

The Omnibus Property Tax Relief and Reform Act

As part his proposed “Education, Labor, and Family Assistance” Article VII budget bill (S57-A/A157-A, Governor David A. Paterson has proposed repealing the Middle Class STAR Rebate Program. The proposed repeal of the Middle Class STAR Rebate Program was also part of the three initial versions of the “Galef/Little Circuit Breaker Bill” (S1053/A575 January 16, 2007; S1053-A/A575-A December 20, 2007; and S1053-B/A575-B June 6, 2008). But the Galef/Little bill also proposed to replace the Middle Class STAR Rebate Program with an alternative form of property tax relief known as a “circuit breaker” which would provide a refundable personal income tax credit for the portion of a household’s residential real property taxes in excess of a specified percentage of that household’s gross income.

The circuit breaker proposed in the Galef/Little bill was referred to as a “Middle Class” Circuit Breaker because of the income ranges covered by the bill (up to \$250,000) compared to New York State’s current real property tax circuit breaker which is only available to households with incomes of \$18,000 or less a year. The proposed Omnibus Property Tax Relief and Reform Act includes a Middle Class Circuit Breaker that builds upon the framework of the Galef/Little bill with the following modifications:

- The omnibus bill uses one set of brackets for the entire state rather than separate brackets for upstate and downstate. The Omnibus Consortium believes that two taxpayers with the same property tax bill and the same income should get the same relief regardless of where they live.
- The omnibus bill eliminates the notch or cliff effects in the Galef/Little bill by establishing a graduated threshold structure. For example, if the property tax threshold is 6% for incomes up to \$100,000, and 7% for incomes from \$100,000, the following notch effect would exist without a graduated bracket structure: if a household’s income was \$100,000, its property tax threshold would be 6% of \$100,000 or \$6,000 but if that household’s income was \$100,001, its property tax threshold would be 7% of \$100,001 or \$7,000.07. With a graduated bracket structure, the property tax threshold for the household with income of \$100,001 would be 6% of \$100,000 plus 7% of the amount over \$100,000, or \$6,000.07.
- The omnibus bill includes renters but the Galef/Little bill does not. Under the omnibus bill, coverage of renters would be phased in as follows: For 2010, 15% of rent would be counted as a household’s “property tax equivalent.” For 2011 and subsequent years 20% of rent would be counted as a household’s “property tax equivalent.”
- In recognition of the state’s current fiscal problems, the Omnibus Bill proposes to phase in the Middle Class Circuit Breaker over four years. For example, for 2009 only households with incomes of less than \$100,000 and property taxes in excess of 9% of their income would be eligible. But, over the next three years, the income limits would be gradually increased to \$250,000 and the property tax thresholds would be gradually reduced to 6% of the first \$100,000 of household income, 7% of the next \$50,000 of household income (i.e., any income above \$100,000 but below \$150,000), and 8.5% of any income over \$150,000.

Draft bill text for the Omnibus Property Tax Relief and Reform Act is attached. **In this draft bill text, the matter in CAPITAL LETTERS is new, while the matter in brackets [] is old law to be omitted.**

1 Section 1. Section 606 of the tax law is amended by adding a new subsection (qq) to read as
2 follows:

3
4 (QQ) MIDDLE CLASS CIRCUIT BREAKER CREDIT.

5
6 (1) DEFINITIONS. FOR THE PURPOSES OF THIS SUBSECTION:

7
8 (A) "QUALIFIED TAXPAYER" MEANS A RESIDENT INDIVIDUAL OF THE STATE
9 WHO OWNS OR RENTS THE RESIDENTIAL REAL PROPERTY IN WHICH HE
10 OR SHE RESIDES, AND HAS RESIDED IN SUCH RESIDENTIAL REAL
11 PROPERTY FOR NOT LESS THAN FIVE YEARS.

12
13 (B) "HOUSEHOLD" OR "MEMBERS OF THE HOUSEHOLD" MEANS A QUALIFIED
14 TAXPAYER OR QUALIFIED TAXPAYERS AND ALL OTHER PERSONS, NOT
15 NECESSARILY RELATED, WHO ALL RESIDE IN THE RESIDENTIAL REAL
16 PROPERTY OWNED BY THE TAXPAYER OR TAXPAYERS, AND SHARE ITS
17 FURNISHINGS, FACILITIES AND ACCOMMODATIONS; PROVIDED THAT NO
18 PERSON MAY BE A MEMBER OF MORE THAN ONE HOUSEHOLD AT ONE
19 TIME.

