



Testimony of the New York State School Boards Association

Senate Standing Committee on Veterans, Homeland Security and Military Affairs

Public Hearing: To explore tax policies, housing programs and consumer protections aimed at assisting our current service members and our veteran population

Submitted May 16, 2016

The New York State School Boards Association appreciates the opportunity to submit testimony to the Senate Committee on Veterans, Homeland Security and Military Affairs, Chairman Croci and Co-Sponsor Addabbo, on behalf of the more than 650 local school boards we serve.

In late 2013, the legislature adopted and the governor signed a State law that authorized the extension of an existing alternative veterans tax exemption to school property taxes. This exemption, when applied, effectively reduces the amount of property taxes otherwise paid by residential property owners who served during periods of conflict from the Spanish-American War through the first Persian Gulf conflict. Prior to that time, the alternative veterans tax exemption was only applicable to county, city, town and village taxes.

Veterans and service members are deserving of respect, gratitude and recognition by all citizens. However, it is important to acknowledge that exemptions such as this do not lessen the overall tax levy, they merely redistribute it to other tax payers; some of whom are ill positioned to afford it. NYSSBA supports the desire of the state, to recognize our servicemen and women, but continues to oppose the creation and expansion of programs that result in the redistribution of the tax burden.

The alternative veterans tax exemption is just one of many property tax exemptions authorized by New York State. Perhaps most notable for school property taxes is STAR, which applies to the primary residence of taxpayers who earn \$500,000 or less annually. STAR also provides additional levels of exemption for seniors, again with certain income limitations. However, STAR is fully-funded by the state. This means the total dollar value of taxpayer savings generated through STAR is paid by the state to the school district. This is important because any property tax exemption that is not funded or reimbursed by the state must be paid for by other taxpayers within the taxing entity. Unfortunately, this is the difficult situation created by the current alternative veterans tax exemption. Many school boards have voted to grant the alternative veterans exemption, despite divided opinions within their district.

If and when the alternative veterans exemption is offered by a school district to eligible residents, school districts are placed in the difficult position of either cutting programs and services available to their students in order to accommodate the reduced revenue or raising taxes on the remaining taxpayers. In addition, when the tax burden is shifted, it is both residential and commercial taxpayers

that end up paying more. Because the exemption is only available to residential taxpayers, commercial taxpayers can only be negatively impacted. This can be challenging for school districts, especially in areas of the state already experiencing dwindling commercial investment.

The current structure not only presents difficulties for taxpayers who do not receive these exemptions, but also creates inequities for eligible veterans throughout the state. Because the exemption is offered by the local taxing authority and not the state, veterans in neighboring school districts can receive vastly different benefits, if any at all. In fact, multiple veterans groups have expressed opposition to the current exemption structure, instead preferring a tax exemption system that would be offered and funded by the state. This would help ensure that all eligible veterans are able to receive these benefits without undo financial harm to their non-veteran neighbors.

Many school boards want to be able to recognize veterans for their service and dedication. At the same time, it is important for tax policies to be fair for all residents of the state. A state funded veterans property tax exemption programs achieves the goal of providing such a benefit to veterans without shifting the resulting tax burden to other residential and commercial taxpayers within the district. NYSSBA supports legislation, including S.1699-A (Carlucci)/A.966-A (Abinanti), which reflect these principles.

NYSSBA encourages legislators and other policy makers to pursue such efforts and stands ready to assist in that process.