



OPPOSES



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Governor’s Program Bill #1

S-2706 Skelos Finance Committee

EXPLANATION OF THE BILL:

This bill would establish a local property tax cap for all local governments and school districts excluding New York City.

The tax cap for school districts is set at zero percent, not the two percent that the Governor previously advocated for.

Under these new provisions, the school district would hold a tax levy proposition on the third Tuesday of May. The school budget vote is eliminated and replaced with the tax levy proposition and the provisions of law relating to contingency budgets are eliminated as well.

If the increase in the proposed tax levy is lower than the lesser of two percent or inflation, then a simple 50 percent majority of the voters is required to approve the tax levy.

If the district is asking voters to approve a levy increase which is higher than the lesser of 2 percent or inflation then 60 percent of voters must approve the tax levy.

If the voters defeat the proposed tax levy then they will hold a second vote on the third Tuesday of June. If the tax levy cap is defeated two times by the voters then the school district may not increase its tax levy at all from the prior year. Therefore, this bill sets a zero percent tax cap on school districts.

The only exclusion to the cap is the tax levy needed to support voter approved capital expenditures.

School districts will be able to “bank” unused taxing authority up to 1.5 percent and may use that carryover tax levy in the following year. This will also mean that each school district will have its own tax levy limit.

These tax cap provisions will first apply in the 2012-13 school year.

STATEMENT OF OPPOSITION:

This bill includes an ill-conceived property tax cap that severely limits the amount of revenue school districts may raise locally, potentially capping them at zero percent growth.

An arbitrary cap that fails to take into consideration rising costs beyond the control of school districts is a blunt instrument that would damage education and efforts to create equity for all children. This bill does not include adjustments to the capped levy for legal judgments, tax certioraris, increased student enrollment levels, new property construction, pension costs, or health care costs.

The proposed cap would result in thousands of layoffs and devastating cuts to programs including ballooning class size, loss of early childhood programs, elimination of music, art, guidance service along with physical education and athletics. If the proposed tax cap proposal had been in place last year, it would have meant a \$600 million revenue loss for districts statewide. A recent report by the New York State School Boards Association estimated that a similar tax cap could result in the removing of more than 13,000 additional teachers and other school staff from thousands of classrooms across New York state this year alone. This is on top of the loss of 10,000 education jobs as a result of last year's budget cuts.

Furthermore, by establishing an automatic zero, New York state would be abdicating its responsibility for ensuring a sound education for every child and would sentence thousands of children in less affluent areas to unequal access and unequal opportunity. It would make it impossible for districts to plan, to make multi-year commitments or establish economies based on multi-year contracts etc.

This type of tax cap would be particularly harmful if adopted during a weak economy and without the state aid our schools have been promised. Billions of dollars in Foundation Aid remain unpaid to school districts and this is funding that was intended to support every child's constitutional right for a sound basic education. Evidence has shown us, when school aid is funded, property taxes are held down.

This bill also includes a provision that would require a 60 percent majority to exceed a two percent levy increase. This piece is especially problematic and highly undemocratic essentially implying that the vote of a person voting to approve a levy is less important than the vote of a person voting against a levy increase. Evidence from other states has shown that poorer districts have a harder time mustering the votes to spend more than a cap, only widening the achievement gap for children of color and for children who live in poverty.

Lastly, this bill does not include a sunset provision. Any potential tax cap plan must be designed as a temporary measure so that we can revisit its impact and reevaluate its necessity in better economic times.

**NYSUT STRONGLY URGES THE DEFEAT OF THE ABOVE MENTIONED
PROPERTY TAX CAP PROPOSAL.**

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