

Property tax cap passage signals new era for upstate

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ALBANY -- Advocates of a property tax cap bill passed by lawmakers Friday see it as a major step to reverse the economic slide of upstate and as a way to keep countless New Yorkers in their homes.

The bill passed after strong support from Gov. [Andrew Cuomo](#) almost five years after the idea of a tax cap first emerged, and following dueling multimillion-dollar campaigns.

"Enactment of this bill into law will be a victory for homeowners," said Senate Republican Majority Leader [Dean Skelos](#), whose chamber passed the measure shortly before the Assembly.

The bill limits to 2 percent or the rate of inflation, whichever is less, the amount by which a government entity can increase its annual tax levy, although there are several exceptions.

Cuomo and supporters said the cap will force towns, counties, cities and school districts to live within their means rather than steadily pulling more money from the pockets of homeowners.

Detractors said it could force layoffs of municipal workers and school teachers and warned taxpayers may receive fewer public services.

Passage of the cap also represents a significant power shift in state politics.

The cap had been fiercely opposed by [New York State United Teachers](#), the state's major teachers' union, as well as other members of the state's vast education lobby and many municipal groups.

"Education is going to be dumbed-down," said Democratic Senator [Suzi Oppenheimer](#) of Westchester, one of the more outspoken opponents, who nonetheless voted yes.

But critics of the mechanism were unable to withstand Cuomo's push, which gained potency in a poor economy and the state's unfortunate reputation as the nation's property tax capital.

The cap signals that "New York is open and ready for business," said Democratic Sen. [David Carlucci](#) of Rockland County.

"New York state is suddenly looking like the nation's best hope for rational policy and action," added [Kathryn Wyde](#), president and CEO of the Partnership for New York City, a pro-business civic group.

Along with the cap, lawmakers passed an extension of rent regulations that keep in place limits affecting up to 2.5 million apartment dwellers largely in New York City.

There are about 2.95 million housing units in the state. Those units should fall under the cap.

The two measures were combined into one bill, colloquially called "The Big Ugly."

While both measures relate to housing costs, linking them into one bill was ultimately an act of political necessity.

The Democratic-dominated Assembly is controlled by New York City lawmakers who care deeply about rent regulation but not property taxes since levies are relatively low in the city and so many constituents are tenants.

For them to pass a cap, they needed an extension of rent regulations.

In the Senate, narrowly controlled by Republicans who are mostly from the suburbs and upstate, the tax cap has long been sought by voters. The GOP, philosophically against rent regulations, ultimately concluded they would have to extend decades-old rent regulations in order to get a cap.

"I strongly oppose rent control -- but I want a tax cap," said GOP Assemblyman [Michael Fitzpatrick](#).

The cap does come with potentially significant exemptions.

Court judgments, growth in a town or school district, and employee pension costs can allow taxes to go beyond the 2 percent limit.

Also in the cap are mandate relief measures designed to help localities lower their cost of operations by easing the various state rules that they must work under. Senate Republican Majority Leader Dean Skelos said the relief efforts could amount to \$127 million in savings.

The relief measures included allowing government entities to "piggyback" or join forces to bid on goods and services in order to get a better price. And school districts could share superintendents.

In addition to the cap and rent law, legislators on Friday approved a long-debated tuition hike for the [SUNY](#) system that will boost the cost to students \$300 annually for the next five years. Tuition is now just below \$5,000.

While it passed in the Assembly, a bill creating a statewide health exchange was not addressed in the Senate.

The exchange, a component of President [Barack Obama](#)'s health care overhaul, would create a system for individuals and small businesses to get health insurance. Senate staffers said they may return to tackle the exchange issue later in the summer during a brief "cleanup" session.

Even with the unfinished tasks, the Senate worked with astonishing speed Friday night, especially considering that majority Republicans spent so much time this week locked in their conference room debating the fate of the same sex marriage bill. Senators dispatched the other issues in short order, adhering to a two-minute limit on comments and avoiding lengthy debate on the measures.