

# Press & Sun-Bulletin

## Greater Binghamton, NY

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*Property tax cap bid poses tough task: But panel's leader believes Albany may yield to change*

*By George Basler*

Thomas R. Suozzi can understand people's skepticism about a new statewide commission charged with finding a way to cap property taxes.

Can it really get anything accomplished?

People have every right to be cynical about the lack of political will in Albany to deal with conditions that have made New York's property tax burden the fourth highest in the nation, said Suozzi, the Nassau County executive who was picked in January by Gov. Eliot Spitzer to chair the commission.

But while the commission faces "a stark challenge," it's also working at a time when the political climate has changed, Suozzi said in an interview with the Press & Sun-Bulletin last week prior to a commission meeting in Albany.

Faced with taxpayer discontent, lawmakers in several states are looking at ways to reduce the property tax burden. The issue can be a difficult and emotional one, because property taxes provide a stable source of revenue for schools and local governments. The issue directly affects education because school district property taxes account for about two-thirds of all property taxes.

**"We're in an era of heightened concern," said Robert B. Ward, deputy director of the Nelson A. Rockefeller Institute of Government and a special adviser to Suozzi's commission. "In large areas of upstate, people's average incomes have not kept pace with increases in property taxes."**

New York's new commission won't procrastinate, Suozzi said. It is supposed to submit an interim report by May 15, with specific legislation that state lawmakers can consider before the end of the session, he said.

While not predicting the commission's recommendations, Suozzi gave some hints about what will be in or out of the May report. Specifically:

- The commission will not recommend increasing the state income tax or sales tax to lower property taxes. Some states, notably Indiana, are looking at this approach. But the approach is "not politically viable" in New York, Suozzi said.
- The commission will have to consider ways to reduce school districts' expenses to make any property tax cap realistic. And that means dealing with costs mandated by the state, including such things as pensions, collective bargaining rules, health care and the Wicks Law that requires the hiring of four separate contractors on public projects.
- The commission will look at the "circuit breaker" idea that would limit what homeowners pay based on income, with the state picking up the remainder of the cost. A bill to replace STAR rebate checks with these tax credits has been proposed by state Sen. Betty Little and Assemblywoman Sandy Galef.

"I've devoted many years to this fight," Suozzi said. Now, it's his job to come up with a "realistic proposal."

### **National issue**

One factor motivating the commission's work is the feeling that New York's tax burden has reached the breaking point. Much of this pressure comes from the state's business community, which argues that high taxes are making it impossible for the state to be competitive in attracting and retaining businesses. A recent statewide poll from Siena College found 72 percent of voters favored a mandatory limit on tax increases.

“We’ve gone too far. We’ve milked this asset dry,” said Kenneth Adams, president and CEO of the Business Council of New York State. But anger about property taxes extends beyond New York.

In January, voters in Florida — by a margin of 64 percent to 36 percent — approved a constitutional amendment that doubles the existing property tax exemption for homeowners and allows homeowners to carry existing tax breaks with them to a new home. Georgia and Indiana lawmakers also debated proposals to remove funding of schools from property taxes.

The discontent provides a real opportunity for Suozzi’s commission to make changes in New York, some officials feel.

“I don’t think this is a group of people going through the motions. Politically, the governor and members of the commission can’t do that,” said Steven Van Hoesen, director of governmental relations for the New York State Association of School Business Officials.

The Business Council hopes the commission recommends “a hard cap on taxes” that will be tied to the rate of inflation, Adams said.

Talk like that worries school officials. They argue any changes must be well thought-out because the property tax provides a substantial, and reliable, source of revenue for schools and local governments.

“They just can’t put a cap on school taxes and expect programs to operate the same way,” said Joseph Stoner, superintendent of the Maine-Endwell Central School District.

The Proposition 13 tax cap in California did real harm to schools, said Binghamton Superintendent Peggy J. Wozniak, who worked as a school administrator in that state.

“There’s no black-or-white answer,” she said. “You don’t want property taxes escalating out of control, but to say there’s no more property taxes is too radical. You have to have something in the middle.”

### **Optimism and pessimism**

On the surface, the idea of a tax cap “doesn’t seem like the smartest thing to do,” Suozzi acknowledged. But the issue of taxes is at the point that “something dramatic has to be done,” he said.

He’s seen a growing recognition of the problem from all sides in the debate.

“No one is saying with a straight face that property taxes are not a problem,” he said.

But the commission faces a hard job in coming up with a set of recommendations that will win broad support. The state Legislature has to approve changes, and Albany interest groups — including the powerful New York State United Teachers — have already lined up to question the tax cap idea.

Some Broome County taxpayers are pessimistic about any real changes.

The state has to take action to control school spending — including dealing with pension costs and mandates, said William VanBramer, an Endwell resident and longtime attendee at Union-Endicott school board meetings. “But I don’t know if they have the guts to do that,” he said.

The legislative process in Albany has become dysfunctional and New York can’t control what it spends, said Jack Rappaport, another taxpayer in the U-E district.

“Experience has shown commissions like these have been singularly ineffective in making positive things happen,” he said.

While acknowledging the skepticism, Suozzi said some groups, such as the New York State School Boards Association, have been “more nuanced” in their comments about the commission and are waiting to see its proposals. Interest groups that simply act as carping critics run the risk of a public backlash, he said.

“I believe strongly in quality education. But the school-based establishment has lost a lot of support because everybody is so focused on the property taxes that they’re not talking about quality education,” Suozzi said.

### **Hope and concern**

Meanwhile, Southern Tier and state school officials are keeping a close eye on the commission’s work.

If the commission deals with the root causes that have driven up school spending, such as mandates, it will have done valuable work, Van Hoesen said.

But some worry this won't happen. "It could be a positive step or something that's just a political expediency," said Stoner, of Maine-Endwell.

Suozzi agrees a cap has to be combined with ways to control expenses. The commission also could look at the STAR program set up by New York lawmakers with the stated purpose of providing tax relief, he said.

Some have questioned whether Suozzi is on a political suicide mission, he acknowledged. But he sees the opportunity for real change. The fact that Spitzer has made the issue a priority is heartening, he said.

The commission wants to get recommendations out by May 15 to build momentum, Suozzi said. "For this to work, we'll have to build a coalition of upstate and downstate, Republicans and Democrats, anti-tax groups and educators," he said.

#### PROPERTY TAX COMMISSION

The New York State Property Tax Commission is chaired by Nassau County Executive Thomas R. Suozzi.

Members are:

- Nicholas J. Pirro, former Onondaga county executive.
- Shirley Strum Kenny, president of SUNY-Stony Brook.
- Basil A. Paterson, New York's former Secretary of State and a former state Senator.
- Michael Solomon, director of Merrill Lynch & Co.
- Merryl H. Tisch, a member of the state Board of Regents.
- Paul A. Tokasz, former majority leader of the New York State Assembly.

Special advisers to the commission are:

- Lisa Donner, founding co-director of the Center for Working Families.
- Elizabeth Lynam, deputy research director at the Citizens Budget Commission.
- Karen Scharff, executive director of Citizen Action of New York.
- Robert B. Ward, deputy director of the Nelson A. Rockefeller Institute of Government.
- Sandra A. Parker, president and CEO of the Rochester Business Alliance.