

It's no secret NY has high taxes. But do you know why?

Joseph Spector, Albany Bureau Chief 6:36 a.m. EDT May 12, 2016



ALBANY – The issue is what you hear from your neighbors and friends and those who have moved to other states: The property taxes in New York are too high.

As voters go to the polls Tuesday to vote on their school budgets, the frustration is palpable across New York. And school leaders are urging their communities to support their spending plans in the face of higher taxes.

The New York City suburbs [pay the highest taxes in the nation](#) ([/story/money/personalfinance/2015/04/23/westchester-property-tax-bill/26232255/](#)). Upstate, residents pay the highest taxes compared to home values.

And school taxes represent about 60 percent of a homeowner's bill.

"There's an assumption that we can afford it, but there are a lot of people who don't have a lot money who are being taxed out of the area," said Kevin Gardiner, 53, of Pawling, Dutchess County.

▶ **[School spending rises as enrollment and staff drop \(/story/news/local/new-york/2016/05/11/ny-school-spending/84218922/\)](#)**

▶ **[Q&A: How STAR exemption is changing \(/story/news/local/new-york/2016/05/11/star-exemption-changes/84218930/\)](#)**

▶ **[5 things to know about New York's 2% school tax cap \(/story/news/education/2016/04/29/5-things-know-new-yorks-2-school-tax-cap/83691968/\)](#)**

"You have people walking away because they can't pay the taxes."

Indeed, this year's budget vote comes amid a confluence of factors:

-- New York has the highest out-migration rate of residents in the nation, a review by Gannett found.

-- New York spends the most per pupil in the nation on its schools: \$19,818 per student or 85 percent above the national average, U.S. Census data showed.

-- In 2011, New York installed a property-tax cap that has limited spending to 2 percent a year or the rate of inflation, whichever is lower. This year, [the cap will be limited to 0.12 percent. \(/story/news/politics/politics-on-the-hudson/2016/01/20/schools-property-tax-cap-year-012/79052434/\)](#)

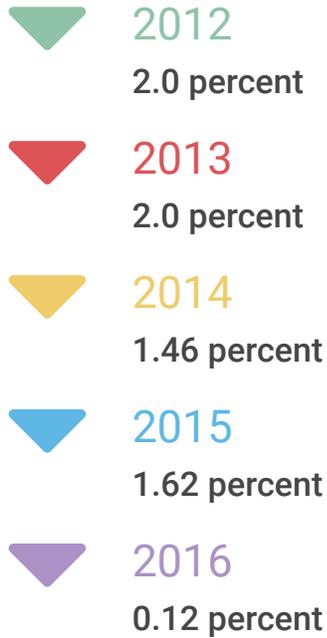
-- School aid is set to hit \$24.8 billion for the school year that starts July 1, a 6.5 percent increase.

-- Since the 2011-12 school year, school spending by the state has increased nearly 27 percent – up from \$19.6 billion, records show.

The increase in school aid will limit tax increases this year, but it also came as schools face a near zero property-tax cap.

"It's a very low tax cap year, which made the school aid increases critically important for all school districts and not just the typical high-need districts, which rely heavily on state aid," said Michael Borges, executive director of the state Association of School Business Officials.

TAX CAP SHRINKS



The property-tax cap for schools each year is 2 percent or the rate of inflation, whichever is lower. As inflation has dropped, so too has the tax cap.

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Tax-cap fight

Gov. Andrew Cuomo and the state Legislature approved the tax cap, and it's had the intended impact from their perspective.

Prior to the cap, school taxes grew an average 5 percent a year; the increases have been about half that since.

"The property tax is the killer tax in this state, and it has been for a long time," Cuomo said in his State of the State address Jan. 14.

But with a low tax cap, more districts are asking voters to override it at the polls Tuesday.

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This year, 36 districts will attempt a tax cap override, compared to 18 last year, according to the state Association of School Boards. Districts seeking to override will need a 60 percent "supermajority" at the polls.

