

HOMEOWNERS TAX REFORM COMMISSION

of the

SUFFOLK COUNTY LEGISLATURE

Minutes

A regular meeting of the Homeowners Tax Reform Commission of the Suffolk County Legislature was held in the Rose Y. Caracappa Legislative Auditorium of the William H. Rogers Legislature Building, Veterans Memorial Highway, Smithtown, New York, on Tuesday, May 2, 2006.

MEMBERS PRESENT:

Legislator William Lindsay • Co•Chairman

Legislator Lynne Nowick • Co•Chair

Robert Lipp • Principal Economist • Budget Review Office

Ester Bivona • Suffolk County Tax Receivers

James Kaden • Nassau•Suffolk School Boards Association

Gary Bixhorn • Eastern Suffolk BOCES

Daniel Bahr • New York State United Teachers

Joseph Sawicki, Jr. • Comptroller • Suffolk County

Lisa Tyson • Long Island Progressive Coalition

Phil Ammirato • Suffolk County National Bank

Celine Gazes • New York State Government Officers

Nicholas LaMorte • Local 1000

Mitch Pally • Long Island Association

Gregory Hild • Suffolk County Assessor's Association

Patrick Byrne • Suffolk County Executive's Designee

MINUTES TAKEN BY:

Donna Catalano • Court Stenographer

(*THE MEETING WAS CALLED TO ORDER AT 10:11 A.M.*)

CO•CHAIR LINDSAY:

Okay. Ladies and gentlemen, we're going to convene the first meeting of the Property Tax Commission. I'm Legislator William Lindsay, I'm the Presiding Officer of the Legislature, and directly to my left is Legislator Lynne Nowick, and we will act as Co-Chairs of these Commission meetings. We intend to be at every one of them.

There is a bit of a difference between a committee and a commission. A commission is much more formalized process, and hopefully because of that formality, the findings of it will be taken more seriously. In light of that, to be on a commission, you have to take an Oath of Office. And with us today is the Clerk of Legislature, Mr. Tim Laube, who is going to administer the Oath of Office to all of us as the first order of business. And immediately after he administers the oath, there will be two ladies working from either side that are notaries that will ask to sign the papers making you a Commissioner and will notarize it as well. So if we could get this formality out of the way, maybe we could start talking about taxes.

MR. LAUBE:

If you don't mind, please stand up, raise your right hand and repeat after me. I do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of New York and that I will faithfully discharge the duties of the office as a member of the Homowners Tax Reform Commission. Thank you. Now they will come around, and one by one, you will sign. They will witness your signature and then stamp the oath, and we will be on our way. Thank you.

CO-CHAIR LINDSAY:

While we are doing that, if you don't mind, I'm going to go over some housekeeping items as well as some opening comments, and they will be brief. If anybody would like coffee, or with the coffee, we have Girl Scout cookies. If you don't eat the Girl Scout Cookies, you won't be invited back, because we brought a plethora of them, and that's

out the door to my left and a right and just follow your nose and you'll smell the coffee, the kitchen is right there. Restrooms are a little bit further up the hall, if you need facilities. There will be aides available if you need paper or pen, water. Or whatever you might need, just raise your hand and someone around here will come over and give you a hand.

We fully expect that every one of you attend every meeting if possible. If not, please send an alternate that will be authorized to speak on your behalf. We envision the meetings to last between two and three hours, absolutely not more than three hours. We would very much like to start on time, so if you could be prompt, it would be greatly appreciated in assisting everybody else's busy schedule. I know this is a very distinguished group of people that we've gathered around here and everybody's time is important. So your promptness would definitely appreciated. The meetings will be open to the public, so anything that you do say, there will be a public record of it. As you might notice, there is a stenographer, and there will be a verbatim record kept of the proceedings. And it will be available at some point in time, don't ask for it tomorrow.

Also, Kara Hahn, Kara Hahn is our Communication Director and during the course of the morning, you'll see that she'll be acting as a scribe and taking electronic bullet points on the board, that we should be able to have for you at the end of the meeting that you could look over as well.

