Property Taxes in New York: A State Problem Calling for a State Solution

February 11, 2008
www.fiscalpolicy.org

Why are property taxes so high in New York? To a large extent, it is state fiscal policies that have put needy cities, counties and school districts in fiscal binds—leaving them no alternative but to lean heavily on local tax bases. Essentially, the problem arises from the way in which New York State divides responsibility for the financing of important public services between itself and its local governments.

For example, New York divides responsibility for the financing of the non-federal share of Medicaid costs between itself and its local governments on the basis of a "one size fits all" basis. The relative "ability to pay" of various localities is not taken into consideration.

As a result, most of the counties for which local Medicaid costs are high relative to their tax bases are also very close to their constitutional tax limits. These are counties in which the county government tax levy accounts for a much larger percentage of the total real property tax bill for all purposes, including school and other local government taxes.

What happens when ability to pay is ignored?

To cover the local share of Medicaid costs in 2003—

- Montgomery and Fulton counties had to raise $6 per $1000 of taxable full value
- Nassau and Putnam counties had to raise only about $1 per $1000 of taxable full value.

The problematic decisions about allocating funding responsibility go beyond Medicaid. To make up for revenues lost due to changes in the state's personal and corporate income taxes, New York substantially reduced revenue sharing with its counties, cities, towns, and villages. And the share of school district budgets covered by state aid has gone down.

These changes, in turn, put greater pressure on local property and sales tax bases. When taxpayer resentment over these tax shifts grew, the state responded with the STAR program. STAR has been welcomed by homeowners. But it does not deliver on its promise; the STAR benefit is too small to protect the very low-income homeowners in danger of losing their homes. And it's not fair. Among other things, it provides no relief to tenants, landlords or small businesses.

These fiscal policies—reducing the top tax rates on personal income while cutting state aid to localities, and putting pressure on the property and sales tax bases—combine to have a particularly negative effect on upstate New York, which has a much smaller share of high-end taxable income than it has of the state's population and service needs.

Clearly, New York should stop adding to the fiscal pressure on its local governments. Both long run and short run policy responses are needed, and they can be designed to complement each other.

In the short run, the governor and the legislature can and should provide more effective and efficient property tax relief by replacing the Middle Class STAR program with a Middle Class "circuit breaker" that targets aid to those who are the most overburdened by their real property tax bills.

In the long run, more systematic changes are needed in the state's fiscal policies that caused the high-tax problem in the first instance. The governor and the legislature should adopt a multi-year strategy that will simultaneously (a) reduce the pressure that has been placed on local property and sales tax bases and (b) reduce the significant fiscal disparities that exist within New York State. The strategy should include:

1. Restoring New York State's commitment to revenue sharing with its local governments through a transparent needs-based formula that is honored over time.
2. Fully implementing the initial 4-year phase-in of the statewide solution to the Campaign for Fiscal Equity lawsuit enacted as part the 2007-08 state budget; and then gradually increasing the state share of each district's foundation or "sound, basic education" amount.
3. Gradually increasing the state share of Medicaid costs in a way that bases each county's share of Medicaid costs on objective measures of its relative "ability to pay."
4. Eliminating the fiscal disparities in the School Tax Relief (STAR) tax exemption program that disadvantage school districts with high percentages of renter-occupied dwellings and high concentrations of needy children.

If these reforms were funded by restoring some of the personal income tax's lost progressivity and closing corporate income tax loopholes, the combined effect would be to make the overall tax system fairer. Those who can afford to pay more (and who have been given big federal tax cuts in recent years) would pay more, and the middle class and low-income New Yorkers would pay less.

This would allow the state to grow together, rather than being fragmented into highly unequal segments. Local governments could reduce property taxes. Urban areas could leave the vicious circle of declining tax bases, higher tax rates, service reductions, and additional suburbanization and enter a virtuous circle of new investment and lower tax rates. And services—including public schools—could be brought up to a solid basic standard in every community in the state.

The rest of this paper includes sections on each of the long run strategy's four components and concludes with a section on the short run strategy that should be undertaken immediately: replacing the Middle Class STAR program with a Middle Class circuit breaker program.

