SCHUYLER COUNTY LEGISLATURE

105 Ninth Street Unit 6, Watkins Glen, NY 14891
Phone (607) 535-8100

Dennis A. Fagan, Chairman
Old District I

Thomas M. Gifford
Old District II

Stewart F. Field, Jr.
Old District I

Barbara J. Halpin
New District I

Philip C. Barnes
Old District II

Van A. Harp
New District II

Michael L. Lausell
New District III

James D. Howell, Jr.
New District IV

Web www.schuylercounty.us Email: Legislature@co.schuyler.ny.us

Stacy B. Husted, Clerk/County Auditor
Jamee L. Mack, Deputy Clerk

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TO: Local Media
Senator O'Mara, Assemblyman Palmesano
New York State Assoc. of Counties

The Sham of Tax Relief

Recently, the City of Corning hosted a coalition of local governments, school districts and businesses in which they called on state lawmakers to enact mandate relief for schools and local government. A number of recommendations were offered to ease the financial burden of unfunded state mandates including arbitration, pension, health insurance, and prevailing wage changes. While Corning Mayor Richard Negri, City Manager Mark Ryckman, and their City Council should be lauded for raising public awareness of the adverse impacts caused by unfunded state mandates, there was no discussion of tax relief legislation which was passed in Albany this year and has been touted by the Governor at every opportunity. The Governor has done a masterful job of promoting this legislation as the vehicle for moving us away from being one of the highest taxed states in the country. Unfortunately, when one "peels back the onion" and considers the actual legislation, this is nothing more than a sham to our taxpayers, who deserve meaningful tax cuts as opposed to rhetoric.

In October of 2013, Governor Cuomo formed a tax relief commission co-chaired by George Pataki, and Carl McCall together with seven other members. There were no local governments or school representatives appointed to the commission. A short two months later, the commission proposed a tax freeze plan. In year one, if the taxing jurisdiction stays within the tax cap, the state will send homeowners a rebate check equal to the increase in their prior year's property tax bill, thus freezing their property tax. In year two, state rebate checks will be sent to homeowners in jurisdictions that are within the tax cap and have agreed to some sort of shared service or consolidation plan. Years three through five continue to require implementation of shared services/consolidation plans plus a 1% reduction in the tax levy from the prior years.

What does this tax relief/tax freeze plan mean to an average homeowner? In Schuyler County, based on our 2014 budget, a homeowner with a $100,000 home would receive a state rebate check of $16.75. This represents a 2% savings to their $837 Schuyler County tax bill. This may represent a tax freeze, but certainly not anyone's definition of tax relief.

Although this tax freeze proposal sounds relatively straight forward, there are a series of triggers that eliminate your potential rebate being paid including; a revaluation, an assessment or tax equalization change, a home improvement which increases its overall value, or the loss of a property tax exemption causing the property tax to increase. Also different property classes such as cooperative apartments or mobile homes will have rebates calculated as a percentage of what single homeowners receive. Furthermore, there are different tax freeze calculations for school district property taxes. Needless to say, this tax freeze plan is complex and certainly not transparent for a typical homeowner.

In touting his tax relief plan, Governor Cuomo has blamed the state's high property taxes on the existence of too many local governments and has sought to increase motivation to share services and consolidate among local governments. In their zeal to realign responsibilities for local governments, the state fails to acknowledge or accept responsibility for the full cost of their own programs. Common sense would dictate that decision making is better when the full cost and consequence is borne by the decision maker. Simply put, it is very easy to make financial decisions when you are paying with someone else's checkbook. Let us start with Medicaid. Statewide, the counties' share of the Medicaid program is $2.2 billion. The projected cost of next year's tax freeze plan in New York State is $1 billion (it is unclear if administrative costs for this program are included in this figure). If the state took the $1 billion for the tax freeze plan and applied it to the Medicaid program the counties' local share cost of Medicaid could be reduced by 45.45% ($1 billion ÷ $2.2 billion). For a Schuyler County taxpayer with a $100,000 home, this would reduce their County tax by $130 representing a 15.45% reduction. When compared to the $16.75 rebate check, this is much more in line with the definition of meaningful tax relief. Larger counties would see proportionately larger savings.

In a like manner, more meaningful tax relief could be provided by a complete state payment of not only the Medicaid program, but also Pre K Special Education, the Early Intervention program, Indigent Legal Defense, Child Welfare program, and Public Assistance programs (and the cost to administer its mandated Social Services programs). This would require a titanic shift from the regressive county property tax to the progressive state income tax. Such a shift will take years if not decades to implement. But, the first step of meaningful tax relief is currently within the state's means by abandoning their ill-conceived tax freeze plan and reducing the Counties' local share of the Medicaid program. Should the Legislature have the courage to truly offer tax relief, New York State will once again be an affordable and economically competitive environment. As an example, if the aforementioned was enacted Schuyler residents would see a ***property tax reduction*** of 75% or $626 per 100,000 of assessed value. Which would you prefer, $16 or $626?

Very truly yours,

Dennis A. Fagan, Chairman
Schuyler County Legislature

Cc: Schuyler County Legislature
County Administrator