Experts skeptical of Ritchie’s tax-cutting figures

By BRIAN AMARAL

In fliers mailed to Jefferson County residents, state Sen. Patricia A. Ritchie, R-Heuvelton, claims to have saved taxpayers in her three-county district $36 million on their property tax bills.

But experts on the right and left say that the claim — based on her support for the 2011 state law that limits property tax hikes — is unirnolar at best and misleading at worst.

"Ironically, I don’t think she needed to do it,” said Edmund J. McMahon, a senior fellow at the conservative Empire Center for New York State Policy. “I was a major advocate of a tax cap, and I think it will work. The brochure goes too far in actually specifying a figure, I think.”

Mrs. Ritchie’s office said that the claim in the flier, which was paid for with public funds, is based on a Senate Finance Committee report. The report compared tax levies at school districts in her Senate district from last year, before the cap, to this year, after the cap. The property tax cap limits the amount that schools, counties, towns or villages can raise from homeowners by a percentage determined by things such as growth in the community, pension costs and the health of the economy.

Mrs. Ritchie defended her claims and the report that it was based on, and said the cap would save homeowners millions.

“I respectfully disagree with E.J.,” Mrs. Ritchie said. “He’s somebody that I think is a very smart man, but in this case, I disagree with him.”

The report assumed that taxes would have gone up about 4.6 percent, which was the statewide average increase over 10 years, without the property tax cap. Then, the report tallied school districts’ levy increases that were below 4.6 percent. Any difference between how much taxes were raised and the assumed 4.6 percent figure was attributed to the fact that the state imposed a property tax cap. So, for example, if a school district raised its property tax levy by 1 percent, the tax cap saved homeowners 3.6 percent on their property tax bills, the report claims.

But that analysis is flawed, said Frank Mauro of the left-leaning Fiscal Policy Institute. Many of the school districts increased their tax levies by less than they were allowed to. Say the cap for a school district is 3 percent. A school district raises its levy by 1 percent. The cap didn’t stop the school districts increased their tax levies by less than they were allowed to. Say the cap for a school district is 3 percent. A school district raises its levy by 1 percent. The cap didn’t stop the school districts increased their tax levies by less than they were allowed to.

The 4.6 percent figure, too, is arbitrary, Mr. Mauro said, considering that each local government faces its own challenges and property taxes vary from region to region.

Unlike Mr. McMahon, Mr. Mauro isn’t sold on the property tax cap. He has argued that it could harm the quality of education.

Perhaps the most glaring flaw in the analysis, the experts said, is the fact that of the $36 million in savings for which the report gives the tax cap credit, $30 million was due to a renegotiated tax deal with the operator of a nuclear power plant in Oswego County. In lieu of paying property taxes, Constellation Energy paid the school district $24 million in 2012, according to the Post-Standard of Syracuse.

"If they’re counting a decrease in a tax levy due mainly to the renewal of a very large (payment...
in lieu of taxes), that's misleading,” Mr. McMahon said.

But Mrs. Ritchie said that even without including the Oswego County savings, the cap saved millions for her constituents. And that's what they're asking for.

"Each and every day, I get people across my district — it doesn't matter if I'm in St. Lawrence, Jefferson or Oswego County — they say they can't afford to pay any more in property taxes," Mrs. Ritchie said. "I said I'd do my best to cut spending and try to reduce taxes."

Emblazoned on the front of the flier is another claim with which some would take issue.

"Senator Patty Ritchie Cut Your Taxes," the flier claims.

"If you earn a million dollars or more, the brochure is inaccurate," Mr. McMahon said. "If you earn less, it is accurate."

In late 2011, to stave off further cuts to education, the Legislature and Democratic Gov. Andrew M. Cuomo agreed to extend a temporary tax hike on those who make more than $1 million annually, albeit at a slightly lower level than it was before. Middle-income earners got a slight state income tax cut: $52 a year for a family of four earning $70,000.

The deal was structured in a way that on paper, everyone in the state paid less in the beginning of 2012 than they did at the end of 2011. But had the Republican-controlled Senate done nothing, as senators had pledged to do for a year, tax rates for the wealthy would have dropped even more.

The point of the maneuver, Mr. McMahon suggested, was so that senators could tout in fliers that they had cut taxes.

Mrs. Ritchie said, "Everyone in the end after that tax cut was put in place is paying less. For the record, I appreciate working closely with Governor Cuomo on the tax cap and on the middle-class tax cut. I look forward to going back and continuing that work."