1. Restore "revenue sharing."

In 1971, New York State took a giant step forward in combating high property taxes and bringing stability to local budgets by beginning to share 18 percent of its income tax revenues with its general purpose local governments on a formula basis that took need, tax effort and ability to pay into consideration. The program was enacted into law after concerted lobbying by the mayors of the state's six largest cities (New York City, Buffalo, Rochester, Syracuse, Yonkers and Albany). This lobby campaign succeeded in calling attention to the overburden faced by these cities, which were home to most of the large tax-exempt institutions (such as hospitals, museums, and libraries) that served the residents of entire metropolitan areas—while using city services without paying taxes.

In announcing the compromise that implemented Revenue Sharing, Governor Rockefeller referred to it as Urban Aid because of its "rough justice" bias in favor of the cities. Half of the revenue sharing pool was to be shared with all general purpose local governments including the cities. The other half was to be shared just with the cities.

In 1979, Governor Carey changed the sharing formula from 18 percent of personal income tax revenue to eight percent of all tax revenue. In 1980 he convinced the legislature to cut the allocation, and the following year to freeze it. Over the next 25 years there were occasional increases in revenue sharing, but more often the program was cut or frozen. As a result, the state fell further and further behind the eight percent standard. Moreover, the too-small pie was poorly allocated. Individual cities received amounts equal percentage increases or decreases from the previous year (with occasional efforts to address some glaring inequities by giving greater increases to some cities) rather than on the basis of a rational formula.

The upstate cities have been hurt the most by the state's abandonment of this important approach to intergovernmental fiscal relations. While New York City has 52 percent of the state's poverty population, it also has a significant concentration of wealthy individuals and a local income tax, thus buffering it from the cuts in revenue sharing in ways not available to the upstate cities.

During 2007, the legislature adopted Governor Spitzer's proposal for basing increases in revenue sharing on a coherent formula and providing a meaningful increase in such general purpose aid. These aid increases have been extremely helpful to the upstate cities, many of which have adopted and are adopting budgets for their 2008 fiscal years that for the first time in years do not have to simultaneously cut services and increase taxes.

While the growth in revenue sharing is now formula-based, the state should move to distribute the entirety of general purpose aid on the basis of a transparent needs-based formula that could be phased-in over time. In addition state "revenue sharing", with its local governments, particularly its cities and its larger city-like villages, should be increased, gradually but steadily over the next 10 to 15 years, until it is restored to eight percent of state tax revenues.

2. Fully and faithfully implement the statewide solution to the Campaign for Fiscal Equity lawsuit that was adopted last year.

At the beginning of 2007, Governor Spitzer proposed a new foundation formula approach to funding elementary and secondary education in New York State. This plan was adopted by the legislature and it is now being implemented with both additional resources and additional accountability.

This plan should be fully and faithfully implemented. As part of this effort, the new foundation formula should be carefully reviewed as it is being implemented in order to correct any glitches that may run contrary to the overall objectives of providing all children in the state with a sound, basic education in a way that takes the relative ability to pay of the state's school districts into consideration.

In addition, the governor and the legislature should build on this new foundation formula in a way that over the long term will increase the share of all school districts' sound, basic education amounts that are covered by state aid, while ensuring that all school districts have the resources necessary to provide their pupils with an adequate public education without having to maintain inordinately high property tax rates.

The overall average share of school budgets covered by state aid should be gradually increased until it reaches the level of the late 1960s. In 1969, state aid to education covered about 48 percent of school district budgets. In the last several years, this figure was down to 37.5 percent. Both of these figures are statewide averages—the result of state aid covering a much smaller portion of school budgets in wealthier communities and much larger portions in needy school districts.

3. Base each county's share of Medicaid costs on its relative "ability to pay."

In the financing of major social safety net programs, New York State has traditionally required each county to cover the same share of total costs whether it has a high number of needy individuals or a low number, and regardless of how strong or weak its tax base is relative to its obligations. The result is that the property tax rate or the sales tax rate necessary to cover the local share of such programs is very low in counties with low poverty rates, and very high in counties with high poverty rates.

Medicaid is currently the largest of the social safety net programs that are financed in this way. Until 2005, the local share of Medicaid expenditures was based solely on the kinds of services involved with no recognition of the fact that some counties have very large numbers of needy families relative to their tax bases while other counties have relative small numbers of needy families relative to their tax bases. In 2003, for example, Table 1 shows that the equivalent of a local property tax rate of close to $6 per thousand of full value of taxable real property was required to cover the local cost of Medicaid in Fulton and Montgomery counties (older industrial areas in the Mohawk valley) but about $1 per thousand of full value in the more prosperous counties of Nassau, Putnam and Saratoga.

