

Summary of the Report of the Commission On Property Tax Relief

On June 2, the New York State Commission on Property Tax Relief issued its delayed report, originally scheduled for release May 22nd. This commission was asked to examine the root causes of high property taxes, identify ways to make the State's property tax system fairer, and develop a fair and effective school property tax cap to hold the line on property tax growth.

The principal recommendation of the Commission is a cap on the growth of property taxes. Once that is in place, the Commission recommends relief for individuals based on need and reform of state laws and mandates.

Among the Commission's recommendations are:

- Capping annual growth in the property tax levy at 4 percent or 120 percent of the Consumer Price Index (CPI), whichever is less. New construction, which results in an increase to the tax levy, may be added to increase the capped amount. Any levy not used may be "banked," to be used in future years at a rate not exceeding 1½ percent of the prior year's levy. **School districts that do not exceed the cap would no longer be required to submit their budgets for an annual vote.** If a school district wishes to exceed the cap, a positive vote by at least 55 percent of the voters would be required to override the cap. If a school district has received a 5 percent or greater increase in state aid, 60 percent of the voters would be required to override the cap. The cap would not apply to the Big Five cities (New York, Buffalo, Rochester, Syracuse and Yonkers). In addition, voters would be able to place on the ballot an "override," to keep the levy growth to a level below the cap.
- Creation of a STAR circuit breaker, replacing the STAR rebate checks. In essence, this is an income tax credit earned if taxpayers' property tax payments exceeded a certain percent of their income. Taxpayers with household incomes of \$90,000 to \$150,000 would get a tax credit equal to 70 percent of the real estate taxes they paid in excess of seven percent of their income. This is the only proposal that would cost the state money and the Commission recommends redirecting at least \$2 billion from the STAR program. This 'redirection' would alter the distribution of STAR funds dramatically, causing significant winners and losers of tax relief compared to the previous distribution method.
- Banning legislative and regulatory mandates that do not include a complete accounting of fiscal impact on local governments, local government input and source of revenues to pay for the mandates.
- Amending the Triborough provision of the Taylor Law that requires all provisions of a collective bargaining agreement, including the payment of salary steps, to continue when the contract expires. The changes would exclude teacher lane and step movement from continuation until a successor agreement is reached.
- Requiring the State Comptrollers Office to report annually the cumulative costs to localities of complying with all new mandates.

In addition, the Commission recommends that twelve of the recommendations included in the report from the Commission on Local Government Efficiency be adopted, including:

- Regionalizing bargaining by assigning the responsibility for negotiating school employee contracts to the area BOCES. Districts could opt in to this program and initially it would only apply to new hires.
- Making mandatory employee contributions for health insurance premiums - 10% for individuals, 25% for dependents.
- Encourage health benefit trusts to help control the growing costs of premiums for school and local government employees by school districts pooling their resources to purchase health insurance
- Consolidate non-instructional and purchasing services through BOCES.
- Give the Commissioner of Education the discretionary authority to consolidate school districts when there is an opportunity for potential savings.
- Convene committees at each BOCES to evaluate potential cost savings restructuring, including district consolidation.
- Temporarily suspend building aid for districts identified as potential targets of consolidation/restructuring.
- Increasing state aid as an incentive to encourage districts to consolidate.
- Save money through construction and procurement revisions such as repealing Wicks law or dramatically increase its thresholds and the thresholds for competitive bidding.
- Reform assessing and tax collection procedures to make the system fairer and more cost effective.

In the same vein, but in addition to the recommendations of the Commission on Local Government Efficiency, it's recommended that:

- Districts be required to report collective bargaining outcomes between unions and school districts.
- Mandate a study examining the creation of a tier 5 in the public employee pension systems to address the "relatively rich benefits available to public employees." The study would examine the method for implementing a Tier 5, not whether or not a Tier 5 should be established. Among the changes recommended are the reinstatement of employee contribution throughout their career and implementation of a defined contribution plan.
- Eliminate the cap on BOCES Superintendents' salaries to make it easier to recruit quality candidates.

The Commission recommends further study of two additional subjects, the special condition of dependent districts and special education. Since the Big Four (Buffalo, Rochester, Syracuse and Yonkers) do not have a dedicated property tax solely for the school district but share property tax revenues with the cities within which they exist, the Commission recommends that they be exempt from the cap. Instead, a Commission Task Force on Dependent Districts is suggested to make recommendations to be included in the final report of the Commission.

A Commission Task Force on Special Education would examine the relationship between the spectrum of mandates for special education services from federal and state sources. This Task Force would make recommendations for savings in this much higher than general pupil per pupil costs.

Vice Chancellor of the New York State Board of Regents Merryl Tisch, a member of the Commission, elected to abstain from the Commission's recommendations.