

TESTIMONY SUBMITTED TO

HEARINGS REGARDING THE 2008-09 BUDGET

November 18, 2007

My name is Joseph Mercurio, and I live in Saranac Lake. I am unable to personally attend one of the public hearings being held around the state regarding the 2008-09 Budget. I would like, however, to submit in writing my testimony and perspective on a subject with respect to which Governor Spitzer and our elected representatives to the State Legislature are all too aware, but thus far have chosen to do precious little about. I am referring here to New York's antiquated and unnecessarily punitive system of property taxation, and the wreckage it has left in its wake all across the state. Contrary to what you may think, this has a great deal to do with the state's 2008-09 budget.

I have been actively involved for several years in calling attention to the need for major relief and reform of New York's present system of property taxation. I have written numerous op-ed pieces on this topic published in the Albany Times Union, Plattsburgh Press-Republican and Adirondack Daily Enterprise, and have given testimony before the Assembly Committee on Real Property Taxation on more than one occasion. Having networked with like-minded citizen tax reform groups far and wide, I can safely say that my views on this subject reflect the concerns of taxpayers from one end of the state to the other.

Let me begin with my own story.

My wife and I recently received our 2007 Saranac Lake Central School Property Tax Bill for \$11,651.22. That figure now exceeds what our school, town and county property taxes combined were when we retired to Saranac Lake just eight years ago. All told, our assessment has since increased 220 percent while our property taxes have risen more than 120 percent and are roughly 24 percent of our fixed retirement income.

We, like growing numbers of property owners across the state, find ourselves at risk of losing our home because we can no longer afford our excessive and burdensome property taxes. New York's market-based system of property taxation is a shambles. Inequities across neighboring towns and throughout the state abound. School property taxes for a \$300,000 home are \$1,881 in Lake Placid, \$2,721 in Saranac Lake and \$3,705 in the nearby town of Franklin, which has one of the highest school tax levies in the region and one of the lowest per-capita personal incomes in the state.

Long-standing residents — the mainstay of the economy and culture of the North Country — are being forced out of homes they have occupied for decades and are leaving the state. Those who remain are suffering unnecessary financial hardship. People are growing increasingly frustrated, angry and resentful at a system that they feel has left them "high and dry."

New York City, in stark contrast to the rest of the state, has its own set of rules. In accordance

with the Residential Tax Formula for its five boroughs, assessments in the “Big Apple” are capped at 6 percent of market value, and increases in assessment are capped at 20 percent for the next five years. In addition, the NYC Council voted New York City’s residents a special tax rebate for the next few years. Total property taxes on a \$300,000 dwelling in NYC are roughly \$2,400. And that’s before the rebate! Small wonder that New York City’s representatives to the state Legislature — who comprise a significant portion of the state Assembly — by and large have shown little interest in the plight of their upstate brethren.

The state Legislature talks a lot about the need for property tax reform but has consistently failed to seriously address the problem. The Legislature’s heralded one-shot property tax rebate checks are an insult. (Ours was \$100.92 toward our near \$20,000 property tax bill in 2006, and \$176.40 in 2007).

STAR is not working the way it was intended. Schools long ago learned to take STAR benefits to property owners into account and adjust their budgets accordingly. Nor are tax levy caps the answer at this stage of the game. Too little, too late.

Meanwhile, special interest groups weigh in with their own political agendas to further frustrate prospects for change. The teachers’ union’s recent derailing of the Blue Ribbon Property Tax Reform Bill is just one example of this. The bill proposed to establish a commission to examine the property tax system and offer reforms to relieve homeowners and other property owners of their increasing tax burdens. But the teachers’ union got wind that the commission might actually look at “spending restraint” and unleashed their massive political might to squash the concept in its tracks — and with it the hopes of New Yorkers suffering under truly punitive property tax rates.

One thing that can save the day, in the estimation of growing numbers of beleaguered taxpayers, is for the state to assume responsibility for school funding. It is time, plain and simple, to get the burden of spiraling school property taxes off the backs of homeowners. Changing the way we pay for our schools by removing the property tax as a funding source would over time do more than anything else to truly make a difference. It’s done elsewhere. Why not here? Even New York City pays for its schools out of a general fund.

Meanwhile, property owners threatened with the loss of their homes are desperately in need of immediate relief. A number of state representatives, among them Senator Betty Little and Assembly persons Teresa Sayward, Janet Duprey and Kevin Cahill, have come up with an assortment of “circuit-breaker” bills that would base homeowners’ property taxes on their ability to pay.

People with five-figure incomes should not have to pay five-figure taxes. But that precisely is what is happening to an ever-increasing portion of New York’s homeowners with predictable results. A system of property taxation—not unlike California’s Proposition 13, Florida’s Homestead Act, or that offered homeowners by any number of states nationwide—that takes into account homeowners’ income, rather than the assessed value of their property, would go a long way toward preventing people from being forced out of their dwellings because they no longer can afford their skyrocketing and burdensome taxes.

New York is now THE highest taxed state in the nation, and one of only five states that does not limit the rate at which property taxes can rise.

ENOUGH ALREADY! Many of us are at the breaking point. We've been literally screaming our lungs out about this problem for years, but to little avail. Our largely dysfunctional State Legislature and the Governor of this once proud State need to heed the cries of their constituents, and enact meaningful property tax reform. The time for talk is past. The time for doing something is now. For many of us, it's either that or forget about it, because if something isn't done soon, we'll be out of here.

Thank you for giving me this opportunity to share with you my views.

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