

Advocates push for tax-relief plan

Heather Senison
Albany Bureau

ALBANY — With the Legislature back in session amid the worst financial crisis in decades, advocates asked legislators yesterday to consider a bill to provide relief for middle- and low-income New Yorkers and local governments.

The tax-reform proposal would mandate that the state pay more of the cost of running schools, municipal services and the Medicaid program for the poor and disabled as well as implement a circuit-breaker program that limits property taxes for people who make under a certain income.

"We have to acknowledge that some people are truly overburdened by the property tax and paying way too much of their income in property tax," said Ron Deutsch, executive director of New Yorkers for Fiscal Fairness, a group that advocates for the poor.

New Yorkers for Fiscal Fairness and several other groups formed the Omnibus Consortium to push for the proposal, which includes long- and short-term solutions to financial problems in the state.

The circuit breaker, considered a short-term solution, would be phased in over the next four years. It would lower taxes for property owners who make less than \$100,000 in annual income by 0.5 percent in 2009-10, 1 percent in 2010-11 and 1.5 percent in 2011-12.

Gov. David Paterson suggested eliminating the rebate-checks portion of STAR, a school property tax relief program, in his proposed 2009-10 budget. The coalition proposes using the money the state will save from the rebate, about \$1.3 billion, to fund its reforms. That way the bill will be minor in its fiscal implications, said Frank Mauro of the Fiscal Policy Institute, an Albany-based think tank.

The proposal also calls for a tax-reform commission to evaluate state and local tax systems and to analyze long-term effects of proposed changes. The governor and the four Democratic and Republican leaders of the Legislature would appoint the members.

The bill's long-term goal is to have the state provide more financial assistance for local governments. It calls for shifting \$10 billion of costs from the local level to the state over 10 years: \$6 billion for schools, \$1 billion for Medicaid and \$3 billion for municipal services.

The coalition wants to reduce the state's reliance on local property and sales taxes and increase the use of taxes that are based on ability to pay, namely the individual and corporate income taxes.

"We as New Yorkers know that we're there to help those less fortunate, so I believe that we're ready to step up to the plate, and we're ready to look at this bill," said Susan Zimet, an Ulster County legis-

lator and director of the New York group Tax Reform Agenda. The advocates intend to ask every legislator to sponsor the bill, Zimet said.

The bill is loosely based on legislation drafted by Assemblywoman Sandra Galef, D-Ossining, and Sen. Betty Little, R-Queensbury.

Though this bill is different than their legislation, "I'm just very glad that we haven't lost the concept of the circuit breaker because I think it's very important," Galef said. She said the phasing-in process the bill proposes could be beneficial during the financial crisis and she would consider sponsoring the bill.

Senate Republicans backed Paterson's property-tax cap bill last year and would consider this bill, too, spokesman Mark Hansen said. Assembly Republicans support the circuit breaker as a preliminary step but say a property-tax cap is needed to relieve the tax burden in the long run, said Josh Fitzpatrick, a spokesman for Minority Leader Jim Tedisco, R-Schenectady.

Assembly Democrats don't consider bills until they are sponsored by someone, but the house passed the circuit-breaker bill last year, said Dan Weiller, a spokesman for Assembly Speaker Sheldon Silver, D-Manhattan. A spokesman for Senate Majority Leader Malcolm Smith, D-Queens, said Senate Democrats couldn't comment on the proposal, as they hadn't seen it.