The fact that New York State requires its county governments (and New York City) to cover a relatively large portion of the non-federal share of Medicaid has generated a lot of attention and advocacy in recent years. What has not gotten the attention it deserves is the fact that New York's state-local cost sharing formula includes no recognition whatsoever of variations in the ability to pay of different counties. In contrast, the federal government varies its share of Medicaid costs on the basis of the states' per capita income levels. While the federal sharing formula could be improved by taking a measure of need (such as the states' poverty rates) into consideration, it does at least take into account some measure of the various states' ability to pay.

In 2005, the governor and the legislature established an across-the-board cap on the rate (3.5 percent in 2006, 2.25 percent in 2007, and 3 percent in 2008 and subsequent years) at which a county's Medicaid costs can increase, with the state government picking up the difference. This is clearly better than no relief at all but this approach will increase rather than decrease the relative overburden faced by counties with high levels of need relative to their tax bases. The governor and the legislature should move to ensure that as the state takes over a greater and greater share of total Medicaid costs that it base each county's share of Medicaid costs on its relative "ability to pay" by adopting a cost sharing formula that includes measures of both need (e.g., poverty rate) and ability to pay (e.g., per capita income).

4. Eliminate the fiscal disparities in the STAR program.

In the mid-1990s, the burden being placed on local property taxes began to generate increased resentment by voters. Governor Pataki responded in January 1997 by proposing the School Tax Relief (STAR) program. Phased in over a four year period beginning with the 1998-99 school year, the STAR program is now delivering over $3.3 billion per year to the state's school districts to write down the property taxes on owner-occupied primary residences. The program is very popular, despite its flaws. It addresses a real problem.

However, STAR is more costly than it needs to be, given the limited amount of relief that it is delivering to those who are truly overburdened by property taxes. This is because it gives a little bit of relief to all homeowners—whether or not their property taxes are high relative to their needs.

Since STAR provides relief to homeowners based on county averages, the amount of relief that particular homeowners receive is not related to their property tax bills, or their incomes, or, ideally, the relationship of their property tax bills to their income. As a result STAR violates both of the basic principles of tax fairness. It violates the principle of "horizontal equity" because it does not give the same amount of relief to two taxpayers with the exact same incomes and the exact same property tax bills if they happen to live in different parts of the state. STAR also violates the principle of "vertical equity" because two homeowners in the same school district, one with a much higher property tax bill relative to his or her income than the other, both receive the same dollar benefit.

The STAR program distributes aid to school districts in a way that undercuts the equalizing nature of the school aid system. Under STAR, state aid is provided to school districts not on the basis of enrollment and student need but on the basis of the number of owner-occupied primary residences in the school district, the median home value in the county or counties in which the school district is located, and the school district's property tax rate.

The STAR program is also flawed in that it provides relief only to homeowners. This ignores the fact that tenants also pay property taxes. While homeowners pay property taxes directly, tenants, through their rental payments, carry a substantial portion (usually estimated as being more than one-half) of the property taxes paid by the owners of their buildings. But under STAR, neither tenants nor landlords receive any relief. Only the owners of owner-occupied primary residences are helped by STAR. The result is that city school districts with high percentages of renters receive very little STAR aid per pupil compared to wealthy districts in the New York City suburbs. The percentage of owner-occupied primary residences in the state's 15 largest city school districts is 33 percent; in the rest of the state it is 75 percent.

Regular state aid has a significant advantage over STAR in that it serves to write down the property taxes on all real property (from tenant-occupied residences to small businesses), not just on owner-occupied primary residences. And, when it comes to providing targeted relief to those homeowners and renters who are truly overburdened despite a general reduction in the property tax rate, a circuit breaker program is much more effective than STAR.

Under a circuit breaker program, homeowners and tenants can receive a refundable income tax credit equal to all or a percentage of the amount by which their property taxes (or the portion of their rent attributed to property taxes) exceed a specified percentage of his or her income. New York has a circuit breaker but the income, home value, and monthly rent limits for this program have not been increased since the early 1980s. The result is that the number of people who qualify for New York State's circuit breaker credit has been steadily declining.