20
21 (C) "HOUSEHOLD GROSS INCOME" MEANS THE AGGREGATE ADJUSTED GROSS
22 INCOME OF ALL MEMBERS OF THE HOUSEHOLD FOR THE TAXABLE YEAR
23 AS REPORTED FOR FEDERAL INCOME TAX PURPOSES, OR WHICH WOULD
24 BE REPORTED AS ADJUSTED GROSS INCOME IF A FEDERAL INCOME TAX
25 RETURN WERE REQUIRED TO BE FILED, WITH THE MODIFICATIONS IN
26 SUBSECTION (B) OF SECTION SIX HUNDRED TWELVE OF THIS ARTICLE BUT
27 WITHOUT THE MODIFICATIONS IN SUBSECTION (C) OF SUCH SECTION,
28 PLUS ANY PORTION OF THE GAIN FROM THE SALE OR EXCHANGE OF
29 PROPERTY OTHERWISE EXCLUDED FROM SUCH AMOUNT; EARNED
30 INCOME FROM SOURCES WITHOUT THE UNITED STATES EXCLUDABLE
31 FROM FEDERAL GROSS INCOME BY SECTION NINE HUNDRED ELEVEN OF
32 THE INTERNAL REVENUE CODE; SUPPORT MONEY NOT INCLUDED IN
33 ADJUSTED GROSS INCOME; NONTAXABLE STRIKE BENEFITS;
34 SUPPLEMENTAL SECURITY INCOME PAYMENTS; THE GROSS AMOUNT OF
35 ANY PENSION OR ANNUITY BENEFITS TO THE EXTENT NOT INCLUDED IN
36 SUCH ADJUSTED GROSS INCOME (INCLUDING, BUT NOT LIMITED TO,
37 RAILROAD RETIREMENT BENEFITS AND ALL PAYMENTS RECEIVED UNDER
38 THE FEDERAL SOCIAL SECURITY ACT AND VETERANS' DISABILITY
39 PENSIONS); NONTAXABLE INTEREST RECEIVED FROM THE STATE OF NEW
40 YORK, ITS AGENCIES, INSTRUMENTALITIES, PUBLIC CORPORATIONS, OR
41 POLITICAL SUBDIVISIONS (INCLUDING A PUBLIC CORPORATION CREATED
42 PURSUANT TO AGREEMENT OR COMPACT WITH ANOTHER STATE OR
43 CANADA); WORKERS' COMPENSATION; THE GROSS AMOUNT OF "LOSS-OF-
44 TIME" INSURANCE; AND THE AMOUNT OF CASH PUBLIC ASSISTANCE AND
45 RELIEF, OTHER THAN MEDICAL ASSISTANCE FOR THE NEEDY, PAID TO OR
46 FOR THE BENEFIT OF THE QUALIFIED TAXPAYER OR MEMBERS OF HIS OR

1 HER HOUSEHOLD. HOUSEHOLD GROSS INCOME SHALL NOT INCLUDE
2 SURPLUS FOODS OR OTHER RELIEF IN KIND OR PAYMENTS MADE TO
3 INDIVIDUALS BECAUSE OF THEIR STATUS AS VICTIMS OF NAZI
4 PERSECUTION AS DEFINED IN PUBLIC LAW 103-286. OR ANY DISABILITY
5 COMPENSATION RECEIVED BY VETERANS ON ACCOUNT OF INJURY OR
6 ILLNESS INCURRED OR AGGRAVATED DURING MILITARY SERVICE IN THE
7 WARS IN AFGHANISTAN AND IRAQ SINCE SEPTEMBER 11, 2001. PROVIDED,
8 FURTHER, HOUSEHOLD GROSS INCOME SHALL ONLY INCLUDE ALL SUCH
9 INCOME RECEIVED BY ALL MEMBERS OF THE HOUSEHOLD WHILE
10 MEMBERS OF SUCH HOUSEHOLD.
11

12 (D) "ADJUSTED RENT" MEANS RENTAL PAID FOR THE RIGHT OF OCCUPANCY
13 OF A RESIDENCE.
14

15 (E) "'REAL PROPERTY TAX EQUIVALENT" MEANS (1) FOR TAXABLE YEARS
16 BEGINNING IN 2010, FIFTEEN PERCENT OF THE ADJUSTED RENT ACTUALLY
17 PAID IN THE TAXABLE YEAR BY A HOUSEHOLD SOLELY FOR THE RIGHT
18 OF OCCUPANCY OF ITS NEW YORK RESIDENCE FOR THE TAXABLE YEAR.
19 IF (I) A RESIDENCE IS RENTED TO TWO OR MORE INDIVIDUALS AS
20 COTENANTS, OR SUCH INDIVIDUALS SHARE IN THE PAYMENT OF A SINGLE
21 RENT FOR THE RIGHT OF OCCUPANCY OF SUCH RESIDENCE, AND (II) EACH
22 OF SUCH INDIVIDUALS IS A MEMBER OF A DIFFERENT HOUSEHOLD, ONE
23 OR MORE OF WHICH INDIVIDUALS SHARES SUCH RESIDENCE, REAL
24 PROPERTY TAX EQUIVALENT IS THAT PORTION OF FIFTEEN PERCENT OF
25 THE ADJUSTED RENT PAID IN THE TAXABLE YEAR WHICH REFLECTS THAT
26 PORTION OF THE RENT ATTRIBUTABLE TO THE QUALIFIED TAXPAYER
27 AND THE MEMBERS OF HIS OR HER HOUSEHOLD; AND, (2) FOR TAXABLE
28 YEARS BEGINNING IN 2011 AND THEREAFTER, TWENTY PERCENT OF THE
29 ADJUSTED RENT ACTUALLY PAID IN THE TAXABLE YEAR BY A
30 HOUSEHOLD SOLELY FOR THE RIGHT OF OCCUPANCY OF ITS NEW YORK
31 RESIDENCE FOR THE TAXABLE YEAR. IF (I) A RESIDENCE IS RENTED TO
32 TWO OR MORE INDIVIDUALS AS COTENANTS, OR SUCH INDIVIDUALS
33 SHARE IN THE PAYMENT OF A SINGLE RENT FOR THE RIGHT OF
34 OCCUPANCY OF SUCH RESIDENCE, AND (II) EACH OF SUCH INDIVIDUALS IS
35 A MEMBER OF A DIFFERENT HOUSEHOLD, ONE OR MORE OF WHICH
36 INDIVIDUALS SHARES SUCH RESIDENCE, REAL PROPERTY TAX
37 EQUIVALENT IS THAT PORTION OF TWENTY PERCENT OF THE ADJUSTED
38 RENT PAID IN THE TAXABLE YEAR WHICH REFLECTS THAT PORTION OF
39 THE RENT ATTRIBUTABLE TO THE QUALIFIED TAXPAYER AND THE
40 MEMBERS OF HIS OR HER HOUSEHOLD.
41

