



**PROPERTY TAXES IN NEW
YORK: IS THERE A COST
TO DOING NOTHING?
*WHAT THE TRENDS TELL US***

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HOW DID WE ARRIVE HERE?

- ‘New York is a high-property-tax state.’
- ‘In fact, it is the only state which ranks high in terms of both property taxes and nonproperty taxes as a percentage of income.’
- ‘The high degree of fiscal decentralization and the far above-average level of spending (only one state is higher in per capita terms) are two of the main reasons for its high property taxes.’

Steven D. Gold

Property Tax Relief

Published in 1979



HOW DOES NEW YORK COMPARE TODAY?

Highest-Taxed Counties in the United States *Taxes as Percentage of Median Home Value*

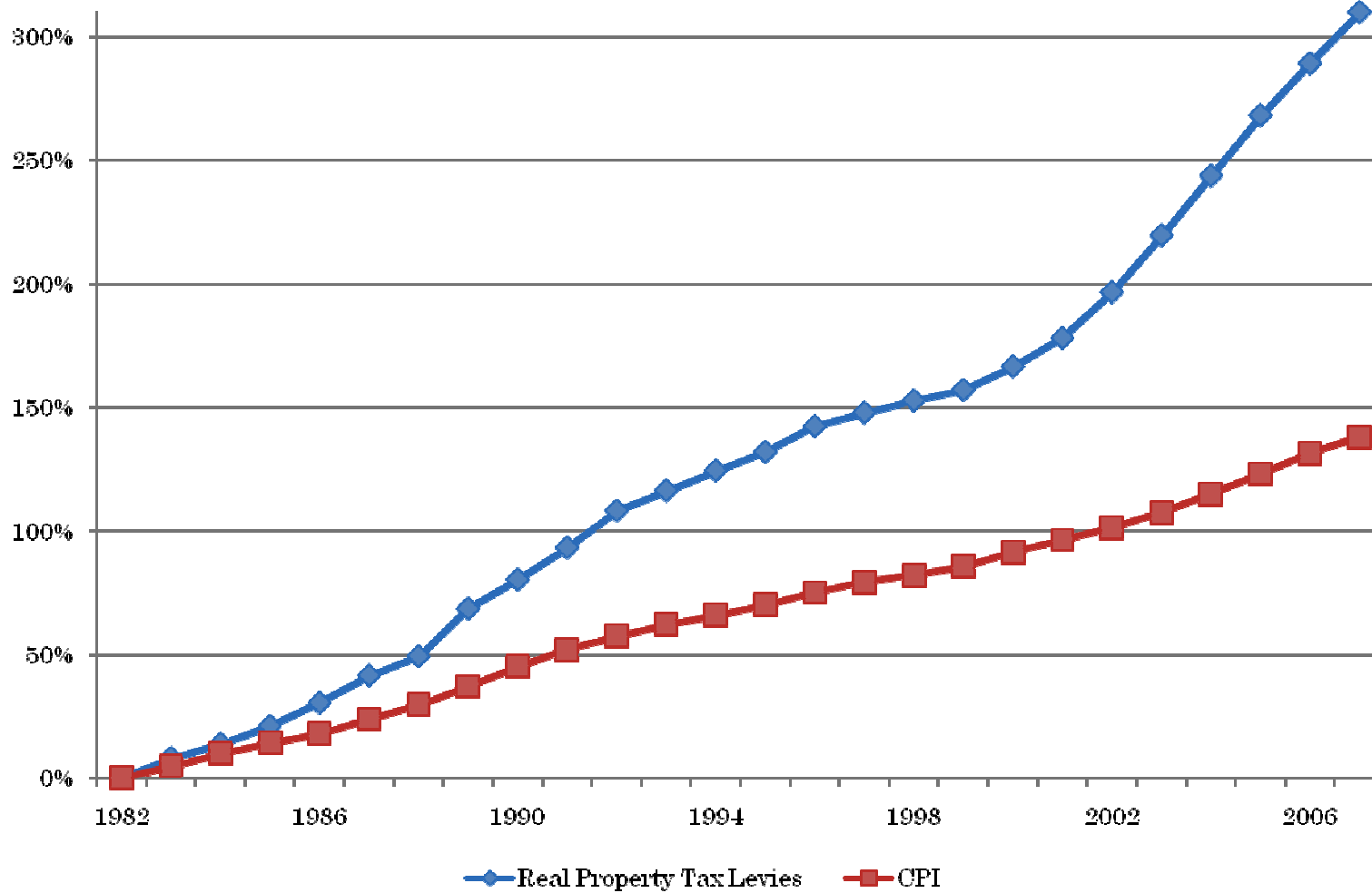
1. Niagara	6. Fort Bend, TX
2. Monroe	7. Erie
3. Onondaga	8. Schenectady
4. Wayne	9. Cayuga
5. Chautauqua	10. Chemung

