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Testimony

of

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before the

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Public Hearing on Property Taxes

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New York State divides responsibility for the financing of important public services between itself and its local governments in ways that place great pressure on the local property and sales tax bases. This is particularly problematical for those localities that have relatively weak tax bases compared to their needs. For example, to cover the local share of Medicaid costs in 2003 took the equivalent of \$6 per \$1000 of taxable full value in Montgomery and Fulton counties but only \$1 per \$1000 of taxable full value in Nassau and Putnam counties. That is because 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 rather than taking the relative “ability to pay” of various localities into consideration. The result is that 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; and they 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 (i.e., county, city, town, village, school district, etc.)

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 real property tax “circuit breaker” that targets aid to those who are the most overburdened by their real property tax bills. In the long run, however, more systematic changes are needed in the fiscal policies that place great pressure on the local property and sales tax bases in the first instance. Toward this end, 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 by:

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 statewide solution to the Campaign for Fiscal Equity law suit that was proposed by Governor Spitzer at the beginning of the year and which was enacted by the State Legislature as part of its adoption of the 2007-08 state budget.
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. The result would be that those who can afford to (and who have been given big federal tax cuts in recent years) would pay more, and the middle class and low-income residents 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.

In order to accommodate the loss of revenue from changes in the state's personal and corporate income taxes, New York substantially reduced both state revenue-sharing with its counties, cities, towns, and villages and the share of school district budgets covered by state aid. These changes, in turn, put greater pressure on local property and sales tax bases. And when taxpayer resentment over these tax shifts grew, the state responded with the STAR program. Despite its inequities, STAR has been welcomed by homeowners. But it provides no relief to tenants or landlords (who in some combination or other pay property taxes at rates at least as high as and frequently higher than homeowners), small businesses and others who are affected by increasing property taxes.

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.

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. This program was enacted into law following a very effective multi-year lobbying campaign by the mayors of the state’s six largest cities (New York City, Buffalo, Rochester, Syracuse, Yonkers and Albany). This campaign succeeded in calling attention to the “overburden” faced by the state’s 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 but which depended on city services without making a commensurate tax contribution.

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, while 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. That change would have been fine, but the following year he got the legislature to cut the allocation and the following year to freeze it. Over the course of the next quarter century there have been some occasional increases in revenue sharing but more often there have been cuts or freezes. The result is that the state has fallen further and further behind the eight percent standard and the amounts that individual cities receive are the product of year-to-year percentage increases and decreases (and occasional efforts to address some glaring inequities by giving greater increases to some cities) rather than 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 earlier this 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, it took the equivalent of a local property tax rate of close to \$6 per thousand of full value of taxable real property to cover the local cost of Medicaid in Fulton and Montgomery counties (older industrial areas in the Mohawk valley) but only \$1 per thousand of full value or less in the more prosperous counties of Nassau, Putnam and Saratoga. Table 8

on page 16 shows 2003 data for each county on local Medicaid expenditures per \$1,000 taxable full value.

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. But 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. This is in contrast to the federal government which 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 at least takes 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, because it addresses a real problem.

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 it 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) would address both of these shortcomings. A.1575/S.1053 applies to homeowners who have lived in their current homes for at least 10 years and who have incomes of below \$200,000. 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 \$100,000; 7 percent of their income if their income is between \$100,000 and \$150,000; or 8 percent of their income if their income is between \$150,000 and \$200,000. The results for this plan are summarized in Table 1. We estimated that in 2006 there about 1.9 million households that met the basic criteria (i.e., incomes of \$200,000 or less and 10 years at the same location), and that of those households, about seven hundred thousand would qualify for about \$1.23 billion of tax credits.

We next estimated what would happen if the 10 year residency requirement was dropped and kept all of the other parameters the same. The results for this modification are summarized in Table 2. We estimated that with this modification, the number of beneficiaries would double to about 1.4 million households and that the cost would double to about \$2.46 billion.