42 (F) "NET REAL PROPERTY TAX" MEANS THE REAL PROPERTY TAXES
43 ASSESSED ON THE RESIDENTIAL REAL PROPERTY OWNED AND OCCUPIED
44 BY THE TAXPAYER OR TAXPAYERS AFTER ANY EXEMPTION OR
45 ABATEMENT RECEIVED PURSUANT TO THE REAL PROPERTY TAX LAW.
46

1 (2) CREDIT. A QUALIFIED TAXPAYER SHALL BE ALLOWED A CREDIT AGAINST
2 THE TAXES IMPOSED BY THIS ARTICLE, EQUAL TO SEVENTY PERCENT OF THE
3 AMOUNT BY WHICH THE TAXPAYER'S NET REAL PROPERTY TAX OR THE
4 TAXPAYER'S REAL PROPERTY TAX EQUIVALENT EXCEEDS THE TAXPAYER'S
5 MAXIMUM REAL PROPERTY TAX, AS DETERMINED BY PARAGRAPH THREE OF
6 THIS SUBSECTION. IF SUCH CREDIT EXCEEDS THE TAX FOR SUCH TAXABLE
7 YEAR, AS REDUCED BY THE OTHER CREDITS PERMITTED BY THIS ARTICLE, THE
8 QUALIFIED TAXPAYER MAY RECEIVE, AND THE COMPTROLLER, SUBJECT TO A
9 CERTIFICATE OF THE DEPARTMENT, SHALL PAY AS AN OVERPAYMENT,
10 WITHOUT INTEREST, ANY EXCESS BETWEEN SUCH TAX AS SO REDUCED AND
11 THE AMOUNT OF THE CREDIT. IF A QUALIFIED TAXPAYER IS NOT REQUIRED TO
12 FILE A RETURN PURSUANT TO SECTION SIX HUNDRED FIFTY-ONE OF THIS
13 ARTICLE, A QUALIFIED TAXPAYER MAY NEVERTHELESS RECEIVE AND THE
14 COMPTROLLER, SUBJECT TO A CERTIFICATE OF THE DEPARTMENT, SHALL PAY
15 AS AN OVERPAYMENT THE FULL AMOUNT OF THE CREDIT, WITHOUT INTEREST.

16
17 (3) MAXIMUM REAL PROPERTY TAX. (A) A QUALIFIED TAXPAYER'S MAXIMUM REAL PROPERTY
18 TAX SHALL BE DETERMINED AS FOLLOWS:
19

20 (I) FOR TAX YEARS BEGINNING IN 2009:

21 HOUSEHOLD GROSS INCOME MAXIMUM REAL PROPERTY TAX

22
23 ONE HUNDRED THOUSAND DOLLARS OR LESS NINE PERCENT OF THE
24 HOUSEHOLD GROSS INCOME

25
26 MORE THAN ONE HUNDRED THOUSAND DOLLARS NO LIMITATION.
27

28
29 (II) FOR TAX YEARS BEGINNING IN 2010:

30 HOUSEHOLD GROSS INCOME MAXIMUM REAL PROPERTY TAX

31
32 ONE HUNDRED THOUSAND DOLLARS OR LESS EIGHT AND ONE HALF PERCENT OF THE
33 HOUSEHOLD GROSS INCOME

34
35 MORE THAN ONE HUNDRED THOUSAND DOLLARS NO LIMITATION.
36

37
38 (III) FOR TAX YEARS BEGINNING IN 2011:

39 HOUSEHOLD GROSS INCOME MAXIMUM REAL PROPERTY TAX

40
41 ONE HUNDRED THOUSAND DOLLARS OR LESS SEVEN AND ONE HALF PERCENT OF
42 HOUSEHOLD GROSS INCOME

43
44 MORE THAN ONE HUNDRED THOUSAND DOLLARS, BUT LESS THAN OR EQUAL TO SEVEN AND ONE HALF PERCENT OF
45 ONE HUNDRED THOUSAND DOLLARS PLUS EIGHT AND ONE HALF PERCENT OF
46 ONE HUNDRED AND FIFTY THOUSAND HOUSEHOLD GROSS INCOME ABOVE
47 ONE HUNDRED THOUSAND DOLLARS
48

49
50 MORE THAN ONE HUNDRED AND FIFTY THOUSAND DOLLARS NO LIMITATION.
51
52

1 (IV) FOR TAX YEARS BEGINNING IN 2012 AND THEREAFTER:

2 <u>HOUSEHOLD GROSS INCOME</u>	3 <u>MAXIMUM REAL PROPERTY TAX</u>
4 ONE HUNDRED THOUSAND 5 THOUSAND DOLLARS OR LESS	SIX PERCENT OF HOUSEHOLD GROSS INCOME
6 7 MORE THAN ONE HUNDRED THOUSAND 8 DOLLARS, BUT LESS THAN OR EQUAL TO 9 ONE HUNDRED AND FIFTY THOUSAND	SIX PERCENT OF ONE HUNDRED THOUSAND DOLLARS PLUS SEVEN PERCENT OF HOUSEHOLD GROSS INCOME ABOVE ONE HUNDRED THOUSAND DOLLARS
10 11 12 MORE THAN ONE HUNDRED FIFTY 13 THOUSAND DOLLARS, BUT LESS THAN 14 OR EQUAL TO TWO HUNDRED AND FIFTY 15 THOUSAND DOLLARS	SIX PERCENT OF ONE HUNDRED THOUSAND THOUSAND DOLLARS PLUS SEVEN PERCENT OF FIFTY THOUSAND DOLLARS PLUS EIGHT AND ONE HALF PERCENT OF HOUSEHOLD GROSS INCOME ABOVE ONE HUNDRED AND FIFTY THOUSAND DOLLARS
16 17 18 19 MORE THAN TWO HUNDRED AND FIFTY 20 THOUSAND DOLLARS	NO LIMITATION.

