



Wednesday, February 20, 2008

Bill Summary - A01575

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A01575 Summary:

BILL NO A01575A
 SAME AS Same as S 1053-A
 SPONSOR Galef
 COSPNSR Paulin, Lafayette, Eddington, Sayward, Walker, Finch, Burling, Errigo
 McDonough, Giglio, Kolb, Rivera J, Fields, Bradley, Rivera P, Cahill
 MLTSPNSR Bacalles, Gordon T, Hawley, Miller, Molinaro, Thiele

Rpld S178, amd S606, Tax L; rpld S1306-b, RPT L; amd S97-rrr, St Fin L

Establishes a personal income tax credit for a portion of a taxpayer`s residential real property taxes which exceeds a certain percentage of the taxpayer`s household gross income; provides that the taxpayer shall have resided in such residential real property for not less than 5 years; provides that such credit shall not apply to taxpayers who have claimed the real property tax circuit breaker credit during the taxable year; repeals the "Middle Class STAR" rebate program.

A01575 Actions:

BILL NO A01575A
 01/10/2007 referred to ways and means
 12/27/2007 amend (t) and recommit to ways and means
 12/27/2007 print number 1575a
 01/09/2008 referred to ways and means

A01575 Votes:

A01575 Memo:

BILL NUMBER:A1575A

TITLE OF BILL:

An act to amend the tax law, in relation to the school district property tax credit and establishing the maximum residential real property, personal income tax credit; to amend the state finance law, in relation to local property tax rebates; and to repeal section 178 of the tax law and section 1306-b of the real property tax law relating to the "Middle Class STAR" rebate program

PURPOSE OR GENERAL IDEA OF BILL:

To place a limit on the real property tax for certain owners and provide a personal income tax credit for certain property taxpayers.

SUMMARY OF SPECIFIC PROVISIONS:

SECTION 1: Adds a new subsection (qq) to section 606 of the tax law to provide for a real property tax credit. The credit will be based on the income of the household and the percentage that said household pays for real property taxes.

City of New York, and the counties of Nassau, Suffolk, Rockland, Westchester, Putnam, Orange and Dutchess

Household Adjusted Gross
Income Tax

Maximum Real Property Tax

\$120,000 or less	Real Property taxes paid in excess of 6% of said income can receive a personal income tax credit of 70% of the overage.
\$120,001 - \$175,000	Real Property taxes paid in excess of 7% of said income can receive a personal income tax credit of 70% of the overage.
\$175,001 - \$250,000	Real Property taxes paid in excess of 8% of said income can receive a personal income tax credit of 70% of the overage.
\$250,001 +	No credit.
All other counties in the State	
Household Adjusted Gross Income Tax	Maximum Real Property Tax
\$90,000 or less	Real Property taxes paid in excess of 6% of said income can receive a personal income tax credit of 70% of the overage.
\$90,001 - \$150,000	Real Property taxes paid in excess of 7% of said income can receive a personal income tax credit of 70% of the overage.
\$150,001 - \$250,000	Real Property taxes paid in excess of 8% of said income can receive a personal income tax credit of 70% of the overage.
\$250,001 +	No credit.

To qualify, the taxpayer must have resided in the home for not less than five years. Also, the taxpayer may still benefit from the Basic STAR exemption or the Enhanced STAR exemption for senior citizens. The credit will equal seventy percent of the taxes paid over the allowed percentage cap as provided in the bill.

SECTION 2: Contains the effective date.

JUSTIFICATION:

With the increased reliance on the real property tax for local government revenue, some homeowners are facing sky-rocking real property tax bills as a result they are often faced with the serious threat of defaulting on their property taxes and/or seriously consider selling their homes. This legislation seeks to establish a cap on the maximum real property tax paid for New Yorkers who have a household adjusted gross income of \$250,000 or less. This proposal is a viable alternative response to the serious problem of high real property taxes.

PRIOR LEGISLATIVE HISTORY:
A.11551 of 2005/2006

FISCAL IMPLICATIONS:
To be determined. Local fiscal implications are none.

EFFECTIVE DATE:
January 1st after which this legislation has been signed into law.

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