



NYSAC
NEW YORK STATE
ASSOCIATION OF COUNTIES

2017

Legislative Priority

LOWERING PROPERTY TAXES IN NYS

THE PROBLEM

County and state elected leaders have long focused on the fact that property taxes are higher in New York than in the rest of the nation. County leaders argue that a key reason for high county property taxes is unfunded state mandates. Counties in other states are not required to pay for such a large array of state defined and controlled programs (which are often significantly more generous than what other states implement), leaving New York at a huge disadvantage in relation to local property tax burdens. In New York, 80 percent of a typical county's total budget is dedicated to paying for state and federal mandates, including Medicaid. Of note, the cost of 9 state mandates, including Medicaid, is equal to the entire statewide county property tax levy.

2017 EXECUTIVE BUDGET PROPOSAL

The Governor's Budget asserts that local property taxes are high because there are too many local governments and that they should consolidate or share more services. Under the budget proposal, county leaders will be required to convene all local governments (except school districts) to develop a plan for consolidating or sharing functions to eliminate duplication of services.

THE COUNTY RESPONSE

The Governor's proposal does not address the two largest contributors to the State's property tax problem outside of New York City: school taxes, which account for approximately 63% of property tax bills, and unfunded state mandates, which account for about 16% of that annual tax bill. Any solution to the problem of high property taxes must include addressing school taxes and unfunded state mandates.

THE US CONGRESSIONAL PROPOSAL

Under the current Medicaid program, each state puts up state dollars to leverage federal matching dollars for Medicaid. States overall put in about 43% and the federal government puts in about 57%. Under its new health care proposal, Congress wants to cap the total federal Medicaid funds flowing to the states. The Collins/Faso Amendment being considered as part of the overall health care bill would prohibit a state from using locally-derived funds (county contributions, not including intergovernmental transfers for public health facilities) to leverage federal matching dollars. This means that county taxes could no longer be used by states to leverage federal Medicaid dollars.

THE COUNTY RESPONSE

Since 1966, the first year that New York implemented Medicaid, NYSAC and county governments have advocated for the removal of local contributions to the State's Medicaid program. In that first year, counties contributed \$112 million in local tax dollars toward Medicaid. Today, local taxpayers in New York's 57 counties and New York City are required under state law to pay \$7.5 billion annually (\$2.3 billion outside of NYC) to support New York's Medicaid program, which is over three times more than all other counties in the nation combined. To lower property taxes in New York, the state must lower the cost of unfunded mandates on counties.