21
22 (B) THE THRESHOLDS OF HOUSEHOLD GROSS INCOME ESTABLISHED BY CLAUSE
23 (IV) OF SUBPARAGRAPH (A) OF THIS PARAGRAPH, SHALL BE INDEXED FOR
24 INFLATION FOR TAX YEARS BEGINNING IN 2013 AND THEREAFTER.

25
26 (4) EXCLUSIONS FROM ELIGIBILITY. NO CREDIT SHALL BE GRANTED UNDER THIS
27 SUBSECTION IF THE QUALIFIED TAXPAYER CLAIMS THE REAL PROPERTY TAX
28 CIRCUIT BREAKER CREDIT, PURSUANT TO SUBSECTION (E) OF THIS SECTION,
29 DURING THE TAXABLE YEAR.

30
31 § 2. Paragraph d of subdivision 10 of Section 54 of the State Finance Law is amended to read as
32 follows:

33 d. Additional annual apportionments. Within amounts appropriated in the state fiscal year
34 commencing April first, two thousand seven and in each state fiscal year thereafter through and
35 including the state fiscal year commencing April first, two thousand [ten] TWENTY-ONE,
36 municipalities shall receive additional aid apportioned as follows:

37
38 (i) Any municipality with an average full valuation per capita equal to or less than the average
39 full valuation per capita for municipalities that is a city, a town with a population greater than
40 fifteen thousand, or a village with a population greater than ten thousand, shall be eligible to
41 receive an additional annual apportionment equal to:

42 (1) nine percent of such municipality's base level grant if the municipality meets all of the fiscal
43 distress indicators in paragraph c of this subdivision,

44 (2) seven percent of such municipality's base level grant if the municipality meets any three of
45 the fiscal distress indicators in paragraph c of this subdivision, or

46 (3) five percent of such municipality's base level grant if the municipality meets at least one but
47 no more than two of the fiscal distress indicators in paragraph c of this subdivision.

48
49 (ii) Any municipality with an average full valuation per capita equal to or less than the average
50 full valuation per capita for municipalities that is a town with a population of fifteen thousand or

1 less or a village with a population of ten thousand or less which meets one or more of the fiscal
2 distress indicators in subparagraphs (i), (ii) and (iii) of paragraph c of this subdivision shall be
3 eligible to receive an additional annual apportionment equal to five percent of such
4 municipality's base level grant.

5
6 (iii) Any municipality that does not qualify for an additional annual apportionment pursuant to
7 subparagraphs (i) and (ii) of this paragraph shall be eligible to receive an additional annual
8 apportionment equal to three percent of such municipality's base level grant.

9
10 (IV) DURING THE STATE FISCAL YEAR COMMENCING APRIL FIRST, TWO
11 THOUSAND ELEVEN, THERE SHALL BE PAID TO THE COUNTIES, TOWNS,
12 VILLAGES AND CITIES OF THE STATE, IN ADDITION TO THE OTHER AMOUNTS
13 PAID TO THE COUNTIES, TOWNS, VILLAGES AND CITIES OF THE STATE
14 PURSUANT TO THIS SECTION, AN ADDITIONAL APPORTIONMENT WHICH WHEN
15 ADDED TO SUCH OTHER AMOUNTS SHALL REPRESENT A PERCENTAGE OF THE
16 TOTAL STATE TAX COLLECTIONS DURING THE PRIOR STATE FISCAL YEAR, AS
17 CERTIFIED BY THE COMPTROLLER AND THE COMMISSIONER OF TAXATION AND
18 FINANCE PURSUANT TO PARAGRAPH J OF SUBDIVISION ONE OF THIS SECTION,
19 WHICH IS EQUAL TO THE PERCENTAGE OF THE TOTAL STATE TAX COLLECTIONS
20 DURING THE STATE FISCAL YEAR COMMENCING ON APRIL FIRST, TWO
21 THOUSAND SEVEN, AS CERTIFIED BY THE COMPTROLLER AND THE
22 COMMISSIONER OF TAXATION AND FINANCE PURSUANT TO PARAGRAPH J OF
23 SUBDIVISION ONE OF THIS SECTION, REPRESENTED BY THE AMOUNTS PAID TO
24 THE COUNTIES, TOWNS, VILLAGES AND CITIES OF THE STATE PURSUANT TO THIS
25 SECTION DURING THE FISCAL YEAR COMMENCING ON APRIL FIRST, TWO
26 THOUSAND EIGHT.