Our next step was to estimate what would happen if (a) the circuit breaker credit was 100 percent rather than 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 \$100,000; 7 percent of their income if their income is between \$100,000 and \$150,000; or 8 percent of their income if their income is between \$150,000 and \$200,000; and (b) households with income above \$200,000 could qualify if we extended the graduated rates included in the Galef/Little proposal to include households with incomes between \$200,000 and \$250,000 if their property taxes exceeded 9 percent of their income, and to include households with incomes above \$250,000 if their property taxes exceeded 10 percent of their income. The results for this modification are summarized in Table 3. As this table shows, we estimate that with this modification, the

number of beneficiaries would remain at the same 1.4 million level as but the cost would increase to \$3.5 billion.

Finally we estimated the impact of a modification similar to that which is summarized in Table 3 but under which the circuit breaker credit would apply only to the property taxes on the first \$500,000 of the value of a household's home. (In other words, if the full value of a home were \$750,000, the circuit breaker credit would apply to two thirds, i.e., \$500,000 divided by \$750,000, of the property taxes on that home.) This modification (Table 4) reduces the number of beneficiaries from the 1.4 million households to 1.29 million households, and it reduces the cost to \$2.68 billion.

While the parameters in the modifications summarized in Tables 3 and 4 allowed households with incomes above \$200,000 to qualify for credits, no households in the sample had property taxes of such a magnitude (relative to their income) that they qualified for credits.

One of the most striking things about 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 to \$75,000 income range was \$about nine thousand dollars. 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 the graph on page 15) is not sufficient to assist those who are truly overburdened by property taxes and who in the words of Governors Pataki and Spitzer are literally being forced out of their homes. The middle class STAR program is a step in the right direction by 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. Tables 5 and 6 show the impact of providing such coverage. 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: Estimated Impact of A.1575/S.1503 on New York State Homeowners, by Income Ranges

<u>Income range</u>	<u>Total Number of Households in Category</u>	<u>Total Number of Households Eligible for Credits</u>	<u>Percent of Households in Category Eligible for Credits</u>	<u>Cost</u>	<u>Median Benefit</u>	<u>Mean Benefit</u>	<u>Maximum Benefit</u>
Less than \$25,000	262,188	194,201	74.1%	347,129,969	1,187	1,787	11,143
\$25,000 to \$50,000	407,615	218,715	53.7%	370,943,534	1,042	1,696	9,136
\$50,000 to \$75,000	391,352	139,471	35.6%	270,669,906	1,564	1,941	8,976
\$75,000 to \$100,000	300,304	104,695	34.9%	177,932,349	1,386	1,700	9,026
\$100,000 to \$150,000	315,260	48,757	15.5%	60,992,693	924	1,251	12,546
\$150,000 to \$200,000	119,653	1,925	1.6%	2,200,185	805	1,143	5,897
Over \$200,000	137,085						
Total	1,933,457	707,764	36.6%	1,229,868,636	1,254	1,738	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 2: Estimated Impact of A.1575/S.1503 on New York State Homeowners, by Income Ranges,
WITHOUT the 10-Year Residency Requirement**

<u>Income range</u>	<u>Total Number of Households in Category</u>	<u>Total Number of Households Eligible for Credits</u>	<u>Percent of Households in Category Eligible for Credits</u>	<u>Cost</u>	<u>Median Benefit</u>	<u>Mean Benefit</u>	<u>Maximum Benefit</u>
Less than \$25,000	524,766	387,733	73.9%	696,228,449	1,201	1,796	11,492
\$25,000 to \$50,000	832,304	442,386	53.2%	752,033,969	1,043	1,700	9,588
\$50,000 to \$75,000	780,763	275,647	35.3%	534,128,748	1,564	1,938	8,976
\$75,000 to \$100,000	604,148	208,125	34.4%	344,373,224	1,316	1,655	9,026
\$100,000 to \$150,000	640,752	99,969	15.6%	128,413,376	961	1,285	12,546
\$150,000 to \$200,000	248,796	3,844	1.5%	3,657,384	722	951	5,897
Over \$200,000	281,920						
Total	3,913,449	1,417,704	36.2%	2,458,835,149	1,254	1,734	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 of A.1575/S.1503 on New York State Homeowners by Income Ranges, WITHOUT the 10-Year Residency Requirement, WITHOUT the 70% Parameter, and WITHOUT the \$200,000 Income Limit

