



TAX WATCH '04

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The jobs impact Nov. 25

Business taxes Dec. 9

Income taxes Dec. 11

Health-care taxes Dec. 16

Some key facts to consider:

- Local-government spending has risen at rates sharply higher than inflation in recent years, according to the Office of the State Comptroller. Medicaid and employee benefits were among the key factors.
- Overall state aid to localities and school districts rose 29 percent from 1996 to 2001, the comptroller's office says. That was twice the inflation rate. Yet local property taxes jumped by a total of \$3.5 billion.
- In the two-year economic slowdown after the Sept. 11, 2001, terrorist attacks, state government has trimmed its payrolls. But local governments statewide added 13,000 jobs.
- Public-employee unions say that higher state taxes and more state aid can hold down local taxes. But behind the scenes they always push to use state aid to increase local hiring and wages, rather than cut property taxes.

NEW YORK'S PROPERTY TAXES ARE TOO HIGH. ALBANY AND LOCALITIES ARE BOTH TO BLAME.

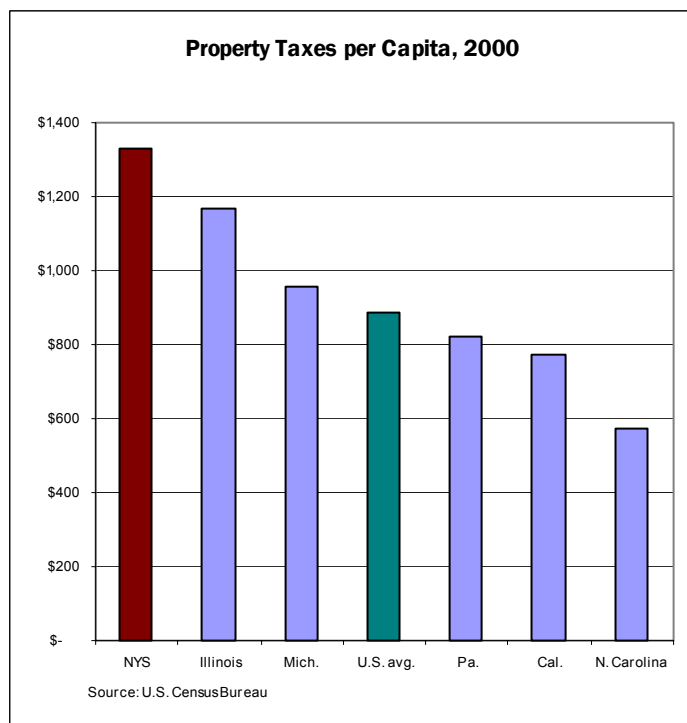
Almost everyone knows by now that New York's taxes are too high. Where, exactly?

One major problem, certainly, is our heavy property-tax burden. The latest Census figures show property taxes in New York averaged \$1,328 per resident in 2000. That cost was fourth-highest in the country, and 50 percent above the national average.

About 62 percent of the \$27.5 billion in property taxes collected statewide in 2001 went to public schools, including those in New York City, according to the Office of the State Comptroller.

New York City (not including its schools), other cities around the state, and the 57 counties accounted for another 13 and 12 percent of the total property-tax burden, respectively. Towns, villages and special districts collected and spent the rest.

High property taxes raise the cost of doing business in the Empire State, thereby driving jobs elsewhere. They also drive up housing costs for New Yorkers of all income levels (including those who rent).



State government policies on Medicaid, school spending and public employees are partly to blame for high local spending and the high local taxes that result. But it's also true that local practices in those areas differ, with varying

costs for taxpayers.

Both state and local officials must work to control local-government spending. That's the only way we'll ever reduce our heavy property-tax burden.

DO HIGHER STATE TAXES LEAD TO LOWER PROPERTY TAXES?

The Legislature imposed big tax increases at the state level this year in large part, lawmakers said, to send more money to localities and school districts — and thus avert big increases in property-tax bills.

Many editorial writers agreed. *Newsday*, whose readers were hit especially hard by

Albany's income-tax increases, said those hikes would "protect local property taxpayers." Civic groups on Long Island joined in the chorus.

But it didn't work.

School districts boosted spending at twice the inflation rate. As a result, school taxes went up sharply — by an aver-

age 8.6 percent in *Newsday's* territory, for instance.

Legislators also said higher state tax increases would protect the Medicaid program and the county governments that pay part of those costs. But property taxes in most counties are going up, many at double-digit rates.