



Memorandum in OPPOSITION

January 31, 2011

S. 2706, by Sen. Skelos

AN ACT to amend the general municipal law, the education law and the municipal home rule law, in relation to establishing limitations upon school district and local government tax levies; and to repeal certain provisions of the education law relating thereto

The Conference of Mayors has considered this bill and recommends that, absent concurrent approval of significant relief from state mandates, it be disapproved by the State Legislature.

This legislation would limit the growth in the property tax levy for local governments (outside New York City) and school districts to a maximum of 2% annually.

Local officials agree that property taxes in New York are far too high and recognize the need for property tax relief. However, the New York State Conference of Mayors and its 584 members continue to insist that "you can't cap what you can't control" and that a property tax cap, such as the one proposed by this legislation, will certainly fail unless it is accompanied by mandate relief and exclusions for those costs (pensions, health insurance) that will continue to rise even with mandate relief.

The results of a survey conducted by NYCOM show that the projected growth in city pension and health insurance costs in 2011 and 2012 will far exceed the growth in property tax levies allowed under a cap, and that by 2014 city employee benefit costs alone will consume each city's entire property tax levy. Consequently, if this legislation is enacted, cities and villages across New York will have few options available to them to balance their budgets. While a property tax cap as the single answer to New York's property tax woes may provide political appeal, it will clearly result in destructive local budget deficits, decimated municipal workforces and a dangerous reduction in the essential services provided by local governments.

The only way to truly achieve sustainable property tax relief is to reform the cost drivers that make it impossible for local officials to control spending. Since this legislation fails to provide such long overdue reforms, NYCOM recommends that this bill be disapproved by the State Legislature.

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