<u>Income range</u>	<u>Total Number of Households in Category</u>	<u>Total Number of Households Eligible for Credits</u>	<u>Percent of Households in Category Eligible for Credits</u>	<u>Cost</u>	<u>Median Benefit</u>	<u>Mean Benefit</u>	<u>Maximum Benefit</u>
Less than \$25,000	524,766	387,733	73.9%	994,612,070	1,716	2,565	16,417
\$25,000 to \$50,000	832,304	442,386	53.2%	1,074,334,242	1,490	2,428	13,697
\$50,000 to \$75,000	780,763	275,647	35.3%	763,041,068	2,234	2,768	12,823
\$75,000 to \$100,000	604,148	208,125	34.4%	491,961,748	1,880	2,364	12,894
\$100,000 to \$150,000	640,752	99,969	15.6%	183,447,680	1,373	1,835	17,923
\$150,000 to \$200,000	248,796	3,844	1.5%	5,224,834	1,031	1,359	8,424
Over \$200,000	281,920						
Total	3,913,449	1,417,704	36.2%	3,512,621,642	1,792	2,478	17,923

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. Assumes the addition of brackets of 9% for households with incomes between \$200,000 and \$250,000, and 10% for households with incomes above \$250,000, to the current 6%, 7% and 8% brackets in A.1575/S.1053

Table 4: Estimated Impact of A.1575/S.1503 on New York State Homeowners by Income Ranges, WITHOUT the 10-Year Residency Requirement, WITHOUT the 70% Parameter, and WITHOUT the \$200,000 Income Limit, BUT with credit based on the lesser of \$500,000 or actual home value

<u>Income range</u>	<u>Total Number of Households in Category</u>	<u>Total Number of Households Eligible for Credits</u>	<u>Percent of Households in Category Eligible for Credits</u>	<u>Cost</u>	<u>Median Benefit</u>	<u>Mean Benefit</u>	<u>Maximum Benefit</u>
Less than \$25,000	524,766	385,510	73.5%	868,928,395	1,590	2,254	11,569
\$25,000 to \$50,000	832,304	424,751	51.0%	875,478,838	1,358	2,061	11,035
\$50,000 to \$75,000	780,763	257,377	33.0%	581,733,104	2,060	2,260	8,171
\$75,000 to \$100,000	604,148	185,955	30.8%	314,350,890	1,472	1,690	7,890
\$100,000 to \$150,000	640,752	40,052	6.3%	39,656,002	750	990	5,358
\$150,000 to \$200,000	248,796	23	0.0%	13,284	578	578	578
Over \$200,000	281,920						
Total	3,913,449	1,293,668	33.1%	2,680,160,512	1,578	2,072	11,569

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. Assumes the addition of brackets of 9% for households with incomes between \$200,000 and \$250,000, and 10% for households with incomes above \$250,000, to the current 6%, 7% and 8% brackets in A.1575/S.1053

Table 5: Estimated Impact of Enhanced Circuit Breaker for Renters Based on Brackets for Homeowners in A.1575/S.1503, by Income Ranges WITHOUT 70% Parameter