New York is also home to 4 of the next 10 highest-taxed counties : Oswego, Oneida, Broome and Steuben

Source: Tax Foundation



'THE MAGIC OF COMPOUND INTEREST': TAX LEVIES OUTSIDE NYC COMPARED TO INFLATION, 1982-2006

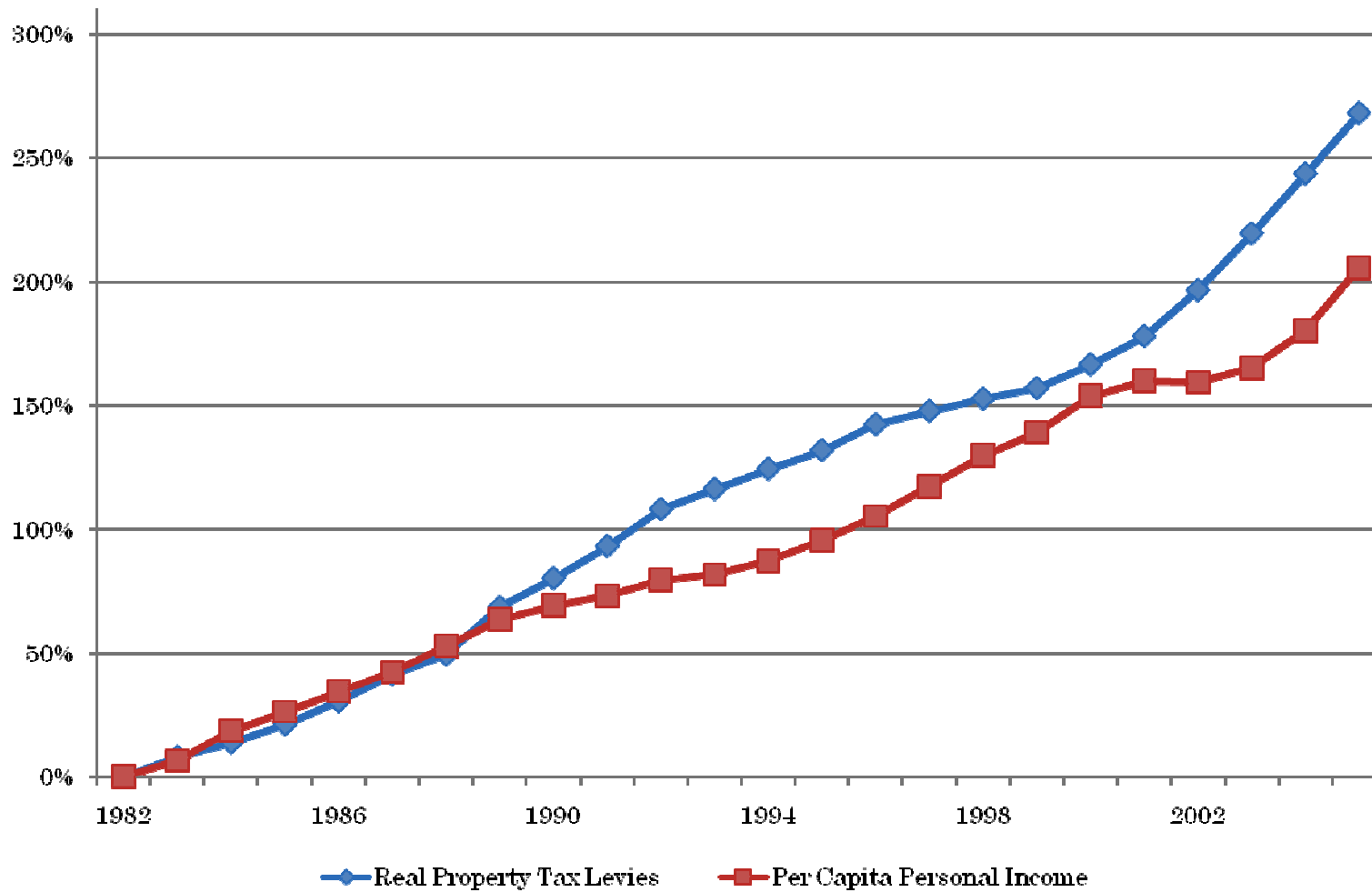


THE RESULT OF COMPOUNDED INCREASES

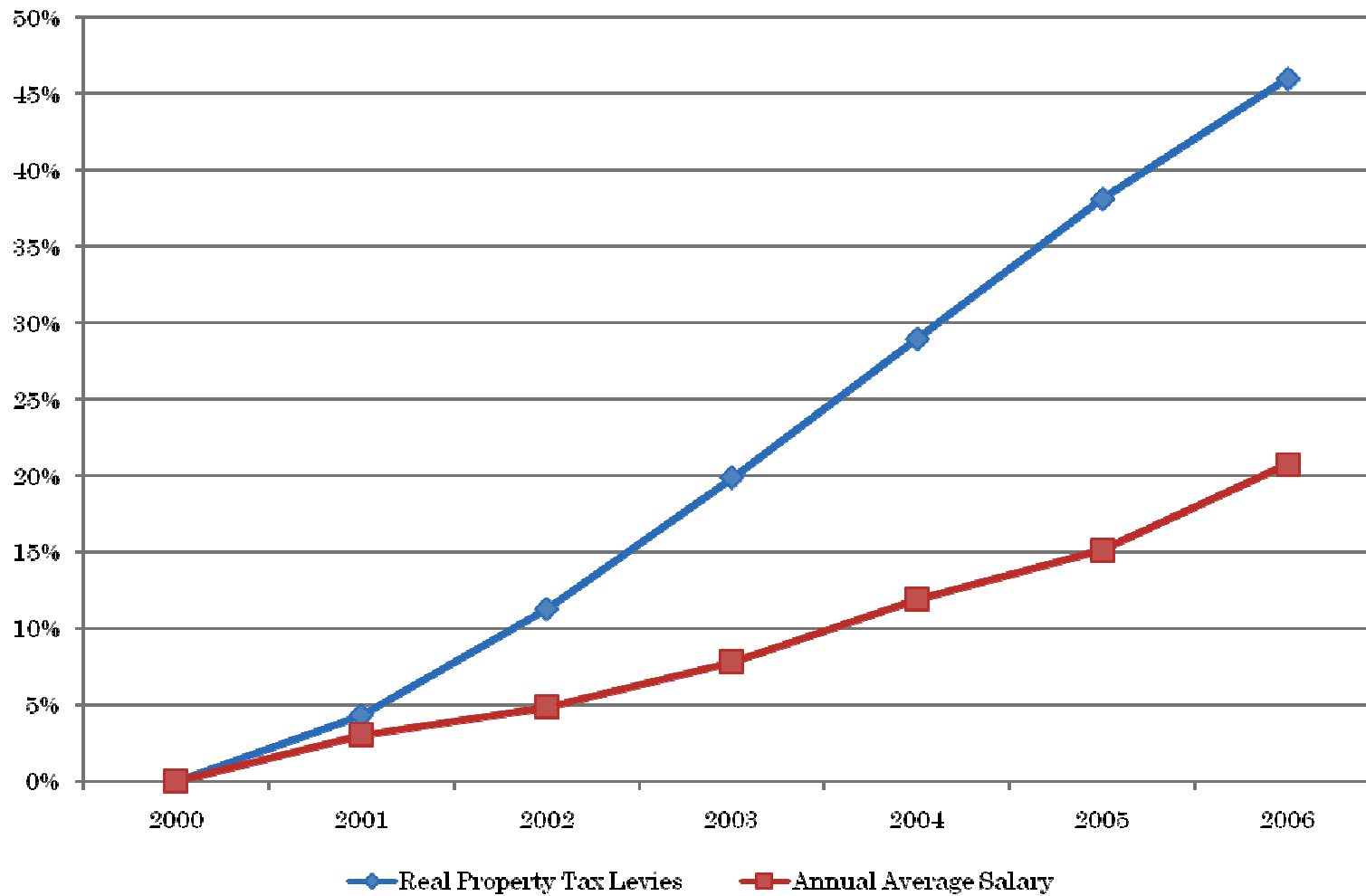
- The high cost of property taxes is driven by relatively high (twice-inflation) tax increases – year in and year out, over decades
- A one-year increase of, say, 6% rather than 3% doesn't sound like much to most people – but above-inflation increases in tax levies outside New York City compounded to a total \$5.4 billion from 1997 to 2007 (roughly the value of STAR)
- The Office of the State Comptroller observed that school tax increases accelerated in 2000-2005, compared to the five previous years
- A connection to STAR? Some experts think so



