Property Tax Caps: A Threat to Our Jobs, Schools and Communities

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Is there a Property Tax Revolt?

ALBANY SCHOOL TAXES ARE TOO DAMN HIGH

The proposed Albany school district budget would set our tax rates a whopping 20 percent higher than just two years ago. Enough is enough!

VOTE "NO" ON THE PROPOSED SCHOOL BUDGET ON MAY 17TH.

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Change in proposed Tax Levy and change in School Aid
Agreed Upon Tax Cap (Maybe)

- Tax levy capped at 2% or CPI, whichever is less; cap of 0% when fails to pass
- 60% supermajority required to override
- A few minor exemptions (capital, major legal judgments, pension costs above 2 percentage points)
- Applies to school districts, counties, towns, villages and special districts outside NYC
- Sunset is tied to expiration of rent regulations in NYC
Public Support for a Tax Cap

- 72% of voters support a tax cap generally

- Support falls to 60% when the Assembly/Gov/Senate proposal is described in detail

- Only 49% support a tax cap if it would result in cuts to local school budgets
Tax Caps are BAD Public Policy

- Tax caps erode the local control.
- Tax caps do not change the rising costs facing school districts - they only make it harder for schools to provide the services our children need.
- Tax caps have been shown to disproportionately affect lower-income communities.
- Tax caps fail to deliver real, lasting tax relief.
Tax Caps are BAD for schools

• Tax caps have been shown to lead to serious reductions in the level and quality of public education.
  – In California, under Proposition 13, California schools went from being one of the most highly regarded to one of the most troubled systems in the country.
  – While the Massachusetts Tax Cap is often heralded as a success story, their tax cap was simultaneously phased in with a large infusion of state aid.
  – Tax caps have been shown to lower student test scores, reduce services for students and increase class size.
Cuts worrisome for state education officials

BY MICHAEL GOOT
Gazette Reporter

State Education Department officials worry that more layoffs will be needed and some programs will have to be cut. Also a victim of the state's fiscal crisis is the city's education department. However, the mayor's budget proposal seeks to lay off 5% of teachers.

School plans to layoff 34

Taxes jump, jobs cut in school budget

BY EDWARD MUNGER JR.
Gazette Reporter

Mayor's budget proposal seeks to lay off 5% of teachers.

$65.7 BILLION PROPOSAL
The Facts

- This year, the state cut $1.3 billion in funding for our schools, creating cuts averaging around 5 percent.
- Est. 16,000 job losses for school employees statewide, many school programs eliminated.
- These cuts forced local schools to shoulder more costs, shifting the fiscal burden onto local property taxpayers.
- This year the average proposed increase in school spending was only 0.84 percent.
- The average proposed tax increase was 3.28 percent.
The Facts (cont.)

- A tax cap would do nothing to address the primary factor behind this year’s school tax increase – State Aid cuts.

- Given the State’s precarious fiscal condition and the (potential) expiration of the high income PIT surcharge, it is unlikely that the State will make up for these lost revenues in the near future.

- The tax cap, if enacted, will allow state lawmakers to claim they have solved a problem while evading responsibility for the hard choices truly needed to balance what students need and what taxpayers can afford.
"Property taxes in New York are undeniably high. But a tax cap is not the answer."
What might have been the impact if we had a tax cap this year? (2011-12)
Percentage of School Budgets Approved on Initial Vote

Year

2001: 91.6%
2002: 88.9%
2003: 93.8%
2004: 84.9%
2005: 83.5%
2006: 88.7%
2007: 95.3%
2008: 92.3%
2009: 97.5%
2010: 92.2%
2011: 93.5%
What if?

• Instead of 93.5% budget passage, only 75% of budgets would have passed
• $273 million in local revenues would have to be cut from schools
• 70% of the districts where budgets would have failed are below average wealth districts
"huge damage to already struggling schools and the state's long-term economic competitiveness"
An Alternative: Property Tax "Circuit Breakers"

- A circuit breaker protects taxpayers from a property tax “overload” just like an electric circuit breaker by essentially “capping” an individual household’s property taxes as a percentage of their income.
- This type of tax relief would target aid to the low and moderate-income homeowners who need it most, especially seniors.
- The Omnibus Property Tax Reform Bill - A. 8702 (44 sponsors) / S. 4239 (12 sponsors)