of School Tax Reforms**

“Develop legislation that would provide for a gradual transition to full state funding of education to eliminate the irrational reliance on property values as a criterion for school budget decisions.

Refrain from imposing state mandated requirements upon school systems without corresponding state funding.

Maintain the enhanced STAR exemption for the town's neediest citizens, but also increase the STAR exemption (or other property tax relief measures such as the circuit breaker) for senior citizens specifically at ALL income levels.”

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### August 15, 2005      **Petition Letter to the Taxpayers of Hague**

“Property taxes have continued to represent the largest single concern expressed by the residents of our Town. Unlike income tax, which is based upon an individual’s income, property taxes bear no relationship to an individual’s ability to pay.”

### November 5, 2005      **Petition Letter from Taxpayers to Legislators Sent with 271 Signatures**

“Specifically, requesting consideration of the following:

1. **Cap spending** at all levels to a maximum set by the **CPI index**.
  - a. State, County, Town, School District levels.
2. **Initiate Property tax reform** at the State level, with the **goal of reducing or eliminating the property tax as a source of revenue, especially for school funding**.
  - a. **Transition to State funding** of all school budgets based upon a **cost of basic education** model.
3. Incorporate a **circuit-breaker relief for the individual property taxpayer** in the form of a limit on an individual’s year to year increase in property tax assessment and a limit on an individual’s tax liability based on his or her income
4. **Insure statewide equity in property assessments** using common assessment principles, with mandated real property tax assessments every 5 years.
  - a. Create local options allowing Towns to cap the increase in taxable value of primary homes of NY State residents to a maximum of 20 % in a 5 year period (6% in any one year period) as the State has approved for NY City.
5. **Refrain from imposing State mandated** requirements upon school districts without corresponding funding.”

### May 12, 2006      **Tax Activists Meet with Senator Little in Lake George**

As reported by Anthony Hall ( Lake George Mirror ) “ Dick Gladu recommended the creation of a bipartisan commission that would identify and help implement the policies necessary to reduce property taxes. According to Senator Little, the activists should call for the creation.”

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### **January 17, 2007     **Senator Little introduces Blue Ribbon Commission Bill****

The Bill passes the Senate on May 9, 2007 and later dies in the Assembly on January 9, 2008.

### **January 23, 2008     **Governor Spitzer, under executive order establishes the New York Commission on Property tax relief.****

**Under the Executive Order, the Commission will study, examine, investigate, review and make recommendations in the following areas:**

- the root causes of New York's high property tax burden, including the expenditures of local governments and school districts, unfunded mandates imposed by the State, and other factors driving the growth of local property tax levies;
- the effectiveness of the various state mechanisms to provide property tax relief to different classes of taxpayers;
- the effectiveness of property tax caps as a mechanism to control growth in school district tax levies, the experience of other states in implementing such caps, and the potential impact of such caps on educational achievement;
- the most effective approach to imposing a limit on school property tax growth in New York State without adversely impacting the ability of school districts to provide a quality education to all schoolchildren;
- the impact of increased state financial support and state taxpayer relief and rebate programs on local school district budgets and tax levies; and
- the extent of public involvement in the development and approval of school and other local government budgets.

### **Governor Spitzer's picks for his new Commission on Property Taxes include:**

Chairman: Tom Suozzi, Nassau County Executive  
Member: Nick Pirro, former Onondaga County Executive  
Member: Paul Tokasz, former member of NYS Assembly  
Member: Basil Patterson, father of Lt. Gov. Patterson and former State Senator  
Member: Merryl Tisch, member State Board of Regents  
Member: Shirley Strum Kenny, President of SUNY Stony Brook  
Member: Michael Solomon, Director, Merrill Lynch & Co.

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The first formal public hearing will be in Albany next Tuesday, February 12, with three subsequent sessions in other cities and a final session in Albany April 23 before the May 15 due date for the Commission's preliminary report.

John Whiteley has been chosen as our spokesman and will be giving testimony to the Commission.

### **February 4, 2008     **Galef / Little Circuit Breaker Bill - ( A1575a / S1053a ).****

Over the past two years the Tri County Committee for Property Tax Relief has been working with our legislators ( Senator Little, Assemblywoman Galef, and Assemblywoman Sayward) on the development of a circuit breaker bill which caps a residential homeowner's property tax at a certain portion of his household income. The circuit breaker has been traditionally used for homeowners with very low incomes and low assessments. The concept has been practiced in New York for decades with the maximum household income capped at \$ 18,000 and the maximum eligible home value at \$ 85,000.

During the past month, 52 Tax Activists groups, representing tens of thousands of concerned tax payers across the State have joined forces under the name of the *New York State Coalition For Property Tax Reform* and are currently lobbying our legislators to pass a property tax relief bill in the form of circuit breaker bill followed by substantive school funding reform reducing the dependency on property taxes.

Coalition members have been seeking to enact a variation of the circuit breaker that would apply to middle income families and provide a more meaningful benefit to homeowners forced to pay high portions of their income in property tax on their home. Such a bill has been introduced on a bi-partisan basis in the Assembly as A1575a by Assemblywoman Sandy Galef (D-Ossining) and in the Senate as S1053a by Senator Elizabeth Little (R-Queensbury).

A news conference was held by Senator Little and Assemblywoman Galef on February 4, 2008 in Albany to introduce those bipartisan bills ( A1575a / S1053a ). Richard. Gladu ,John Whiteley, Carole Kraus, representing the Coalition were present.

John Whiteley delivered a Coalition endorsement of the bipartisan bills.

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### **BILL DESCRIPTION:**

The bill divides the state into what we will call "downstate" (New York City and the counties of Nassau, Suffolk, Westchester, Rockland, Putnam, Orange and Dutchess) and "upstate" (all other counties).

It provides that downstate resident homeowners with household income up to \$120,000 who have lived in their homes for at least five years will be eligible for an income tax credit equal to 70% of the amount by which the total ad valorem tax on their home (SCHOOL AND MUNICIPAL) exceeds 6% of their household income.

### **EXAMPLE:**

Household income = \$70,000

Taxes paid on home = \$7000

$\$70,000 \times 6\% = \$4200$ ;

Difference (i.e., the excess over the 6%) = \$2800

70% of Difference = \$1960, which would be the amount of the tax credit

For those **downstate** with household income between \$120,000-\$175,000, the income percentage used is 7%, and for those with household income between \$175,000-\$250,000 the income percentage used is 8%.

For residents **upstate** the 6% income percentage figure applies up to \$90,000 of household income, the 7% figure applies to incomes between \$90,000-\$150,000, and the 8% figure applies between \$150,000-\$250,000.

Eligible property owners would continue to receive Basic STAR and Enhanced STAR.

### **CLOSING:**

While overall progress towards meaningful property tax relief and school funding reform may be admittedly viewed as slow, we are now at a point where the key issues, as highlighted in our November 5, 2005 petition to our legislators, have been recognized and substantive work put in place.

We as a Coalition of concerned tax payers will continue to push for meaningful reform.

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**The Coalition's agenda is focused on the two goals on which there has been general agreement for several months.**

**1) Immediate enactment of the Galef-Little circuit breaker bill, a relief measure that would help people keep their homes while more fundamental reform is worked out, and**

**2) Full state funding of our schools ASAP, to remove it substantially or totally from the property tax.**

**Stay Tuned .....Dick Gladu**