

# STATE OF NEW YORK

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5685

2019-2020 Regular Sessions

## IN ASSEMBLY

February 14, 2019

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Introduced by M. of A. ENGLEBRIGHT -- read once and referred to the Committee on Ways and Means

AN ACT directing the education department and the department of taxation and finance to study the fiscal impact of granting local school districts authority to implement an income tax surcharge; and providing for the repeal of such provisions upon expiration thereof

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. Declaration of findings and legislative intent. The legis-  
2 lature hereby finds that the real property tax is an inequitable and  
3 regressive form of taxation wherein low- and middle-income taxpayers pay  
4 a disproportionate percentage of their income in property taxes. Under  
5 such a system, ability to pay is not a factor in calculating property  
6 tax liability. Rather, the present system relies on an often-archaic  
7 system of property tax assessment that bears no relation to household  
8 income. Further, such system of taxation has priced many people out of  
9 the housing market or forced them to sell their homes. In addition, such  
10 a taxing mechanism has a particularly negative impact on senior citizens  
11 and those living on a fixed income.

12 The legislature hereby finds that the collection of local property  
13 taxes constitutes the majority of education funding in school districts  
14 throughout the state utilizing such a system. Presently, approximately  
15 fifty-seven percent of school funding is derived from localities. As the  
16 state continues to reduce its share of the education-funding burden,  
17 school districts have been forced to increase their tax rates, thereby  
18 further increasing the unfair burden of such tax system.

19 The legislature further finds that gross inequities exist throughout  
20 the state in terms of school districts' abilities to raise money local-  
21 ly. Under the present system, wealthy and "property rich" districts,  
22 specifically those areas with commercial property and other entities  
23 with high assessments, have a tremendous advantage over underprivileged

EXPLANATION--Matter in italics (underscored) is new; matter in brackets  
[-] is old law to be omitted.

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1 and "property poor" districts. In some districts, state aid constitutes  
2 less than ten percent of the school budget. This occurs because these  
3 localities have the ability to raise property taxes without unduly  
4 burdening the community.

5 The legislature also finds that continued reliance on the property tax  
6 has contributed to legal challenges to the state education system as a  
7 whole.

8 The legislature finds that a tax scaled to income would be a fairer  
9 and more progressive form of taxation under which residents would be  
10 taxed based on their ability to pay.

11 Therefore, the legislature declares that the property tax, as a means  
12 to fund education, contains gross inequities and that a potentially  
13 fairer system, in income-tax surcharge, is worthy of study.

14 § 2. The education department is hereby authorized and directed to  
15 assist the department of taxation and finance in preparing a comprehen-  
16 sive study documenting the fiscal implications of authorizing the  
17 reduction of real property taxes levied for the purpose of funding  
18 education costs through granting local school districts the option to  
19 implement an income tax surcharge.

20 Such study shall consider the fiscal impacts on a broad spectrum of  
21 incomes, as well as calculate the effects of any state income tax  
22 reductions on tax receipts under such a surcharge. Such study shall also  
23 consider what level of surcharge would have to be imposed to bring about  
24 a dramatic reduction in the property tax. This study shall also document  
25 the effects of such a change on school districts, taking into account  
26 their relative wealth in terms of residents' income, property tax base,  
27 level of state education funding and other relevant factors. In addi-  
28 tion, such study shall be so designed as to enable individual taxpayers  
29 to determine the effects of any change on their income tax and property  
30 tax liabilities. The results of such study shall be submitted to the  
31 legislature no later than one year following the effective date of this  
32 act.

33 § 3. This act shall take effect immediately and shall remain in effect  
34 until the ninetieth day after submission of the report specified in  
35 section two of this act, when upon such date it shall be deemed  
36 repealed; provided that the commissioner of taxation and finance shall  
37 notify the legislative bill drafting commission upon the submission of  
38 such report to the legislature in order that the commission may maintain  
39 an accurate and timely effective database of the official text of the  
40 laws of the state of New York in furtherance of effectuating the  
41 provisions of section 44 of the legislative law and section 70-b of the  
42 public officers law.