<u>Income range</u>	<u>Total Number of Households in Category</u>	<u>Total Number of Households Eligible for Credits</u>	<u>Percent of Households in Category Eligible for Credits</u>	<u>Cost</u>	<u>Median Benefit</u>	<u>Mean Benefit</u>	<u>Maximum Benefit</u>
Less than \$25,000	1,236,989	1,016,726	82.2%	1,302,384,486	1,038	1,281	11,040
\$25,000 to \$50,000	866,259	409,425	47.3%	431,708,222	756	1,054	8,472
\$50,000 to \$75,000	464,403	89,408	19.3%	96,842,163	684	1,083	7,566
\$75,000 to \$100,000	236,385	23,446	9.9%	30,335,273	948	1,294	5,112
\$100,000 to \$150,000	166,432	3,829	2.3%	4,244,131	1,294	1,108	2,733
\$150,000 to \$200,000	60,566						
Over \$200,000	60,512						
Total	3,091,546	1,542,834	49.9%	1,865,514,275	930	1,209	11,040

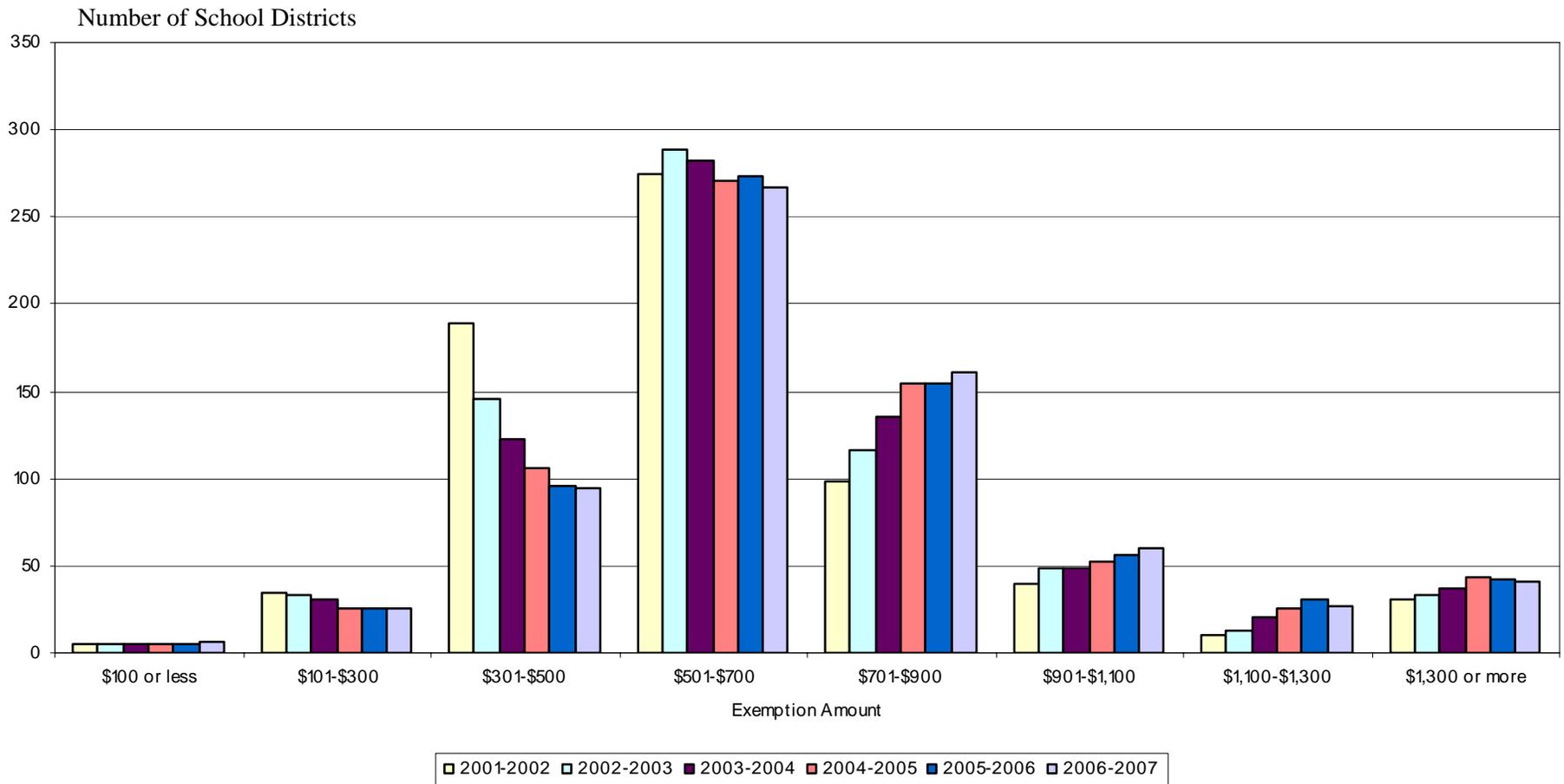
Note: Analysis is based on microdata from the American Community Survey for 2006, released in 2007. Analysis excludes an estimated sixty-three thousand renters who reported less than \$100 income for 2006. Assumes the addition of brackets of 9% for households with incomes between \$200,000 and \$250,000, and 10% for households with incomes above \$250,000, to the current 6%, 7% and 8% brackets in A.1575/S.1053 The enhanced circuit breaker for renters would use a sliding scale to determine the percent of rent assumed to be attributable to property taxes. The percentages would be (1) incomes less than \$18,000 - 25%; (2) incomes between \$18,000 and \$54,000 - 24%; (3) incomes between \$54,000 and \$90,000 - 23%; (4) incomes between \$90,000 and \$126,000 - 22%; (5) incomes between \$126,000 and \$144,000 - 21% (6) incomes above \$144,000 - 20%.

