

# STAR rebates may change for new homeowners

Joseph Spector, Albany Bureau 7:58 p.m. EST January 14, 2016

ALBANY -- A major change could be coming to the state's popular but expensive STAR rebate program for school taxes.

For first-time homeowners or people that move, the program may switch from an upfront rebate to an income-tax credit when people file their taxes, Gov. Andrew Cuomo proposed in his state budget Wednesday.

For people in existing homes, the program would stay the same.

"The STAR program is simplified by transforming the exemption into a refundable personal income tax credit, allowing school districts to collect revenue without having to wait for reimbursement from the state," Cuomo's budget plan states.

So for first-time homebuyers and homeowners who switch houses, they would pay their full school taxes and then get reimbursed when they file their income taxes. Currently, homeowners see the savings upfront: Schools send out tax bills each fall with the savings already included, and then schools are reimbursed the expense from the state.

The aim is to eliminate schools having to front the tax break and then wait for a check from the state.

The change would save the state about \$100 million by 2018. Another \$112 million would be saved by 2018 by capping the growth in the STAR rebate.

"The requirements and the eligibility for STAR are the same," state budget director Mary Beth Labate

The state spends \$3 billion a year on [the STAR rebate](#), which provides a break on school taxes and is the largest program of its kind in the country.

For households with income under \$500,000, property taxpayers get an exemption from the first \$30,000 of the full value of their home from school taxes.

Seniors (homeowners 65 and older) receive any even larger break through Enhanced STAR: The first \$65,300 of their home value is exempt from school taxes.

Michael Borges, executive director of the state Association of School Business Officials, said schools might support the change if it doesn't add any costs for them.

"If proposed changes to the STAR program are revenue neutral for school districts, then we can support them," Borges said.

Governors have tried to tinker with STAR for years, but the Legislature — which has to face voters every two years — have resisted any major changes to the popular program.

The new proposal would aim to streamline the process, Cuomo's office said.

"There is no change to the amount of the STAR credit for taxpayers, only the mechanism used to claim the credit," Cuomo's budget plan states.

STAR benefits grow 2 percent a year, but Cuomo's budget would cap the growth at zero, citing the impact of the property-tax cap on slowing the growth in taxes. The cap limits the growth in property taxes to less than 2 percent, and [it could be close or at zero percent this year.](#)

"The significant reduction in property tax growth resulting from Governor Cuomo's property tax cap and the existence of the Property Tax Freeze program has diminished the necessity of growing the STAR benefit," the budget states.

There would also be some added flexibility to the program, such as allowing late filing of Enhanced STAR in the case of hardships and making direct payments to some property owners when mistakes on STAR are made.