

Marchione offers bill to tweak tax cap

Measure could guarantee 2 percent increases regardless of inflation

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State Senator Kathleen Marchione speaks after being sworn in at the Rensselaer County Legislature Chambers on Sunday, Jan. 1, 2017 in Troy, N.Y. (Lori Van Buren / Times Union)

Albany

Though she's an avowed fiscal conservative, Saratoga-area Republican state Sen. Kathy Marchione is sponsoring a bill that critics say could – depending on your point of view – ease or weaken the state's six-year-old property tax cap.

It's one of a slew of measures periodically proposed to ameliorate the effects of the cap, which applies to municipal and school taxes and is intended to keep tax increases to the rate of inflation or 2 percent, whichever is less.

Marchione's plan would strike from the law the "whichever is less" part and set the cap at 2 percent, period.

Dubbed the "2 Percent Is 2 Percent" plan, this measure has long been sought by teachers unions and other public sector organizations who complain that in recent years local tax increases have been less than 2 percent thanks to low inflation rates.

Fiscal conservatives, however, say the proposal could amount to an overall \$1 billion annual property tax hike for New Yorkers if it were to become law.

Marchione spokesman Josh Fitzpatrick said the senator plans to amend the bill in a way that would protect homeowners from increases.

That could be done through rebate checks, although her office didn't immediately have details of how that would work.

Pushed through by Gov. Andrew Cuomo in 2011, the current cap exempts certain cost drivers, and can be overcome by a 60 supermajority vote.

Before the tax cap, school taxes had in some cases been rising at rates of around 6 percent annually, say tax cap supporters.

But during the past few years, inflation has fallen below the uppermost limit of the cap, meaning that local governments and school districts have had to carefully constrain their spending growth. That can be difficult given the built-in pay and pension cost increases that most school districts and municipalities have in their public employee contracts.

But many municipalities as well as school districts have stayed under the cap, fearing a voter backlash if they were to go beyond it.

School taxes for the 2016-17 school year are limited to a 0.12 percent cap, reflecting low inflation in the general economy.

For the next school year, state Comptroller Tom DiNapoli has recently set the school cap at 1.26 percent due to an uptick in inflation.

Since the cap began, a number of bills have been introduced with the aim of easing or breaking the cap – but none have gained traction. This year, there are at least 17 such measures.

"Most have come up before," said Tim Hoefer, executive director of the Empire Center. The fiscally conservative government watchdog group supports keeping the current cap as is, saying it has helped get a handle on New York's highest-in-the-nation property taxes and school costs.

Marchione's sponsorship of a tax cap bill is notable: As a Senate Republican, she could have a better chance of getting such legislation to the floor in the GOP-held chamber. Republican Richard Funke, from the Rochester area, is a co-sponsor. Rockland County Democrat Ellen Jaffee is sponsoring the bill in the Assembly.

Marchione is one of two Capital Region lawmakers looking to ease the cap this year.

Colonie-area Democrat Phil Steck is sponsoring a measure that would let school boards, rather than the public, override the tax cap by a two-thirds majority. That measure has no Republican sponsor, however.

Other bills that would ease the cap include measures to exclude certain costs from the limits. Some of the expenses would be the cost of school "resource officers." In those instances, local police may be assigned to a school, but their costs are paid by the school districts.

The state's education lobby is hoping for approval of measures that would exclude from the cap support costs like BOCES services and capital building projects.

Noting that Cuomo has in the past vetoed bills to weaken the cap, Michael Borges, executive director of New York State Association of School Business Officials, said he hoped lawmakers can include the exclusions in the state budget.

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