



News from the Fiscal Policy Institute

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New report: <http://bit.ly/1RnpqBv>

Property Tax Reform Advocates and Budget Watchdogs Ask: What in the World Happened to Property Tax Relief?

Report Release on Why the Circuit Breaker is the Right Tool for the Job

Budget watchdogs, good government and property tax reform groups joined forces today to urge state leaders to refocus their attention on providing “real” property tax relief, in the form of a circuit breaker, to struggling homeowners that need it the most before the session ends. The Governor proposed a \$1.7 billion property tax relief plan in his Executive Budget in January that was supported by the Assembly. The Senate is supporting reviving the flawed STAR rebate plan that the groups urged be rejected.

“As the remaining session days slowly slip away, it seems that the Governor and legislative leaders no longer feel that providing property tax relief to struggling homeowners is a priority,” said **Ron Deutsch, executive director of the Fiscal Policy Institute**. “Instead of providing tax cuts to wealthy and well connected real estate developers and yacht buyers, Albany needs to get back to basics and start providing tax relief to working class homeowners and renters that both need and deserve a break.”

The Fiscal Policy Institute released a [report](#) detailing the stark differences between the circuit breaker relief proposals advanced by the Governor and Assembly versus the flawed STAR rebate plan the Senate proposed. The report shows that both programs would provide some property tax relief but the circuit breaker credits are superior to STAR rebates in many ways. For example:

- Circuit breakers would address a serious shortcoming of the property tax—that payments are not linked to the taxpayers’ ability to pay. STAR rebates are the same regardless of income and home value.
- STAR rebates would apply only to homeowners. A circuit breaker would also help renters, recognizing that they pay the landlord’s property taxes indirectly through rent payments. More low-income New Yorkers rent than own their homes and renters would not be eligible.

- Because it is pegged to income, the circuit breaker would provide meaningful property tax relief to those homeowners and renters who need it most. The STAR rebate, in contrast, would provide tax cuts to more homeowners but they would be considerably smaller.

Carol Kellermann, President, Citizens Budget Commission stated, “At an annual cost of \$3 billion, STAR is one of New York's largest and most poorly designed programs. It’s time for state leaders to better provide property tax relief to taxpayers who need it most.”

“Years of austerity budgets at the state level have eroded the state’s role as a reliable partner to localities in shouldering the costs of education, healthcare, and transportation. Higher than average property taxes are the result. Of the two competing proposals to address this problem, the property tax circuit breaker—which is closely tied to the share of someone’s income that goes to property taxes—is by far the fairest and most effective one,” said **Elizabeth McNichol, author of the policy brief and Senior Fellow at the Fiscal Policy Institute.**

John Whiteley, New York State Property Tax Reform Coalition stated, “Our long term goal for property tax relief remains a fundamental reform of the school funding system that will gradually increase the state's fiscal commitment, in accordance with its constitutional mandate for the maintenance of education, and reduce the continuing over-reliance on the inequitable and oppressive property tax. However, there are hundreds of thousands of middle class New Yorkers whose property taxes consume an unsustainable portion of their income and who cannot wait for the several years required to accomplish the reform. Only a meaningful circuit breaker such as that proposed by the Governor in his Executive Budget can save these residents from being forced from their homes. More STAR, as embodied in the Senate’s ill-advised proposal to restore the flawed rebate checks, will compound the flaws, provide more “relief” to many who don't need it, and continue to fail many of those who need help the most.”

“The League of Women Voters has long been opposed to the STAR program, but does not oppose appropriately structured property tax relief. We favor a circuit breaker targeted to those individuals with a limited ability to pay; property tax relief does not need to subsidize everyone,” said **Dr. Marian A. Bott, Education Finance Specialist, New York State League of Women Voters.**

“While Legislative leader indictments and private jet exemptions are making the news, lost in the shuffle are the ordinary but commonplace stories of average New Yorkers losing their homes and/or leaving the state. The property tax, the single largest revenue source for the State, is levied without income limitations and consideration. Other states that have adopted meaningful circuit breaker programs have truly addressed the ‘property tax problem’ with structural reforms and not sound bites and election eve rebate checks. Hundreds of thousands of New Yorkers are waiting for this overdue relief,” stated **Robert McKeon, Executive Director, TREND NY.**

“Languishing in the budget is \$1.7 billion dollars earmarked by Governor Cuomo for desperately needed property tax relief in the form of a circuit breaker. New York homeowners and renters should prod their representatives to pass enabling legislation this session or—I can assure you—

forget about property tax relief for the foreseeable future. The money is there. It's now or never," said **Gioia Shebar, Coordinator of Taxnightmare.org**.

"In all the years we have been working on property tax relief and reform, we have never been as close as we are right now. With Governor Cuomo supporting and funding the circuit breaker and the Assembly's support, the only missing piece to this puzzle of tax relief is the Senate. The people of the State deserve to have their government help them stay in their homes and continue to hold out hope that the legislature will do the right thing," stated **Susan Zimet, New Paltz Town Supervisor**.

"It's no secret that the playing field in Albany is tilted against working families—and that includes low and middle income homeowners struggling to deal with sky-high property tax bills. Property taxes in New York should not jeopardize the ability of the working poor and those on fixed incomes to stay in their homes. Working Families is proud to stand with our allies in supporting this 'circuit breaker' proposal as the best way to achieve this," said **Edward Rush, NY Working Families**.

The new report is available at <http://bit.ly/1RnpqBy>.

The Fiscal Policy Institute (www.fiscalpolicy.org) is an independent, nonpartisan, nonprofit research and education organization committed to improving public policies and private practices to better the economic and social conditions of all New Yorkers.