Tax Caps alone - no matter how many - are not the answer.

Executive Director Peter A. Baynes

In travelling throughout the state over the past four months briefing our members on the new property tax cap, I've been struck once again by the fact that a property tax cap is nothing new in New York. Actually, I would suggest that it is the fourth tax cap that is now in effect and, in its current form, is just as likely to fail as the pre-existing three tax caps.

Since 1884, New York's Constitution has placed a limit on the size of a local government's annual property tax levy, with this "tax cap" being tied to the 5-year average of total taxable full value assessments in a municipality. By virtue of its constitutional foundation, a municipality must be very mindful of the percentage of this limit they have exhausted in any given year, especially in a period of stagnant or declining property values.

The second and third tax caps also in effect in New York – the economic and political tax caps – are harder to define, yet they are clearly palpable for every single local official in this state. The financial capacity of neighbors, businesses and elected officials themselves are more limited than ever, and this fact is given preeminent consideration when local governments struggle their way through annual budget adoption. And the visceral reaction of taxpayers in the voting booth toward elected officials plays itself out most dramatically at the municipal level, where turnover in office far exceeds that of state and federal officials. These economic and political realities result in local governments doing every single thing within their power to provide essential municipal services in a way that has the least impact on property taxpayers.

So why have these tax caps failed and why is New York's fourth and latest tax cap unfortunately bound for a similar fate? Because in each instance, the underlying cause of higher property taxes – i.e., higher spending driven by state mandates – has not been addressed. If our tax problem is so great and so longstanding, what could possibly be the reason for failure to reform the laws that make local governments intentionally inefficient? Whatever the excuses have been -- and continue to be -- for this inaction, the crisis that is now upon our state demands long overdue action.

In response to this crisis, NYCOM has been working with an historic coalition of eleven prominent business, local government and educational organizations united in the pursuit of the significant mandate relief necessary to make New York's tax caps work. In Albany, we recently unveiled ***Let New York Work: A Common Agenda for the Common Good***. The effort consists of six key measures that will provide relief from mandates impacting all New Yorkers: (1) make the pension system predictable and affordable; (2) redefine compulsory arbitration; (3) reduce the costs of construction on public/private projects; (4) freeze step increases when contracts expire; (5) establish minimum health insurance contribution levels for employees and retirees; and (6) prohibit new mandates. These reasonable reforms will protect the taxpayer and public employees, as they rein in the rapidly rising costs that are forcing increases in property taxes and layoffs in public workforces. Please visit the NYCOM website for more details on the Let New York Work reform agenda, and share this information with your community's residents, businesses and media. Tax caps alone – no matter how many – are not the answer.

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