The governor and the legislature should undertake a comprehensive reevaluation of all of the state's real property tax relief programs and work toward an integrated circuit breaker-like variation of STAR that is consistent with the principles of horizontal and vertical equity. In addition, since STAR is both a property tax relief mechanism and a way to deliver state revenue to school districts, it should also be integrated with the statewide solution to the CFE decision that is currently being implemented, to ensure that STAR is made much fairer to the upstate cities.

5. Replace the Middle Class STAR program with a Middle Class Circuit Breaker.

An integrated approach of the kind described above is necessary to rationalize the current hodgepodge of property tax relief mechanisms that New York State has implemented over the years. In the immediate short run, however, the governor and the legislature can and should address the provide more effective and efficient property tax relief by replacing the Middle Class STAR program with a real property tax "circuit breaker" that targets aid to those who are the most overburdened by their real property tax bills.

It is important to acknowledge that the Middle Class STAR rebate program is better targeted than the original STAR exemption program in that in takes income into consideration. But it is still not adequately targeted to be an effective and efficient property tax relief mechanism since it does not take the size of a homeowner's property tax bill into consideration and it is still based on county and school district average of important variables.

A circuit breaker like the one proposed by Assemblywoman Sandra Galef and Senator Elizabeth Little (A.1575/S.1053 of 2008) would address both of these shortcomings. This bill applies to homeowners who have lived in their current homes for at least five years and who have incomes of below $250,000. In New York City and seven downstate counties, the credit under this proposal is 70 percent of the amount by which a household's property taxes on its primary, owner-occupied residence exceeds:

- 6 percent of their income if their income is below $120,000,
- 7 percent of their income if their income is between $120,000 and $175,000,
- 8 percent of their income if their income is between $175,000 and $250,000.

Downstate counties include Nassau, Suffolk, Rockland, Westchester, Putnam, Orange and Dutchess.

In other counties, the credit is 70 percent of the amount by which property taxes exceed:

- 6 percent of their income if their income is below $90,000,
- 7 percent of their income if their income is between $90,000 and $150,000,
- 8 percent of their income if their income is between $150,000 and $250,000.

The results for this plan are summarized in Table 2. FPI estimated that in 2006 there about 2.5 million households that met the basic criteria (i.e., incomes of $250,000 or less and five years at the same location), and that of those households, about 940,000 would qualify for about $1.64 billion of tax credits.

FPI also analyzed what would happen if the five-year residency requirement was dropped, keeping all other parameters the same. The results for this modification are summarized in Table 3. The number of beneficiaries would double to about 1.44 million households, and the cost would rise to about $2.5 billion.

A striking attribute of these estimates is the magnitude of the credits for which some households would qualify. Under the current A.1575/S.1053, for example, the estimate of the maximum credit in the below $50,000 income range was over $9,000. These numbers (and the differences between the mean and the median credits) indicate that many households have very large property tax bills relative to their incomes. The STAR program is providing aid to many households for whom property taxes are a very reasonable percentage of income, while the aid being provided (see Figure 4) is not sufficient to assist those who are truly overburdened by property taxes. In the words of Governors Pataki and Spitzer, these taxpayers are literally being forced out of their homes.

The middle class STAR program is a step in the right direction, in taking household incomes into consideration, but unless the size of households' property tax bills are also taken into consideration, more aid will still go to households with reasonable property tax burdens relative to their income, and not enough aid will go to those who are truly overburdened.

In addition to the property tax relief that a circuit breaker credit can give to homeowners, it can also address the impact of property taxes on renters. New York State's current circuit breaker program, which applies only to very low income households (those with incomes below $18,000), allows tenants to count 25 percent of their rent as their "property tax equivalent" and then use the same formula to determine if they are eligible for a credit. The Galef/Little bill does not provide any coverage for renters. While the percent of rent that is counted as a tenant's "property tax equivalent" should probably decline as income increases (particularly in the income ranges covered by the Galef/Little bill), it does not seem defensible to exclude renters entirely.

The Galef/Little bill also needs a broader definition of income—something like the definition of income in the state's current circuit breaker law. As currently written, this bill takes some types of income into consideration but not other types, despite the fact that all types of income are available to pay property taxes.