"The 2 percent tax cap is not really a 2 percent tax cap," Timothy Kremer, the group's executive director said. "The quirks and vagaries of the cap formula mean it can fluctuate widely from year to year and district to district."

The law states the cap is either 2 percent or the rate of inflation — whichever is lower. So as inflation has fallen, so too has the cap.

And school districts don't deviate much from their cap limits: 337 districts will come within \$100 of the cap.

► **[New Yorkers leave to less expensive states \(/story/news/local/new-york/2016/05/11/ny-school-leaving-state/84218914/\)](/story/news/local/new-york/2016/05/11/ny-school-leaving-state/84218914/)**

► **[NY rebates galore offset pain in the wallet \(/story/news/local/new-york/2016/05/11/school-tax-rebates-star/84218918/\)](/story/news/local/new-york/2016/05/11/school-tax-rebates-star/84218918/)**

► **[Aid increases offset cap troubles, but troubles loom \(/story/news/local/new-york/2016/05/11/ny-school-cap-consequences/84218908/\)](/story/news/local/new-york/2016/05/11/ny-school-cap-consequences/84218908/)**

The cap has also created an anomaly: 95 districts are facing negative tax caps this year, school officials said.

That's the dilemma facing Seneca Falls Superintendent Robert McKeveny. He's trying to explain to voters that the district would actually have to cut spending to stay under the cap.

Instead, the Finger Lakes district is seeking an override, and a 1.9 percent tax-levy increase. If the vote fails, they get one more shot on June 21. Otherwise, the district wouldn't be able to raise taxes at all.

"It is a community that has greatly supported the school district, and the district is a focal part of the community," McKeveny said in his hopes for budget approval.

Highest taxes

New York's tax burden of nearly 13 percent of average household income is the highest in the nation, [according to the Tax Foundation, a Washington D.C. fiscally conservative group. \(http://taxfoundation.org/state-tax-climate/new-york\)](http://taxfoundation.org/state-tax-climate/new-york)

Indeed, New York's high taxes is no secret.

But it's also why the state has so many different programs to try to curb property taxes.

New York has [five different property-tax programs \(/story/news/politics/blogs/vote-up/2015/06/25/five-ways-ny-tries-to-curb-the-highest-property-taxes-in-the-nation/29271397/\)](/story/news/politics/blogs/vote-up/2015/06/25/five-ways-ny-tries-to-curb-the-highest-property-taxes-in-the-nation/29271397/) to curb costs: a STAR rebate; a tax freeze; a check tied to household income; a check for people with children under 17; and the tax cap.

All the incentives have drawn criticism as merely masking the underlying high cost of living. Schools and municipalities said that if state government took over more local expenses, property taxes could be lower.

"In 2015, nine state mandates consumed 99 percent of the property taxes levied by counties across the state, outside of New York City," the state Association of Counties said.

For schools, they are benefiting from [a decline 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/) — which had soared after the recession.

They are also aided by a drop in enrollment. Schools outside New York City are projecting a decrease in enrollment of about 9,200 students, or a 0.6 percent drop.

So total enrollment outside the city is expected to be slightly less than 1.5 million.

Also this year, the state Legislature and Cuomo agreed to eliminate a nagging cost to schools: a \$434 million tab called the Gap Elimination Adjustment that was levied on districts during the recession.

The increases “enabled schools to make needed investment and keep the tax increase to a minimum,” said Carl Korn, a spokesman for the New York State United Teachers, the state’s teachers union.

But the money isn’t equally distributed, charged David Friedfel, director of state studies at the Citizens Budget Commission, a business-backed group.

Less than half of the \$1.4 billion increase will be distributed through Foundation Aid, the primary funding mechanism. The rest goes out through various funding formulas that benefit wealthy districts, the group said. (<http://www.cbcny.org/cbc-blogs/blogs/state-school-aid-increases-anything-progressive>)

“The distribution formula doesn’t direct need to those places that have highest need with the lowest ability to pay,” Friedfel said.

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