Also with us this morning is Terry Pearsall, my Chief of Staff. If you need anything, please see Terry and Greg Moran, who is on Legislator Nowick's staff, and they'll give you a hand as well. This auditorium, there is a no•cell phone ban. If you must have your cell phone on, we ask that you put it on the quiet mode. If your office needs to get a hold of you, on this packet in front of you on the top left•hand corner are the phone numbers here. If your office needs you, we will be happy to transfer a message to you or if you have to step out of the room to make a phone call, it's certainly understandable, provide you a with phone. Cell phones in this auditorium very often will ring, but you can't get reception, so it doesn't do you much good anyway, there's too much steal in the building.

With that, I'm just going to make a couple of brief remarks, and then we are going to go around the room and everybody is going to introduce themselves and what organizations you represent. Rather than me introduce everybody and mess up your name, I'd rather have you do it yourself. I think that •• I don't think there's anybody around this table that doesn't realize that property taxes in our County is a very, very serious problem. We have a number of charts and tables and you're going to see more charts and tables when Robert starts his Power Point presentation.

But the one that certainly affects myself and Legislator Nowick and our Comptroller, Mr. Sawicki as elected officials is the chart right over there in the corner that Kara is displaying now. It's really a poll of our citizens, and it simply asks in your view, how serious a problem are high property taxes in Nassau and Suffolk Counties, it's also on the overhead. And it shows that 39% of our citizens think it's an extremely serious problem, and 42% think it's a very serious problem. Polls are great and whatever, but all we have to do is see the statistics of the young people in our County and how rapidly they're leaving Suffolk County to know that their voicing their opinion with their feet. They're moving to other parts of the country, because they really have a hard time establishing a family in our portion of this country. It's something that really we should all be concerned with.

When myself and Legislator Nowick originally presented this legislation, I was at a public meeting that Congressman Israel was holding about schools in general, and I had a fellow from a school board who got up and really took off the County Legislature, you know, they're sticking their nose in something that doesn't concern them, that they don't have authority over. That really isn't anything unusual around here, we do that all the time. But how dare they, they're going to point blame. What this Commission is about, it is not about the expense side of the problem with the schools and school taxes, it's simply about the financing end. It isn't to point blame at anybody, but it's to brainstorm with the leaders of the Suffolk County community to see if we can suggest a better way.

And why Suffolk County? It's clearly in the jurisdiction of the taxing districts; the school district, or the State Legislature. Why not them? Why us to lead the way and to point out solutions? And the reason is simply this. The school districts by nature are small in geography and do not have the influence that it will take on a more regional basis to affect change. And the state is just the opposite, it's too large. And at times, I think we get lost with our problems in Nassau and Suffolk County among the maze of the problems with Upstate, New York and New York City. And I think that, and I hope Legislator Nowick agrees with me on this, is that by us taking a step back and looking at it logically as a problem and with the help of this Commission, maybe we can come up with something that will work.

In front of you is a packet full of information on the subject. Some of it's recent, some of it is old studies and old commissions that have done just the work that we are about to undertake now. Solutions that were looked at maybe six or seven years ago and discarded, we might want to look at again, because that might not have been doable at the time, but in the light of the atmosphere and the climate in Suffolk County today, we might want to rethink them as well as any new thoughts that we might have on changing the system.

There is an absolute real concern for the hardworking homeowners just trying to make ends meet. In recent years, the problems have been exacerbated by double digit district •• school district tax increases across the Island. Even though across Long Island this year have submitted the proposed tax increases in seven years, school taxes Island •wide would rise 6.2% on average, and next year 7.3% in Suffolk County. If budgets pass on May 16th, taxes would continue to rise faster than inflation in most districts. And of course, there's still a few districts out there that are high up in the double digit range. The one district in Suffolk, East Moriches, is proposing a 33.42% tax increase, which is an average increase of around \$2200 per home. And that will bring the average household school tax bill in the district to almost \$10,000. And there's a few others as well.

The problem is serious. Everyone has to weigh in. These tax increases are chasing people away in droves as I mentioned. The largest portion of a Suffolk resident's tax bill is school taxes, about 66.5%. Again, Kara has a pie chart that will be available to take a look at it. This is not just happening on Long Island. There are taxpayers across New York State that have joined together through the Property Tax Reform Now Coalition to demand an end to the property tax nightmare. Something that I mentioned before are solutions that were looked at five years ago and weren't paid much attention to, might today be something that people might want to embrace that they wouldn't a few years ago.

