

**Governor's Proposed Property  
Tax Circuit Breaker**

Presentation to Budget, Capital, and  
Personnel Committee  
March 23, 2015

**Basics**

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**State income tax credit**  
First pay property tax  
One year later, receive State tax credit

**Basics**

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Available to some  
homeowners and renters

**Basics**

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If property taxes exceed 6% of  
income, portion returned via  
income tax credit

Basics

For renters, property taxes =  
13.75% of rent

Basics

Credits are graduated  
Portion credited declines as  
income rises

Basics

Plan phased-in over 4 years

Basics

Annual Cost: \$1.7 billion

Basics

Directly tied to property tax  
cap

Eligibility

Homeowners earning less  
than \$250,000 (AGI)

Eligibility

Renters earning less than  
\$150,000 (AGI)

Eligibility

~~Small businesses, commercial  
properties, industry~~

Credit Threshold

2015 Tax Year—School Only  
Property taxes in excess of  
3.75% of household income

Credit Threshold

Subsequent years, all taxes count  
Credit if tax exceeds 6% of income

Credit Threshold

Rule of Thumb:  
In Tompkins, if home value exceeds  
two times income, credit is likely

Value of Credit

**Value Rises Over Four Years**  
Maximum for Households Earning Under \$75,000

Year Taxes Paid	Year Credit Received	Portion of "Excess" Taxes Recovered via Credit	Maximum Credit
2015	2016	14%	\$500

**Value Rises Over Four Years**  
Maximum for Households Earning Under \$75,000

Year Taxes Paid	Year Credit Received	Portion of "Excess" Taxes Recovered via Credit	Maximum Credit
2015	2016	14%	\$500
2016	2017	23%	\$1,000

**Value Rises Over Four Years**  
Maximum for Households Earning Under \$75,000

Year Taxes Paid	Year Credit Received	Portion of "Excess" Taxes Recovered via Credit	Maximum Credit
2015	2016	14%	\$500
2016	2017	23%	\$1,000
2017	2018	36%	\$1,600

**Value Rises Over Four Years**  
Maximum for Households Earning Under \$75,000

Year Taxes Paid	Year Credit Received	Portion of "Excess" Taxes Recovered via Credit	Maximum Credit
2015	2016	14%	\$500
2016	2017	23%	\$1,000
2017	2018	36%	\$1,600
2018	2019	50%	\$2,000

Credits are Graduated

	Portion of "Excess" Taxes Recovered Via Credit			
Income	2015	2016	2017	2018
\$75,000	14%	23%	36%	50%

Credits are Graduated

	Portion of "Excess" Taxes Recovered Via Credit			
Income	2015	2016	2017	2018
\$75,000	14%	23%	36%	50%
\$100,000	13%	20%	34%	47%

Credits are Graduated

	Portion of "Excess" Taxes Recovered Via Credit			
Income	2015	2016	2017	2018
\$75,000	14%	23%	36%	50%
\$100,000	13%	20%	34%	47%
\$150,000	9%	13%	27%	40%

Credits are Graduated

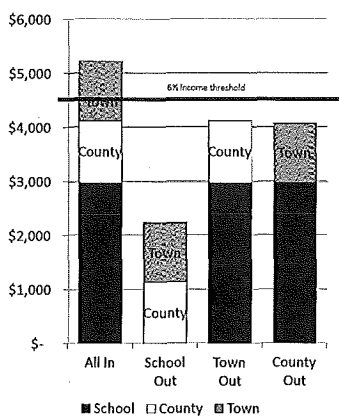
	Portion of "Excess" Taxes Recovered Via Credit			
Income	2015	2016	2017	2018
\$75,000	14%	23%	36%	50%
\$100,000	13%	20%	34%	47%
\$150,000	9%	13%	27%	40%
\$200,000	6%	10%	19%	29%

### Credits are Graduated

Income	Portion of "Excess" Taxes Recovered Via Credit			
	2015	2016	2017	2018
\$75,000	14%	23%	36%	50%
\$100,000	13%	20%	34%	47%
\$150,000	9%	13%	27%	40%
\$200,000	6%	10%	19%	29%
\$250,000	3%	7%	10%	15%

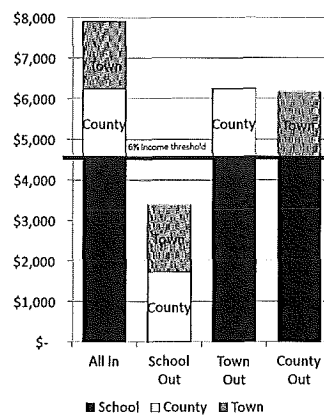
### Relationship to Tax Cap

Only taxes levied by "tax cap compliant" jurisdictions count toward 6% threshold



#### Meeting the Threshold

Example:  
\$165,000 home  
\$75,000 income  
6% of income = \$4,500



#### Meeting the Threshold

Example:  
\$250,000 home  
\$75,000 income  
6% of income = \$4,500

Value of the Credit

• Upstate	\$ 781
• New York City	\$ 872
• Downstate Suburbs	\$1,119
• Suffolk County	\$1,148
• Nassau County	\$1,208

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Source: Governor's Office

Concerns

Linkage to the Tax Cap  
No real reduction taxes  
No benefit to businesses

Linkage to Tax Cap

Tax levies tied to uncontrollable elements:  
Economic cycles (recession, inflation, deflation)  
State funding formulas

Linkage to Tax Cap

Recession:  
Revenues fall. Human Service costs rise.



Linkage to Tax Cap

Inflation:  
Commodity and labor costs rise. Tax cap  
limited to 2%

Linkage to Tax Cap

Today: CPI at 0%  
Cap = lower of 2% or CPI  
For many, 2016 cap could be 0%

No real reduction in taxes

Plan only limits growth  
Homeowners must have capacity to pay  
in first instance  
(credit received 1+ year after payment)

No benefits to business

Property tax attacked for impact on  
economic development  
Businesses excluded from any benefit

**Recommendation**

Direct the \$1.67 billion to paying bills the State now shifts to counties

**Recommendation**

Counties levy \$4.9 billion in property taxes

\$1.67 billion of real mandate relief would cut county property taxes in NYS by over one-third

Benefit would extend to all property taxpayers, including businesses

**Recommendation**

Simplest Approach: Medicaid Takeover

Use \$1.67 billion as down payment for Medicaid Takeover (\$2.1 billion county expense)

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