
Lawmakers pass property tax cap

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ALBANY -- A weary State Legislature on Friday night approved a new cap on local property taxes, a hike in state university tuition and creation of what local governments called a toothless panel to rein in mandates.

The tax cap was approved by the Senate and Assembly late Friday, as was the state university bill.

The state university bill, which permits tuition for undergraduate students to be hiked 30 percent over the next five years, also includes what backers say is the go-ahead for the University at Buffalo to move its medical school to downtown Buffalo.

Just hours before getting set to approve a cap on the annual growth in property taxes by localities at 2 percent or the inflation rate, final approval was given to a massive pension borrowing bill that critics say would undermine the entire point of the property tax control effort.

The bill would drive up borrowing costs for school districts and permit a portion of operating expenses to be protected from the reach of the cap. And for the first time, it would permit schools to borrow -- up to 125 percent of their actual growth in employer-paid pension costs -- without voter approval.

Critics said that along with another pension expense loophole, the 2 percent ceiling will be punctured in many communities.

"I think people are looking at this as mandate relief," Assemblyman Peter Abbate, a Brooklyn Democrat, said of the borrowing plan he sponsored.

"Only in Albany," Assemblyman James Hayes, an Amherst Republican, said of classifying a school district's ability to borrow as mandate relief. He said the state should instead be reducing costly mandates on districts and that schools should cut spending before being able to float bonds for 15 years at 5 percent per year interest rates.

E.J. McMahon of the Empire Center for New York State Policy, a conservative think tank, said the tax cap plan was already weakened by the exclusion of certain pension costs that he said would add up to 3 percentage points to the cap's 2 percent ceiling level for some localities. With the new pension borrowing bill, he said of a tax cap: "You might as well not bother."

Shortly after the pension bill was passed, a spokesman for Gov. Andrew M. Cuomo said he is likely to oppose the measure.

McMahon said it will be a "defining test" for Cuomo to veto the bill.

Cuomo campaigned on a tax cap in a state that has counties with some of the nation's highest tax levies. The new plan is modeled on a 2.5 percent cap that Massachusetts has had in effect for 30 years, though opponents say some measures in New York are stronger.

The cap, however, has a sunset date: June 16, 2016. That means lawmakers before then will have to renew it or it legally expires. Senate Republicans pushed for a permanent cap, but Assembly Democrats said such a change in tax policy should be re-examined and studied over the next five years.

Critics of the tax cap Friday evening were already threatening legal action, targeting a provision that lets the growth cap be exceeded only if 60 percent or more of voters approve. Localities, schools and unions say the cap will force cutbacks in many crucial public programs.

Localities also criticized that the final bill includes a tax cap without addressing major reductions in state-imposed mandates on everything from health care programs to pension payments for local workers.

With adoption of the final major bills, the Legislature was hoping to end its 2011 session.

The state university bill raises tuition by \$300 per year over the next five years at four-year SUNY campuses for in-state undergraduate students. It includes other increases, including a 10 percent hike for out-of-state students, and protections from tuition hikes for lower-income students now eligible for the maximum \$5,000 Tuition Assistance Program grant. State tuition is now \$4,970 annually.

SUNY officials and Cuomo say the regular, predictable tuition hikes are better for campuses and families to plan their budgets than the tradition of "spikes" that have seen years without any tuition increase but then single-year bumps as high as 40 percent.

For the University at Buffalo, the legislation approves its plan to move its medical campus downtown. A sticking point in recent days was over language benefiting construction unions in the Buffalo area.

Lawmakers said UB and local unions agreed during its earlier and since-abandoned UB 2020 plan for a project labor agreement to pay prevailing wages and other incentives.

A push was on in the broader new bill to force other SUNY campuses to also abide by a similar project labor agreement, a provision opposed by SUNY and eventually dropped in the final bill that now only specifically requires an agreement with labor unions on UB projects valued over \$20 million.

The final measure also includes \$80 million in bonding by the state's economic development agency, as well as another \$60 million from the SUNY construction fund, to pay for development efforts at UB and the three other university centers at Stony Brook, Binghamton and Albany. UB is in line to get \$35 million in state seed money for its \$375 million downtown medical school building.

The SUNY measure will provide additional funding to campuses to hire full-time professors, reduce class sizes and restore programs cut after two years of state aid reductions. For UB, it also will give a major push to an effort officials say will bring students and thousands of temporary construction and permanent jobs to the downtown medical corridor.

UB President Satish Tripathi said he was "heartened" by the agreements between the Legislature and Cuomo. He praised Cuomo and lawmakers from Western New York for "moving Buffalo Niagara's collective vision for the future forward."

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Comments

SORT: **NEWEST FIRST** | OLDEST FIRST

If school districts themselves are allowed to borrow funds (first time), then there will be no control on the future of escalating taxes for which the taxpayer receives a much less than adequate education product for the money. Teachers, Principals, school administrators have to start paying for all of their retirement themselves and the sooner the better.

DALE SPENCER, LIVONIA, NY on Sun Jun 26, 2011 at 08:33 AM

FLAG AS INAPPROPRIATE

This government message was brought to you by.....Like the other guy said, bought and paid for. Dont you just love it when laws are passed and it is obvious that the laws either benefit or exclude certain groups of people who have a vested interest! These certain groups never include the middle class though!How do they get away with this stuff? We pay more for school while we spend millions or billions A DAY fighting wars and killing people. I know, most Americans would rather bomb Iraq than be able to afford education for their kids right? The majority wants death and destruction obviously.....this is a democracy so those politicians are doing our bidding! We dont want cheaper education. Maybe if we were all just dumber as a whole the government raping us would not hurt so

bad though? We need not to think and need more sports, movies, buffets, etc to keep our minds occupied with things that really matter.

RICK GRASER, CHEEKTOWAGA, NY on Sat Jun 25, 2011 at 01:01 PM

FLAG AS INAPPROPRIATE

School districts are staffed by thieves,Veto this bill or these Nazis will rape us again.

CHUCK GOODSPEED, WHEATFIELD , NY on Sat Jun 25, 2011 at 12:19 PM

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The pension borrowing bill must be vetoed by Cuomo, or it will completely undermine the effects of a tax cap. To add insult to injury, the bill would allow school districts to borrow money and add to the districts' debt burden without voter approval.This measure was heavily supported by the NYSUT and other unions to get around the tax cap provisions. As usual, it was the unions and their bought and paid for political friends sticking it to the taxpayers.Cuomo must veto this bill, or he will have accomplished nothing for the taxpayers.

DON NOWAK, WEST VALLEY, NY on Sat Jun 25, 2011 at 10:04 AM

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