



Providing Real Property Tax Relief with a Circuit Breaker

New York can address the current fiscal crisis and deliver real property tax relief by reforming the personal income tax (PIT) system and developing a property tax circuit breaker.

What is a circuit breaker?

A property tax circuit breaker caps how much you owe in property taxes based on your income. If your property tax bill exceeds the cap, you get a rebate from the State.

Why is it needed?

Public services, like education, are funded by both state and local sources. As the State has cut PIT rates on the wealthiest since the 1970s and lost an estimated \$8 billion annually, local taxes have increased to pay for these services and compensate for the lost funds. People are choking on property taxes: from 2000-2004, property taxes in the State have increased almost 3 times faster than income and the 95% of New York families earning less than \$160,000 pay over three times a share of their income in property taxes compared to the richest 1% earning over \$634,000.

Who will benefit?

Both homeowners and renters will benefit. Providing targeted property tax relief to New York's working families will help blunt wage stagnation, decrease the cost of housing and living, and return money to families who will spur the economy by spending it quickly.

How will it work?

EXAMPLE			
Gross Household Income	Maximum Property Tax as % of Income	% of State Rebate on Excess	Key Points
\$90,000 or less	6%	70%	<ul style="list-style-type: none"> • COST = \$2.31 billion • 5-year residency requirement • Renters will receive benefit based on an estimated property tax payment that is equal to 20% of annual rent
\$90,000-\$125,000	7%	50%	
\$125,000-\$250,000	8%	30%	

Homeowner in Nassau County	A family that rents in Queens
<ul style="list-style-type: none"> • A homeowner in Nassau County makes \$89,782 a year • They pay \$8,349 in property taxes • Under this plan, their property taxes would be capped at \$5,386.92 • The homeowner would receive a \$2,073.46 rebate from the State 	<ul style="list-style-type: none"> • A family renting in Queens makes \$53,000 a year • Their rent is \$2,000 a month or \$24,000 a year • They pay an estimated \$4,800 in property taxes through their rent payments • Under this plan, their payment would be capped at \$3,180 • The family would receive a \$1,134 rebate

How will we pay for it?

A circuit breaker can be paid for through a combination of STAR reprogramming and revenue created by permanent PIT reform. The current STAR program costs taxpayers \$5 billion and misdirects relief by providing rebates to all homeowners, regardless of need or burden.