27
28 (V) DURING THE STATE FISCAL YEARS COMMENCING ON APRIL FIRST, TWO
29 THOUSAND TWELVE, AND DURING EACH SUCH YEAR THEREAFTER PRIOR TO
30 THE STATE FISCAL YEAR COMMENCING ON APRIL FIRST, TWO THOUSAND
31 TWENTY-TWO, THERE SHALL BE PAID TO THE COUNTIES, TOWNS, VILLAGES AND
32 CITIES OF THE STATE, AN AMOUNT EQUAL TO THE AMOUNT PAID TO SUCH
33 COUNTIES, TOWNS, VILLAGES AND CITIES OF THE STATE PURSUANT TO THIS
34 SECTION DURING THE PREVIOUS STATE FISCAL YEAR PLUS THREE HUNDRED
35 MILLION DOLLARS. THE AMOUNT BY WHICH SUCH TOTAL AMOUNT EXCEEDS
36 THE TOTAL AMOUNT OTHERWISE REQUIRED TO BE PAID TO SUCH COUNTIES,
37 TOWNS, VILLAGES AND CITIES OF THE STATE PURSUANT TO OTHER PROVISIONS
38 OF THIS SECTION SHALL BE APPORTIONED AMONG SUCH COUNTIES, TOWNS,
39 VILLAGES AND CITIES OF THE STATE BY DETERMINING THE PERCENTAGE
40 WHICH SUCH REMAINDER IS OF THE TOTAL AMOUNT OTHERWISE REQUIRED TO
41 BE PAID TO SUCH COUNTIES, TOWNS, VILLAGES AND CITIES OF THE STATE
42 PURSUANT TO OTHER PROVISIONS OF THIS SECTION AND THEN INCREASING THE
43 AMOUNT OTHERWISE PAYABLE TO EACH COUNTY, TOWN, VILLAGE AND CITY
44 BY SUCH PERCENTAGE.

1 § 3. The opening paragraph and subparagraph i of paragraph e of subdivision 10 of Section 54 of
2 the State Finance Law are amended to read as follows:

3 e. Per capita adjustment. Within amounts appropriated in the state fiscal year commencing April
4 first, two thousand seven and in each state fiscal year thereafter through and including the state
5 fiscal year commencing April first, two thousand [ten] TWENTY-ONE, additional aid shall be
6 apportioned as follows:
7

8 (i) For the purposes of subparagraphs (ii), (iii), (iv) and (v) of this paragraph, the threshold
9 percentage shall be seventy-five percent in the state fiscal year commencing April first, two
10 thousand seven; eighty percent in the state fiscal year commencing April first, two thousand
11 eight; eighty-five percent in the state fiscal year commencing April first, two thousand nine; and
12 ninety percent in the state fiscal [year] YEARS commencing ON AND AFTER April first, two
13 thousand ten.
14

15 § 4. Paragraphs g of subdivision 10 of Section 54 of the State Finance Law is amended to read as
16 follows:

17 g. Accountability requirements. (i) As a condition of receiving more than one hundred thousand
18 dollars in combined additional aid pursuant to subparagraph (i) of paragraph d of this subdivision
19 and paragraph e of this subdivision, if applicable, each municipality that qualifies for such
20 additional aid, other than a city subject to a control period under a state imposed fiscal stability
21 authority, shall submit a comprehensive fiscal performance plan to the director of the budget and
22 the state comptroller. Such plan shall be submitted to the director of the budget and the state
23 comptroller within sixty days of adoption of a municipality's most recent budget or within sixty
24 days of the effective date of this subdivision, whichever is later, and shall include:

25 (1) a multi-year financial plan including projected employment levels, projected annual
26 expenditures for personal service, fringe benefits, non-personal services and debt service;
27 appropriate reserve fund amounts; estimated annual revenues including projected property tax
28 rates, the value of the taxable real property and resulting tax levy, annual growth in sales tax and
29 non-property tax revenues, and the proposed use of one-time revenue sources. Such multi-year
30 financial plan shall consist of, at a minimum, four fiscal years including the municipality's most
31 recently completed fiscal year, its current fiscal year adopted budget, and the subsequent two
32 fiscal years.

33 (2) a fiscal improvement plan covering the same time period as the multi-year financial plan that
34 contains key fiscal performance goals necessary to achieve and maintain long term fiscal
35 stability, proposed local actions necessary to achieve such goals, and proposed performance
36 measures necessary to assess actual progress in implementing such local actions. In the
37 development of such plans, proposed local actions shall include, but not be limited to, improved
38 management practices, initiatives to minimize or reduce operating expenses, and shared services
39 agreements with other municipalities; and

40 (3) a fiscal accountability report that, for the state fiscal year commencing April first, two
41 thousand seven, describes accomplishments and progress during the preceding two local fiscal
42 years toward achieving management improvements, operational efficiencies and other actions
43 necessary to achieve fiscal stability. Beginning in the state fiscal year commencing April first,
44 two thousand eight, and in each fiscal year thereafter through and including the state fiscal year
45 commencing April first, two thousand [ten] TWENTY-ONE, the fiscal accountability report

1 shall include: (A) a description of the progress toward achieving fiscal performance goals
2 identified in the previous year's fiscal performance plan; and (B) an accounting of the use of
3 additional annual apportionments and per capita adjustments provided for in this subdivision.