INCREASES IN TAX LEVIES COMPARED TO PERSONAL INCOME: A GROWING GAP



TAX LEVIES OUTSIDE NEW YORK CITY FAR OUTPACE WORKERS' SALARIES



LIKELY CHANGE IN AVG. RESIDENTIAL TAX BILLS

County	2002	2006	2010?	<i>Trended Increase</i>
Albany	\$2,554	\$3,553	\$4,943	\$1,390
Broome	\$1,868	\$2,413	\$3,117	\$704
Dutchess	\$3,515	\$4,895	\$6,817	\$1,922
Erie	\$1,991	\$2,539	\$3,238	\$699
Monroe	\$2,772	\$3,573	\$4,605	\$1,032
Onondaga	\$2,313	\$3,022	\$3,948	\$926
Orange	\$3,693	\$5,203	\$7,330	\$2,127
Suffolk	\$4,040	\$5,402	\$7,223	\$1,821
Westchester	\$7,666	\$10,450	\$14,245	\$3,795

Source: ORPS data on average homeowner bills; calculations by the Rockefeller Institute



THE IMPACT ON BUSINESSES AND JOBS

- While STAR cushions the cost of tax increases for homeowners, it does not protect businesses
- As mentioned earlier, above-inflation tax increases outside New York City totaled some \$5.4 billion from 1997 to 2007 – with commercial, industrial and utility properties paying 20% or so, that's a \$1 billion new cost on employers
- *For comparison:* The Article 9-A corporate tax rate has been cut from 9% to 7.1% over the past decade, saving employers roughly \$500 million a year – around half the new cost of property taxes



REMEMBER THE MAGIC OF COMPOUND INTEREST? IT WORKS BOTH WAYS

- Simply moderating tax increases – or holding taxes steady – could produce significant savings over time
- For example, holding future increases to the Consumer Price Index would save average homeowners this amount each year after 2010:

Albany:	\$910	Onondaga:	\$520
Broome:	\$380	Orange:	\$1,400
Dutchess:	\$1,260	Suffolk:	\$1,100
Erie:	\$350	Tompkins:	\$1,090
Monroe:	\$550	Westchester:	\$2,300

- And ... (perhaps especially important for Upstate) businesses would get a break that STAR or a circuit breaker won't deliver



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