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Press Releases | Public Addresses | Executive Orders | Press Kit | Reports

Home > Newsroom > Press Releases > 2010 > NY Democratic Candidate for Governor Embraces Gov. Christie's Bipartisan Cap 2.5 Reform Agenda

NY Democratic Candidate for Governor Embraces Gov. Christie's Bipartisan Cap 2.5 Reform Agenda

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Trenton, N.J. - Just weeks after Governor Chris Christie announced his Cap 2.5 Reform Agenda to bring real property tax relief to New Jerseyans, a Democratic gubernatorial candidate in New York is embracing Governor Christie's approach to cap property taxes, control skyrocketing costs, and make services affordable for taxpayers again. While announcing his candidacy for governor of New York, state Attorney General Andrew Cuomo released his plan to cap property tax increases, including key elements of Governor Christie's well-received plan:

- He proposed capping state spending and limiting local property tax increases to no more than 2 percent annually. (Danny Hakim and Nicholas Confessore, "Cuomo Opens Campaign for New York Governor," *New York Times*, 5/22/10)
- Cuomo supports capping local property taxes at 2 percent a year or the rate of inflation. (Michael Gormley, "Cuomo announces campaign for N.Y. governor," *Associated Press*, 5/22/10)
- Cuomo said he wants to cap state spending, cap property taxes at 2 percent or the rate of inflation and will proposed a freeze on state worker salaries. "I respect the state workers and I respect their unions, but we simply can't afford to pay benefits and pensions that are out of line with economic reality." "Every company and family has gone through it. Government must spend less and operate better," he said. (Chris White, "Cuomo announces candidacy for governor," *CBS-6 WRGB*, 5/23/10)

Andrew Cuomo 2010 Issues and Agenda Website Page

We must get our State's fiscal house in order by immediately imposing a cap on state spending and freezing salaries of state public employees as part of a one-year emergency financial plan, committing to no increase in personal or corporate income taxes or sales taxes and imposing a local property tax cap.

Impose a Local Property Tax Cap

Spending must also be controlled at the local level. While others have proposed a cap on just school property taxes, the fact is all local property taxes are going up at rate much faster than inflation. For the five years from 2002 to 2007, inflation ran at 2.9 percent annually, whereas property tax revenues increased at higher rates for every major class of local governments. For counties, the average annual increase in property taxes was 5.7 percent; for cities it was 5.1 percent; for towns 5.6 percent; for villages 6.2 percent; for school districts 7.5 percent; and the highest rate of increase was actually for fire districts, at 7.6 percent.⁴⁰

The local property tax cap would apply to all school districts and local governments and would be set at the lower of the inflation rate or two percent. The cap would work as follows:

- Any property tax levy increasing above the inflation rate would be prohibited, unless endorsed both by the local governing board and by a 60 percent majority vote. For schools, this would be part of their regular budget voting process. For other municipalities and special districts, a referendum would be required on an exception basis, in circumstances warranting a property tax increase above the cap, preserving local control and an appropriate escape valve. These budget votes by municipalities would be similar to current requirements for voter approval to establish and spend from certain reserve funds.
- Only limited exceptions would be allowed for the cap, such as one-time needs for large legal settlements or extraordinary capital expenditures.
- Counties would also be covered, but with appropriate exceptions for state mandated social service programs that are not capped (as Medicaid is), and which represent a major share of their budgets. State agencies overseeing such programs would have to annually report on increases in spending in those programs and be charged with finding ways to control costs and local contributions for the programs to ensure that their growth rates are below the cap.
- All local governments would be covered, including fire and other special districts. The cap would apply directly to independent special districts and to town or county component special districts as part of their parent municipalities' tax levy. Thus, towns would be responsible for special service districts that they control, but not for those that can independently set their own levies.
- Exceptions or adjustments would apply to consolidations of services (so that the cap would not discourage a county or town from taking on consolidated services from other localities or special districts). In fact, the cap may well encourage cost saving consolidations, where existing arrangements prove to be too expensive for the new discipline.

Source: *The New NY Agenda: A Plan For Action - Get Our Fiscal House In Order*. Pages: 42 - 45

On May 10th, Governor Christie introduced a 33-bill package of reforms to bring real, long-term property tax relief to New Jersey families by capping property tax increases at 2.5 percent and giving local governments the tools to control skyrocketing local costs. Learn more about the Christie Reform Agenda at the Governor's Cap 2.5 Reform Agenda Website.

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Press Contact
Michael Drewniak
609-777-2600



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Office of the Governor
PO Box 001
Trenton, NJ 08625
609-292-6000