4 (ii) As a condition of receiving an additional annual apportionment pursuant to paragraph d of
5 this subdivision, each municipality that is a city, other than a city subject to a control period
6 under a state imposed fiscal stability authority or a city subject to the requirements of
7 subparagraph (i) of this paragraph and each municipality that is a village that will receive an
8 additional annual apportionment pursuant to clause one of subparagraph (i) of paragraph d of this
9 subdivision, shall develop a multi-year financial plan that includes: projected employment levels,
10 projected annual expenditures for personal service, fringe benefits, non-personal services and
11 debt service; appropriate reserve fund amounts; estimated annual revenues including projected
12 property tax rates, the value of the taxable real property and resulting tax levy, annual growth in
13 sales tax and non-property tax revenues, and the proposed use of one-time revenue sources. Such
14 multi-year financial plan shall consist of, at a minimum, four fiscal years including the
15 municipality's most recently completed fiscal year, its current fiscal year adopted budget and the
16 subsequent two fiscal years. On or before March thirty-first, two thousand eight and on or before
17 March thirty-first in each year thereafter through and including two thousand eleven, the chief
18 elected official of such municipality shall submit written certification to the director of the
19 budget that such municipality has complied with the requirements of this subparagraph.
20

21 § 5. Subparagraphs (I) and (ii) of paragraph I of subdivision 10 of Section 54 of the State
22 Finance Law are amended to read as follows:

23 i. Payments. (i) In the state fiscal year commencing April first, two thousand seven and in each
24 state fiscal year thereafter through and including the state fiscal year commencing April first,
25 two thousand [ten] TWENTY-ONE, base level grants shall be paid in the same "on or before
26 month and day" manner as: (1) paid in the state fiscal year commencing April first, two thousand
27 six under the aid and incentives for municipalities program in effect at that time and appropriated
28 in chapter fifty of the laws of two thousand six; or (2) set forth in part R of chapter fifty-six of
29 the laws of two thousand four relating to unrestricted aid to certain cities.
30

31 (ii) In the state fiscal year commencing April first, two thousand seven and in each state fiscal
32 year thereafter through and including the state fiscal year commencing April first, two thousand
33 [ten] TWENTY-ONE, additional annual apportionments and per capita adjustments authorized
34 in paragraphs d and e of this subdivision shall be paid on or before December fifteenth for cities
35 with fiscal years beginning January first, on or before March fifteenth for all other cities, and for
36 towns and villages, in the same "on or before month and day" manner as their base level grants
37 are paid pursuant to subparagraph (i) of this paragraph.
38

39 § 6. Subparagraph 1 of paragraph a of subdivision 4 of section 3602 of the Education Law, as
40 amended by section 14 of part B of chapter 57 of the laws of 2008 is amended to read as follows:

41 (1) The foundation amount shall BE THE GREATER OF (I) THE FOUNDATION AMOUNT
42 OF THE PRIOR YEAR ADJUSTED TO REFLECT THE PERCENTAGE INCREASE IN THE
43 CONSUMER PRICE INDEX AS COMPUTED PURSUANT TO SECTION TWO
44 THOUSAND TWENTY-TWO OF THIS CHAPTER, or (II) AN AMOUNT DETERMINED BY
45 THE COMMISSIONER TO reflect the average per pupil cost of general education instruction in

1 successful school districts, as determined by a statistical analysis COMPLETED BY THE
2 COMMISSIONER of the costs of special education and general education in successful school
3 districts, WITH UPDATES OF THAT STATISTICAL ANALYSIS TO BE COMPLETED BY
4 THE COMMISSIONER IN TIME TO BE SUBMITTED TO THE GOVERNOR AND THE
5 LEGISLATURE BY DECEMBER FIRST OF TWO THOUSAND NINE AND BY
6 DECEMBER FIRST OF EVERY FOURTH YEAR THEREAFTER provided that BETWEEN
7 SUCH UPDATES OF SUCH STATISTICAL ANALYSIS, the foundation amount shall be
8 adjusted annually to reflect the percentage increase in the consumer price index as computed
9 pursuant to section two thousand twenty-two of this chapter, provided that for the two thousand
10 eight--two thousand nine school year, for the purpose of such adjustment, the percentage
11 increase in the consumer price index shall be deemed to be two and nine-tenths percent (0.029),
12 and provided further that the foundation amount for the two thousand seven--two thousand eight
13 school year shall be five thousand two hundred fifty-eight dollars, and provided further that for
14 the two thousand seven--two thousand eight through two thousand nine--two thousand ten school
15 years, such foundation amount shall be further adjusted by the phase-in foundation percent
16 established pursuant to paragraph b of this subdivision.

17
18 § 7. Section 3602 of the Education Law is amended to add thereto a new subdivision 4-a to read
19 as follows:

20 4-a. SCHOOL PROPERTY TAX REDUCTION AID. 1. DURING THE SCHOOL YEAR
21 COMMENCING ON JULY FIRST TWO THOUSAND TWELVE, AND DURING EACH
22 SUCH YEAR THEREAFTER PRIOR TO THE SCHOOL YEAR COMMENCING ON JULY
23 FIRST, TWO THOUSAND TWENTY-TWO, THERE SHALL BE PAID TO EACH SCHOOL
24 DISTRICT THAT (A) RECEIVES FOUNDATION AID PURSUANT TO SUBDIVISION 4 OF
25 THIS SECTION AND (B) WHOSE FOUNDATION AID APPORTIONMENT FOR SUCH
26 SCHOOL YEAR IS LESS THAN AN AMOUNT EQUAL TO THE PRODUCT OF ITS
27 TOTAL AIDABLE FOUNDATION PUPIL UNITS MULTIPLIED BY ITS ADJUSTED
28 FOUNDATION AMOUNT PER PUPIL, AN AMOUNT OF PROPERTY TAX REDUCTION
29 AID EQUAL TO THE TOTAL STATEWIDE PROPERTY TAX REDUCTION AMOUNT
30 FOR SUCH SCHOOL YEAR MULTIPLIED BY THE FRACTION DETERMINED BY
31 DIVIDING THAT DISTRICT'S FOUNDATION AID APPORTIONMENT FOR SUCH
32 SCHOOL YEAR BY THE FOUNDATION AID APPORTIONMENTS OF ALL SUCH
33 ELIGIBLE SCHOOL DISTRICTS PROVIDED, HOWEVER, THAT THE MAXIMUM
34 AMOUNT OF PROPERTY TAX REDUCTION AID THAT ANY DISTRICT MAY RECEIVE
35 IN ANY SCHOOL YEAR SHALL BE THE DIFFERENCE BETWEEN AN AMOUNT
36 EQUAL TO THE PRODUCT OF ITS TOTAL AIDABLE FOUNDATION PUPIL UNITS
37 MULTIPLIED BY ITS ADJUSTED FOUNDATION AMOUNT PER PUPIL AND THE
38 DISTRICT'S FOUNDATION AID APPORTIONMENT FOR SUCH SCHOOL YEAR.

