

# ***User Fees and the New York State Local Government Property Tax Freeze***

**by**

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# New York State Property Tax Cap

- Started in 2011.
- Limits property tax growth to two percent or the rate of inflation, whichever is lower.
- Balanced budget still required.
- Cap is not mandatory to any degree.
- Property tax refunds and political pressure.
- Special exclusions apply.

# Special Exclusions

- Employer contributions to pension systems.
- Growth in the tax base.
- Carry forward computation.
- Court order related expenditures.
- School district capital expenditures.

# Some Governments Override the Cap

- City of Troy had large 2017 tax increase to help fix a budget gap.
- Town of Colonie budget for 2019 indicates they are above the cap limit on property tax revenues. Vote to override the cap in 2018.

# Research Questions?

- Did the implementation of a new property tax cap in 2011 by the State of New York have a systematic effect to encourage county governments to increase user fees and limit property tax revenues?
- Did government spending activity for counties change after the cap was implemented?

# Data for the Study

- Office of the New York State Comptroller data for county governments.
- Revenue patterns in 2010 to 2017 used.
- Property tax revenue percent (2010 and 2017).
- User fee revenue percentage (2010 and 2017).
- Expenditure data (1996-2017)

# Property Tax Reliance From 2010 to 2017

- Increased in 67% of counties (n=36).
- Decreased in 33% of counties (n=18).
- Missing data for 3 counties.

# User Fee Reliance From 2010 to 2017

- Increased in 22% of counties (n=12).
- Decreased in 78% of counties (n=42).
- Missing data for 3 counties.



# Counties Using More User Fees and Less Property Taxes

- 8 Counties (14.8 percent) of 54 counties.
- Four Large Counties: Erie, Monroe, Nassau and Suffolk. (Large Money Amounts).
- Four Smaller Counties: Clinton, Rensselaer, Schenectady, and Wayne.

# Data for 10 Largest Counties

- Less reliant on property taxes: 50%.
- More reliant on user fees: 50%.
- Albany, Broome, Erie, Monroe, Nassau, Onondaga, Orange, Rockland, Suffolk, Westchester.
- A “smaller county effect” influences that data when studied for all counties.

# County Expenditure Study

- 1996-2010: 4.9%.
- 2003-2010: 4.9%.
- 2011-2017: 1.0%
- Research suggests lower spending associated with period after the cap was implemented.

# Questions?

- Request more information at [kbronner@albany.edu](mailto:kbronner@albany.edu).