Table 1: Local Medicaid Expenditures per $1,000 Taxable Full Value and as a Percent of Taxable Sales: 2003

	Taxable Full Value: 2003 (in thousands)	Taxable Sales: March 2003-February 2004 (in thousands)	Local Medicaid Expenditures: 2003	Local Medicaid Expenditures: 2003 (in thousands)	Local Medical Expenditures per $1000 Taxable Full Value	Local Medicaid Expenditures as a Percent of Taxable Sales
NEW YORK STATE	1,182,342,533	227,435,898	5,387,696,986	5,387,697	$4.56	2.4%
ALBANY	15,654,901	5,101,473	43,604,425	43,604	$2.79	0.9%
ALLEGANY	1,333,485	327,363	7,246,154	7,246	$5.43	2.2%
BROOME	6,539,823	2,235,955	27,050,160	27,050	$4.14	1.2%
CATTARAUGUS	2,687,118	791,679	12,352,310	12,352	$4.60	1.6%
CAYUGA	2,648,216	782,699	10,270,320	10,270	$3.88	1.3%
CHAUTAUQUA	4,938,976	1,354,139	22,590,692	22,591	$4.57	1.7%
CHEMUNG	2,824,731	1,091,919	14,700,916	14,701	$5.20	1.3%
CHENANGO	1,429,677	392,529	7,352,310	7,352	$5.14	1.9%
CLINTON	2,857,259	993,547	12,271,168	12,271	$4.29	1.2%
COLUMBIA	3,937,031	664,225	8,438,286	8,438	$2.14	1.3%
CORTLAND	1,426,227	512,464	7,167,563	7,168	$5.03	1.4%
DELAWARE	3,084,143	431,609	6,211,275	6,211	$2.01	1.4%
DUTCHESS	20,230,556	3,575,644	29,628,520	29,629	$1.46	0.8%
ERIE	33,576,174	11,601,121	144,617,441	144,617	$4.31	1.2%
ESSEX	3,227,301	498,722	4,847,232	4,847	$1.50	1.0%
FRANKLIN	1,958,278	392,932	7,286,432	7,286	$3.72	1.9%
FULTON	1,811,784	521,872	10,594,086	10,594	$5.85	2.0%
GENESEE	1,974,705	660,021	6,572,051	6,572	$3.33	1.0%
GREENE	3,025,604	506,873	6,744,264	6,744	$2.23	1.3%
HAMILTON	1,816,777	73,355	523,224	523	$0.29	0.7%
HERKIMER	2,936,093	514,732	9,443,106	9,443	$3.22	1.8%
JEFFERSON	3,636,601	1,270,444	14,925,703	14,926	$4.10	1.2%
LEWIS	1,029,031	177,778	3,946,872	3,947	$3.84	2.2%
LIVINGSTON	2,269,584	520,548	6,736,134	6,736	$2.97	1.3%
MADISON	2,486,607	565,994	7,936,703	7,937	$3.19	1.4%
MONROE	30,071,929	8,930,455	122,727,843	122,728	$4.08	1.4%
MONTGOMERY	1,432,637	485,670	8,469,702	8,470	$5.91	1.7%
NASSAU	161,160,799	20,822,310	166,219,078	166,219	$1.03	0.8%
NIAGARA	7,501,946	2,208,022	29,128,275	29,128	$3.88	1.3%
ONEIDA	6,797,869	2,466,124	38,667,175	38,667	$5.69	1.6%
ONONDAGA	17,389,376	6,362,113	71,377,792	71,378	$4.10	1.1%
ONTARIO	5,003,003	1,712,684	11,102,836	11,103	$2.22	0.6%
ORANGE	21,757,682	5,026,882	48,800,461	48,800	$2.24	1.0%
ORLEANS	1,230,008	266,231	5,491,598	5,492	$4.46	2.1%
OSWEGO	3,726,134	1,035,571	18,385,905	18,386	$4.93	1.8%
OTSEGO	2,467,180	683,703	6,966,118	6,966	$2.82	1.0%
PUTNAM	10,328,036	1,072,481	6,754,263	6,754	$0.65	0.6%
RENSSELAER	5,763,809	1,365,041	22,224,975	22,225	$3.86	1.6%
ROCKLAND	28,084,285	3,877,780	44,104,365	44,104	$1.57	1.1%
ST LAWRENCE	3,581,671	1,025,417	16,998,617	16,999	$4.75	1.7%
SARATOGA	10,843,892	2,805,001	17,026,020	17,026	$1.57	0.6%
SCHENECTADY	5,777,957	1,851,861	22,344,908	22,345	$3.87	1.2%
SCHOHARIE	1,356,959	286,301	3,891,354	3,891	$2.87	1.4%
SCHUYLER	664,221	167,389	2,586,757	2,587	$3.89	1.5%
SENECA	1,172,128	366,695	4,271,877	4,272	$3.64	1.2%
STEUBEN	3,607,286	900,911	15,258,033	15,258	$4.23	1.7%
SUFFOLK	168,442,342	23,659,287	168,339,527	168,340	$1.00	0.7%
SULLIVAN	4,741,298	736,572	13,398,790	13,399	$2.83	1.8%
TIOGA	1,572,926	366,281	5,190,425	5,190	$3.30	1.4%
TOMPKINS	3,891,204	1,058,412	7,946,532	7,947	$2.04	0.8%
ULSTER	10,159,181	2,236,019	26,030,135	26,030	$2.56	1.2%
WARREN	5,334,378	1,300,663	8,273,604	8,274	$1.55	0.6%
WASHINGTON	2,407,165	422,300	7,974,339	7,974	$3.31	1.9%
WAYNE	3,608,857	758,220	10,164,543	10,165	$2.82	1.3%
WESTCHESTER	125,119,447	15,510,369	153,418,004	153,418	$1.23	1.0%
WYOMING	1,468,661	299,960	3,672,166	3,672	$2.50	1.2%
YATES	1,243,580	175,562	3,153,818	3,154	$2.54	1.8%
NEW YORK CITY	395,294,005	81,633,974	3,864,279,806	3,864,280	$9.78	4.7%