39
40 2. THE TOTAL STATEWIDE PROPERTY TAX REDUCTION AMOUNT FOR THE
41 SCHOOL YEAR COMMENCING ON JULY FIRST TWO THOUSAND TWELVE SHALL
42 BE SIX HUNDRED MILLION DOLLARS.

43
44 3. THE TOTAL STATEWIDE PROPERTY TAX REDUCTION AMOUNT FOR EACH
45 SCHOOL YEAR COMMENCING ON OR AFTER JULY FIRST TWO THOUSAND

1 THIRTEEN AND ON OR BEFORE JULY FIRST TWO THOUSAND TWENTY-ONE
2 THEREAFTER SHALL BE THE PROPERTY TAX REDUCTION AMOUNT FOR THE
3 PRIOR SCHOOL YEAR PLUS SIX HUNDRED MILLION DOLLARS.
4

5 § 8. Section 1 of part C of chapter 58 of the laws of 2005, amending the public health law and
6 other laws relating to implementing the state fiscal plan for the 2005--2006 state fiscal year, as
7 amended by chapter 161 of the laws of 2005 and chapter 57 of the laws of 2006, is amended by
8 adding thereto a new subdivision __ to read as follows:
9

10 () (I) IN ADDITION TO THE REIMBURSEMENTS PROVIDED BY THE DEPARTMENT
11 OF HEALTH FOR EXPENDITURES MADE BY OR ON BEHALF OF SOCIAL SERVICES
12 DISTRICTS FOR MEDICAL ASSISTANCE FOR NEEDY PERSONS PURSUANT TO
13 OTHER PROVISIONS OF THIS SECTION DURING THE STATE FISCAL YEAR
14 COMMENCING ON APRIL FIRST, TWO THOUSAND TWELVE, AND DURING EACH
15 SUCH YEAR THEREAFTER PRIOR TO THE STATE FISCAL YEAR COMMENCING ON
16 APRIL FIRST, TWO THOUSAND TWENTY-TWO, ADDITIONAL REIMBURSEMENTS
17 SHALL BE PROVIDED TO THOSE DISTRICTS WHOSE REIMBURSEMENTS
18 PURSUANT TO THOSE OTHER PROVISIONS ARE LESS THAN THE
19 REIMBURSEMENTS THAT WOULD HAVE BEEN MADE FOR SUCH PURPOSES IF THE
20 SOCIAL SERVICES DISTRICT MEDICAL ASSISTANCE SHARES PROVISIONS IN
21 EFFECT ON JANUARY 1, 2005 HAD BEEN BASED ON THE SPECIAL STATE
22 SUPPLEMENTAL MEDICAL ASSISTANCE PERCENTAGE AS DEFINED IN
23 PARAGRAPH (II) OF THIS SUBDIVISION AND HAD THOSE PROVISIONS BEEN
24 APPLIED DURING SUCH FISCAL YEARS COMMENCING ON AND AFTER APRIL
25 FIRST, TWO THOUSAND TWELVE. THE AMOUNTS AVAILABLE FOR SUCH
26 ADDITIONAL REIMBURSEMENTS SHALL BE APPORTIONED AMONG THE
27 INDIVIDUAL SOCIAL SERVICES DISTRICTS BASED ON EACH SUCH DISTRICT'S
28 SHARE OF THE TOTAL AMOUNT BY WHICH THE REIMBURSEMENTS TO ALL SUCH
29 DISTRICTS ARE LESS THAN THE REIMBURSEMENTS THAT WOULD HAVE BEEN
30 MADE FOR SUCH PURPOSES IF THE SOCIAL SERVICES DISTRICT MEDICAL
31 ASSISTANCE SHARES PROVISIONS IN EFFECT ON JANUARY 1, 2005 HAD BEEN
32 BASED ON THE SPECIAL STATE SUPPLEMENTAL MEDICAL ASSISTANCE
33 PERCENTAGE AS DEFINED IN PARAGRAPH (II) OF THIS SUBDIVISION AND HAD
34 THOSE PROVISIONS BEEN APPLIED DURING SUCH FISCAL YEARS COMMENCING
35 ON AND AFTER APRIL FIRST, TWO THOUSAND TWELVE.
36

37 (II) THE TERM "SPECIAL STATE SUPPLEMENTAL MEDICAL ASSISTANCE
38 PERCENTAGE" FOR ANY LOCAL SOCIAL SERVICE DISTRICT SHALL BE 100 PER
39 CENTUM LESS THE LOCAL DISTRICT PERCENTAGE; AND THE LOCAL DISTRICT
40 PERCENTAGE SHALL BE THAT PERCENTAGE WHICH BEARS THE SAME RATIO TO
41 45 PER CENTUM AS THE SQUARE OF THE PER CAPITA INCOME OF SUCH LOCAL
42 DISTRICT BEARS TO THE SQUARE OF THE PER CAPITA INCOME OF THE NEW
43 YORK STATE; EXCEPT THAT THE SPECIAL STATE SUPPLEMENTAL MEDICAL
44 ASSISTANCE PERCENTAGE SHALL IN NO CASE BE LESS THAN 60 PER CENTUM OR
45 MORE THAN 83 PER CENTUM. THE SPECIAL STATE SUPPLEMENTAL MEDICAID

