

Tax Relief Commission Report

Review of Report and Alternative
Proposal

The Commission

- Report issued 9 weeks after formation of Commission
- Co-Chaired by George Pataki and Carl McCall
- 7 other members
 - No local government or school representatives

Major Recommendations Impacting Local Governments and Schools

- Two year “freeze” on property taxes
- Circuit-breaker to link property taxes to ability-to-pay
- Reduce property taxes on manufacturers via a tax credit

Freeze Proposal

- Year One
 - State rebate check to homeowners in jurisdictions that are within tax cap
 - Rebate check is equal to the increase in their property tax bill, thus “freezing” property tax
- Year Two
 - State check to homeowners in jurisdictions that are within tax cap AND have agreed to shared service or consolidation plan

Freeze Proposal

- Year Three

?

Impact in Tompkins County

(If Plan Had Been In Place for 2014)

- Additional \$301,000 in spending cuts to lower 2.95% levy increase to 2.26% cap
 - Equivalent of 5 positions
 - Lowers impact from \$14.81 to \$7.31 for average home (\$7.49 savings)

* Rounded to nearest penny

Impact in Tompkins County

(If Plan Had Been In Place for 2014)

- Additional \$301,000 in spending cuts to lower 2.95% levy increase to 2.26% cap
 - Equivalent of 5 positions
 - Lowers impact from \$14.81 to \$7.31 for average home (\$7.49 savings)
- State check for \$7.31 sent to owner of average home

* Rounded to nearest penny

Impact in Tompkins County

(If Plan Had Been In Place for 2014)

Total Homeowner Savings

From cuts to reach cap	\$ 7.49
From NYS rebate check	<u>\$ 7.31</u>
Total*	\$14.81

Total Costs

– Non-mandated programs cut	\$301,000
– Cost to administer rebate program	?

* Rounded to nearest penny

An Alternative

- Embrace State's push for realignment of responsibilities (now only for localities)
- State accepts responsibility for the full cost of its programs
- Permanent, sustainable, historic reduction of property taxes
- Four-Phase plan to implement
- Achieves governmental realignment on large scale

Phase I

- State pays for its Medicaid program
- Immediate property tax cut of \$11.8 million (26%) in Tompkins County
- Average homeowner's bill drops from \$1,122 to \$828
 - Annual savings of \$294

Phase II

- State pays for its PreK Special Education and Early Intervention programs
- County taxes cut by another \$2.6 million (8% from year before)
- Average homeowner's bill drops from \$828 to \$765

Phase III

- State pays for its Indigent Legal Defense obligation and Child Welfare programs
- County taxes cut by another \$4.2 million (14% from year before)
- Average homeowner's bill drops from \$765 to \$660

Phase IV

- State pays for its Public Assistance programs (and cost to administer its mandated social service programs)
- County taxes cut by another \$6.9 million (26% from year before)
- Average homeowner's bill drops from \$660 to \$487

Impact in Tompkins County

Phase	Savings	Levy	Average Bill
Currently		\$45.1 mil	\$1,122

Impact in Tompkins County

Phase	Savings	Levy	Average Bill
Currently		\$45.1 mil	\$1,122
Phase I	-\$11.8 mil	\$33.3 mil	\$ 828

Impact in Tompkins County

Phase	Savings	Levy	Average Bill
Currently		\$45.1 mil	\$1,122
Phase I	-\$11.8 mil	\$33.3 mil	\$ 828
Phase II	-\$ 2.6 mil	\$30.7 mil	\$ 765

Impact in Tompkins County

Phase	Savings	Levy	Average Bill
Currently		\$45.1 mil	\$1,122
Phase I	-\$11.8 mil	\$33.3 mil	\$ 828
Phase II	-\$ 2.6 mil	\$30.7 mil	\$ 765
Phase III	-\$ 4.2 mil	\$26.5 mil	\$ 660

Impact in Tompkins County

Phase	Savings	Levy	Average Bill
Currently		\$45.1 mil	\$1,122
Phase I	-\$11.8 mil	\$33.3 mil	\$ 828
Phase II	-\$ 2.6 mil	\$30.7 mil	\$ 765
Phase III	-\$ 4.2 mil	\$26.5 mil	\$ 660
<u>Phase IV</u>	<u>-\$ 6.9 mil</u>	<u>\$19.5 mil</u>	<u>\$ 487</u>

Impact in Tompkins County

Phase	Savings	Levy	Average Bill
Currently		\$45.1 mil	\$1,122
Phase I	-\$11.8 mil	\$33.3 mil	\$ 828
Phase II	-\$ 2.6 mil	\$30.7 mil	\$ 765
Phase III	-\$ 4.2 mil	\$26.5 mil	\$ 659
<u>Phase IV</u>	<u>-\$ 6.9 mil</u>	<u>\$19.5 mil</u>	<u>\$ 487</u>
Total	-\$25.5 mil	-\$25.5 mil	-\$ 636

Why?

- Exactly the kind of rational realignment advocated by State
- Aligns costs with benefits
- Improves accountability
- Avoids trying to build ability-to-pay factors into property tax
 - Charges costs to State taxes that are based on ability-to-pay
 - More equitable distribution of cost burden

Why?

- Allocates costs equitably, across broad and progressive tax base
 - Vs. property tax base riddled with exemptions
- Holds counties accountable for controlling cost of county programs
- Produces historic levels of property tax relief

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