Sources: NYS Department of Health; NYS OSC; NYS Tax Department.

Table 2. Estimated impact on New York State homeowners
Circuit breaker with differential income percentages for downstate/upstate, with residency requirement

	Income range	Total Number of Households in Category	Total Number of Households Eligible for Credits	Percent of Households in Category Eligible for Credits	Cost	Median Benefit	Mean Benefit	Maximum Benefit
Upstate	Less than $25,000	185,799	126,266	68%	147,851,021	830	1,171	11,143
	$25,000 to $50,000	293,033	124,609	43%	126,716,440	665	1,017	9,136
	$50,000 to $75,000	243,131	54,506	22%	67,331,078	1,029	1,235	7,840
	$75,000 to $100,000	161,829	27,208	17%	30,441,230	644	1,119	8,326
	$100,000 to $150,000	134,773	8,091	6%	14,170,377	1,113	1,751	12,546
	$150,000 to $200,000	32,598	534	2%	921,336	805	1,725	5,897
	$200,000 to $250,000	13,104	80	1%	11,948	149	149	149
	Over $250,000	16,160		0%				
	Total	**1,080,427**	**341,294**	**32%**	**387,443,430**	**791**	**1,135**	**12,546**
Downstate	Less than $25,000	70,368	60,262	86%	204,949,211	3,383	3,401	9,600
	$25,000 to $50,000	115,146	98,413	85%	284,170,510	2,721	2,888	8,760
	$50,000 to $75,000	134,188	104,828	78%	259,071,797	2,198	2,471	8,976
	$75,000 to $100,000	129,651	95,249	73%	180,400,901	1,754	1,894	7,441
	$100,000 to $150,000	169,104	66,093	39%	96,538,378	1,120	1,461	6,960
	$150,000 to $200,000	77,939	5,016	6%	5,202,441	758	1,037	3,523
	$200,000 to $250,000	32,755		0%				
	Over $250,000	56,344		0%				
	Total	**785,495**	**429,861**	**55%**	**1,030,333,238**	**2,113**	**2,397**	**9,600**
New York City	Less than $25,000	90,326	70,741	78%	106,998,082	1,224	1,513	6,874
	$25,000 to $50,000	126,257	62,366	49%	70,806,771	711	1,135	5,883
	$50,000 to $75,000	130,344	21,410	16%	30,655,155	1,068	1,432	4,808
	$75,000 to $100,000	99,234	9,302	9%	13,846,285	1,035	1,489	3,825
	$100,000 to $150,000	107,169	4,555	4%	3,919,825	816	861	2,439
	$150,000 to $200,000	47,850		0%				
	$200,000 to $250,000	19,223		0%				
	Over $250,000	43,745		0%				
	Total	**664,148**	**168,374**	**25%**	**226,226,118**	**917**	**1,344**	**6,874**
Total	Less than $25,000	346,493	257,269	74%	459,798,313	1,187	1,787	11,143
	$25,000 to $50,000	534,436	285,388	53%	481,693,721	1,019	1,688	9,136
	$50,000 to $75,000	507,663	180,744	36%	357,058,030	1,572	1,975	8,976
	$75,000 to $100,000	390,714	131,759	34%	224,688,417	1,422	1,705	8,326
	$100,000 to $150,000	411,046	78,739	19%	114,628,580	1,061	1,456	12,546
	$150,000 to $200,000	158,387	5,550	4%	6,123,777	805	1,103	5,897
	$200,000 to $250,000	65,082	80	0%	11,948	149	149	149
	Over $250,000	116,249		0%				
	Total	**2,530,070**	**939,529**	**37%**	**1,644,002,786**	**1,281**	**1,750**	**12,546**

