

Changes sought to property-tax cap

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(Photo: Associated Press)

ALBANY - Democrats and local leaders are pressing state officials to change the state's property-tax cap so it would not be tied to the rate of inflation and instead allow for 2 percent growth each year.

But their bid is facing a likely defeat with Senate Republicans and Gov. [Andrew Cuomo](#), who have championed the cap's effectiveness since it started in 2011.

"We make no apologies for enacting a tax cap that broke the cycle of skyrocketing property tax increases, saved property taxpayers \$4.5 billion alone in 2015 and helped ensure that New York is no longer the high tax capital of the world," Cuomo spokesman Rich Azzopardi said in a statement.

The issue is more pronounced this year: Because of low inflation, the tax cap for [large cities, schools and villages will be 0.12 percent.](#) ([/story/news/politics/politics-on-the-hudson/2016/01/20/schools-property-tax-cap-year-012/79052434/](#))

Schools are seeking more state aid to offset the limit on how much tax revenue they could receive under the tight cap. They also pressing for a 2 percent cap each year, rather than have it fluctuate each year with inflation. The law states that the cap is either 2 percent or the rate of inflation, whichever is lower.

In 2011 and 2012, the cap was 2 percent, but it has fallen steady since then — hitting the near zero tax-levy growth this year.

"[School districts](#) are facing a 0.12 percent or 12/100's of a percent increase in their tax cap this year," said Michael Borges, executive director of the state Association of School Business Officials.

He said the result is that a school district with a \$10 million tax levy could only raise an additional \$12,000 locally under the cap. The group said schools would be able to raise \$415 million in new taxes under a 2 percent cap, but would be limited to \$25 million under the existing 0.12 percent cap.

Districts can override the cap with a 60 percent vote of the public at its budget vote in May, but [few schools are successful](#) ([/story/news/education/2015/02/11/new-york-school-districts-tax/23244119/](#)) in getting the supermajority needed. An override is easier for municipalities: 60 percent of the local governing board is needed to do so.

Assembly Speaker [Carl Heastie](#), D-Bronx, said Assembly Democrats support a straight 2 percent tax cap, suggesting it would help schools and local governments better plan each year.

"The members of this conference have been clear that in light of having a property-tax cap, we'd like to be a true two-percent tax cap," Heastie told reporters Wednesday.

He said the 2 percent cap would "accomplish two things. It would constrain property taxes, and it would give the localities the ability to deal with rising expenses and the mandates that they have to cover."

But he added, "Unfortunately, the governor and the Senate don't see the same way we do."

Indeed, Cuomo and Republicans have rejected any major changes to the tax cap. The program is popular with voters, and property taxes grew 2.2 percent per year during the first three years of the cap — less than half the average annual growth over the prior decade, Cuomo's proposed budget states.

[Cuomo proposed a \\$991 million increase](#) ([/story/news/politics/politics-on-the-hudson/2016/01/13/albany---gov-andrew-cuomo-wednesday-proposed-43-percent-increase-school-aid-total-242-billion-education-increase-would-come-991-million-and-cuomo-pledged-2-billion-increase-over-two-years-state-board-regents-wanted-24-billion-increase-year/78760100/](#)) in a school aid, a 4.3 percent increase, to a total of \$24.2 billion — the highest per capita in the nation.

Also, the cap has some exemptions, such as for high pension costs, that can add more flexibility to the cap for schools and municipalities. For example, Cuomo's budget office said that last year, while the cap was roughly 1.5 percent, the actual allowable limit was about 2.2 percent.

Also, [schools are seeing a drop in pension costs \(/story/news/local/new-york/2015/11/08/school-pension-costs-fall/75426594/\)](/story/news/local/new-york/2015/11/08/school-pension-costs-fall/75426594/) for the second time in recent years after the cost spiked following the recession in 2008 and 2009.

Plus, Azzopardi said, "Districts are able to exceed the cap with the consent of their residents."

Schools will soon release their proposed budgets for the fiscal year that starts July 1 and decide whether to seek an override during the May 17 public vote.

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