Table 6: Estimated Impact of Enhanced Circuit Breaker for Renters Based on Brackets for Homeowners in A.1575/S.1503, by Income Ranges WITH 70% Parameter

<u>Income range</u>	<u>Total Number of Households in Category</u>	<u>Total Number of Households Eligible for Credits</u>	<u>Percent of Households in Category Eligible for Credits</u>	<u>Cost</u>	<u>Median Benefit</u>	<u>Mean Benefit</u>	<u>Maximum Benefit</u>
Less than \$25,000	1,236,989	1,016,726	82.2%	911,669,140	727	897	7,728
\$25,000 to \$50,000	866,259	409,425	47.3%	302,195,755	529	738	5,930
\$50,000 to \$75,000	464,403	89,408	19.3%	67,789,514	479	758	5,296
\$75,000 to \$100,000	236,385	23,446	9.9%	21,234,691	664	906	3,578
\$100,000 to \$150,000	166,432	3,829	2.3%	2,970,892	906	776	1,913
\$150,000 to \$200,000	60,566						
Over \$200,000	60,512						
Total	3,091,546	1,542,834	1,542,834	1,305,859,992	651	846	7,728

Note: Analysis is based on microdata from the American Community Survey for 2006, released in 2007. Analysis excludes an estimated sixty-three thousand renters who reported less than \$100 income for 2006. Assumes the addition of brackets of 9% for households with incomes between \$200,000 and \$250,000, and 10% for households with incomes above \$250,000, to the current 6%, 7% and 8% brackets in A.1575/S.1053 The enhanced circuit breaker for renters would use a sliding scale to determine the percent of rent assumed to be attributable to property taxes. The percentages would be (1) incomes less than \$18,000 - 25%; (2) incomes between \$18,000 and \$54,000 - 24%; (3) incomes between \$54,000 and \$90,000 - 23%; (4) incomes between \$90,000 and \$126,000 - 22%; (5) incomes between \$126,000 and \$144,000 - 21% (6) incomes above \$144,000 - 20%.

Figure 7: Number of school districts within different basic exemption amount ranges, by year (since the program became fully phased in):



**Table 8: 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.