1 ASSISTANCE PERCENTAGE AND THE LOCAL DISTRICT PERCENTAGE SHALL BE
2 APPLIED TO THE PORTION OF MEDICAL ASSISTANCE COSTS NOT REIMBURSED
3 BY THE FEDERAL GOVERNMENT. THE COMMISSIONER OF HEALTH SHALL
4 DETERMINE THESE PERCENTAGES ANNUALLY USING THE LATEST ESTIMATES OF
5 PER CAPITA INCOME FOR NEW YORK COUNTIES FROM THE UNITED STATES
6 BUREAU OF ECONOMIC ANALYSIS AND USING THE SAME METHODOLOGY USED
7 BY THE UNITED STATES SECRETARY OF HEALTH AND HUMAN SERVICES IN
8 ANNUALLY DETERMINING THE FEDERAL MEDICAID ASSISTANCE PERCENTAGE
9 FOR EACH STATE.

10
11 (III) THE AMOUNT TO BE AVAILABLE FOR THE ADDITIONAL REIMBURSEMENTS
12 AUTHORIZED BY THIS SUBDIVISION SHALL BE ONE HUNDRED MILLION DOLLARS
13 DURING THE STATE FISCAL YEAR COMMENCING ON APRIL FIRST, TWO
14 THOUSAND TWELVE. THE AMOUNT TO BE AVAILABLE FOR SUCH ADDITIONAL
15 REIMBURSEMENTS SHALL BE INCREASED ANNUALLY BY ONE HUNDRED
16 MILLION DOLLARS UNTIL THE STATE FISCAL YEAR COMMENCING ON APRIL
17 FIRST, TWO THOUSAND TWENTY-ONE, WHEN ONE BILLION DOLLARS SHALL BE
18 AVAILABLE FOR SUCH ADDITIONAL REIMBURSEMENTS.

19
20 § 9. (a) Before January 1, 2010, and before the first day of January every other year thereafter,
21 the commissioner of taxation and finance and the director of the office of real property services
22 shall report to the legislature and the governor on the overall incidence of local property taxes
23 and the commissioner of taxation and finance shall report to the governor and the legislature on
24 the overall incidence of any state tax generating more than 2.5 percent of state tax revenue in the
25 prior fiscal year. These analyses shall report on the distribution of the tax burden for the taxes
26 included in the report. The periodic report on the incidence of the local property tax shall also
27 examine the distributional impact of the items of income included in the definition of household
28 income for purposes of the circuit breaker and other property tax relief programs established by
29 state law.

30
31 (b) At the request of the chair of a committee of the senate or the assembly, to which has been
32 referred a bill or resolution to change the an aspect of the tax system that would increase,
33 decrease, or redistribute tax by more than \$20 million, the commissioner of taxation and finance,
34 as requested, shall prepare an incidence impact analysis of the bill or resolution. The analysis
35 shall report on the incidence effects that would result if the bill or resolution were enacted.

36
37 (c) To the extent data is available, the incidence impact analysis under subdivisions (a) and (b) of
38 this section:

39 (1) shall evaluate the tax burden:

40 (A) on the overall income distribution, using a systemwide incidence measure or other
41 appropriate measures of equality and inequality; and

42 (B) on income classes, including, at a minimum, quintiles of the income distribution, on renters
43 and homeowners, on industry or business classes, as appropriate, and on various types of
44 business organizations;

45 (2) may evaluate the tax burden:

- 1 (A) by other appropriate taxpayer characteristics, such as whether the taxpayer is a farmer,
- 2 rancher, retired elderly, or resident or nonresident of the state; and
- 3 (B) by distribution of impact on consumers, labor, capital, and out-of-state persons and entities;
- 4 (3) shall evaluate the effect of each tax on total income by income group; and
- 5 (4) shall:
- 6 (A) use the broadest measure of economic income for which reliable data is available; and
- 7 (B) include a statement of the incidence assumptions that were used in making the analysis.

8
9 § 10. There is hereby established a tax reform study commission to provide the governor and the
10 legislature with a long run plan for reforming the state-local tax system. The commission shall
11 consist of five members appointed by the governor, four members each appointed by the speaker
12 of the assembly and the temporary president of the senate, and one member each appointed by
13 the minority leader of the senate and the minority leader of the assembly In addition, on or
14 before the first day of January of two thousand eleven, the commission shall provide the
15 governor and the legislature with recommendations on any changes that should be made in the
16 definitions of income used in the various property tax relief programs authorized by laws of the
17 state of New York. Such recommendations shall be based on an examination of such laws and of
18 such laws in other states. In preparing such recommendations, the tax reform study commission
19 shall review the first study of the incidence of New York's state-local tax system completed in
20 accordance with section nine of this act to review the distributional impact of the items of
21 income included in the definition of household income for purposes of the circuit breaker and
22 other property tax relief programs established by state law and make recommendations to the
23 governor and the legislature for any changes in any of these definitions that the commission
24 deems appropriate. The commissioner of taxation and finance and the director of the office of
25 real property services shall provide the commission with such data and analysis as it may
26 require.

27
28 § 11. This act shall take effect immediately.