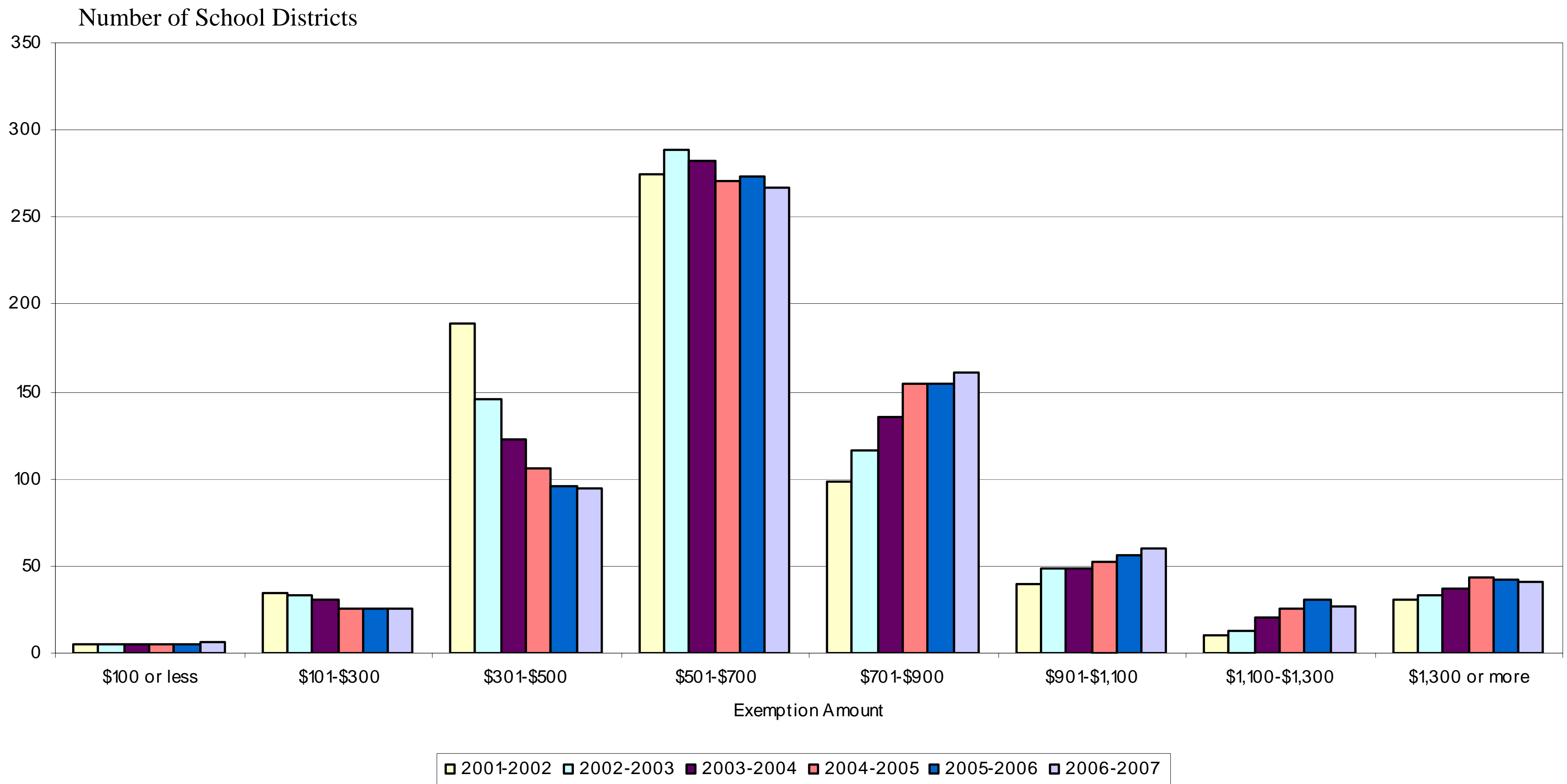
NOTE: Analysis is based on microdata from the American Community Survey for 2006, released in 2007. Analysis excludes an estimated twenty thousand homeowners who reported less than $100 income for 2006.

Table 3. Estimated impact on New York State homeowners Circuit breaker with differential income percentages for downstate/upstate, with no residency requirement

	Income range	Total Number of Households in Category	Total Number of Households Eligible for Credits	Percent of Households in Category Eligible for Credits	Cost	Median Benefit	Mean Benefit	Maximum Benefit
Upstate	Less than $25,000	278,351	187,635	67%	219,065,214	827	1,168	11,492
	$25,000 to $50,000	454,557	194,980	43%	197,153,420	663	1,011	9,588
	$50,000 to $75,000	380,982	87,025	23%	106,808,688	1,029	1,227	8,567
	$75,000 to $100,000	252,148	43,361	17%	44,462,183	595	1,025	8,326
	$100,000 to $150,000	206,830	11,469	6%	18,073,961	962	1,576	12,546
	$150,000 to $200,000	51,779	695	1%	1,502,191	964	2,161	5,897
	$200,000 to $250,000	20,290	80	0%	11,948	149	149	149
	Over $250,000	24,668		0%				
	Total	**1,669,605**	**525,245**	**31%**	**587,077,604**	**782**	**1,118**	**12,546**
Downstate	Less than $25,000	107,400	92,832	86%	313,457,787	3,353	3,377	10,199
	$25,000 to $50,000	179,314	150,301	84%	439,337,943	2,751	2,923	8,835
	$50,000 to $75,000	201,556	156,844	78%	382,988,912	2,184	2,442	8,976
	$75,000 to $100,000	200,739	145,720	73%	273,910,877	1,750	1,880	7,441
	$100,000 to $150,000	261,471	100,921	39%	149,874,712	1,120	1,485	7,283
	$150,000 to $200,000	121,860	7,400	6%	7,076,646	710	956	3,523
	$200,000 to $250,000	52,659		0%				
	Over $250,000	88,424		0%				
	Total	**1,213,423**	**654,018**	**54%**	**1,566,646,876**	**2,112**	**2,395**	**10,199**
New York City	Less than $25,000	139,015	107,266	77%	163,705,448	1,203	1,526	6,874
	$25,000 to $50,000	198,433	97,105	49%	115,542,607	724	1,190	5,887
	$50,000 to $75,000	198,225	31,778	16%	44,331,148	1,068	1,395	4,808
	$75,000 to $100,000	151,261	13,080	9%	18,854,631	934	1,441	3,825
	$100,000 to $150,000	172,451	7,084	4%	6,809,678	816	961	2,691
	$150,000 to $200,000	75,157		0%				
	$200,000 to $250,000	31,460		0%				
	Over $250,000	64,419		0%				
	Total	**1,030,421**	**256,313**	**25%**	**349,243,512**	**959**	**1,363**	**6,874**
Total	Less than $25,000	524,766	387,733	74%	696,228,449	1,201	1,796	11,492
	$25,000 to $50,000	832,304	442,386	53%	752,033,969	1,043	1,700	9,588
	$50,000 to $75,000	780,763	275,647	35%	534,128,748	1,564	1,938	8,976
	$75,000 to $100,000	604,148	202,161	33%	337,227,691	1,344	1,668	8,326
	$100,000 to $150,000	640,752	119,474	19%	174,758,352	1,061	1,463	12,546
	$150,000 to $200,000	248,796	8,095	3%	8,578,837	758	1,060	5,897
	$200,000 to $250,000	104,409	80	0%	11,948	149	149	149
	Over $250,000	177,511		0%				
	Total	**3,913,449**	**1,435,576**	**37%**	**2,502,967,992**	**1,277**	**1,744**	**12,546**

NOTE: Analysis is based on microdata from the American Community Survey for 2006, released in 2007. Analysis excludes an estimated twenty thousand homeowners who reported less than $100 income for 2006.

Figure 4: Number of school districts within different basic exemption amount ranges, by year (since the program became fully phased in):



Source: New York State Division of the Budget