The Suffolk County Legislature established Homeowners Tax Reform Commission to examine alternatives to property taxes. This Commission will investigate various options, including the potential to replace the real estate taxes for an owner-occupied single family homes within an income tax or other revenues producing alternatives. This Commission will take an open and honest look at all of the alternatives. The Commission is required to hold at least three public hearings throughout Suffolk County to ascertain the views, wishes and opinions of the residence.

There is a full schedule in your packet of the meetings; both the public hearings as well as Commission meetings. The Commission by statute will expire on September 25th. It is my hope that we will have a report that at least the majority of us could sign onto making certain recommendations. By that time, however, if that is not doable, myself and Legislator Nowick are prepared to submit legislation to extend the term of the Commission. If there is a need for additional meetings besides the ones outlined in the agendas, we will address that as we go along.

The format that we would like to use is •• in a few minutes I'm going to go around the horseshoe and ask you all to introduce yourself and what organization you represent. And this morning we have a presentation from Robert Lipp, who is an analyst with our Budget Review Office, which will be assigned to this project. And our Budget Review Office is filled with some very bright people that are all economists. And Robert will give

us his •• try and lay out the problem. And then we're going to go around the horseshoe and start gathering your thoughts on the subject individually, and hopefully give us all some food for thought that when we convene at the next meeting, we could come back with maybe a new perspective or a reinforced perspective of what we feel already. And at the next meeting, we are going to have a presentation from the Long Island Association's Economist, Pearl Kamer, who is also well versed on this subject and has studied this subject for a long time.

So without monopolizing the whole agenda, I'm going to ask my Co•Chair Legislator Nowick if she would like to •• when you speak, if you don't mind, if you speak into the microphone for the stenographer's purposes. There is a little button on the top, if you just pull it forward, it will turn the mike on.

CO•CHAIR NOWICK:

Good morning everybody. I think Legislator Lindsay has gone over most of the housekeeping and the intent of this legislation. I just wanted to take a minute also to say thank you to all of you, because this is a commitment, this is going to be a little time consuming, but I think that all of us feel that this is important enough to be here. I think that everybody knows that we are in a crisis. I believe that we are in a crisis with our property tax bills. I know myself every time the bill comes to the door, I feel like it's not safe to go back into the water so to speak, it's scary, it's frightening, it's like when the fuel truck comes.

I think together that we could come up with some ideas. I think there's 17 of us, and I think 17 of us are better than just one. Maybe together we can form an opinion and possibly •• and let me just say that there are no preconceived opinions. We are just open. We just want to do due diligence. We want to look into every avenue there is, maybe come up with something. And our hope is at the end, if we do, we can go to our State Legislators, because it's not within the purview of Suffolk County, we can go to our State Legislators and go in strong, and we can maybe appeal to them and ask for the

help we need.

So again, I want to thank you. This is a commitment. And it is a voluntary commitment. So if you're thinking that we're going to be paying you, we're not. Thank you, again. I think this will be fun for all of us.

CO•CHAIR LINDSAY:

If we could keep moving to my left. Ester, if you would like to introduce yourself and the organization you represent.

MS. BIVONA:

My name is Ester Bivona. I'm the Tax Receiver for the Town of Huntington, and I represent the Suffolk County Tax Receivers and Collectors Association.

MR. HILD:

Good morning. My name is Gregory Hild. I'm sole Assessor for the Town of Smithtown. I'm a fill in today for my colleague Michael Bernard, who is the Assessor for the Town of Babylon who is on a well deserved vacation. And we are here representing the Suffolk County Assessors Association of which I am the past president.

MR. BYRNE:

Good morning, everybody. I am here representing County Executive Steve Levy's Office. My name is Patrick Byrne. I'm also President of the Nesconset•Sachem Civic Association, and I also have a financial services business in Commack. And I want to go

right back at Legislator Nowick and our Presiding Officer Lindsay, and I want to thank the both of you in bipartisan fashion for putting this thing together. I think it takes a tremendous amount of courage. And no matter what we get done with this particular committee, I think we're going to get the ball rolling, and I think the taxpayers appreciate the efforts of you two putting this together.

MR. KADEN:

I'm Jim Kaden. I'm Suffolk Vice President of Nassau•Suffolk School Boards Association, we represent virtually all school boards in Nassau and Suffolk County.

MR. BIXHORN:

I'm Gary Bixhorn, and I'm the Chief Operating Officer of Eastern•Suffolk BOCES. I represent the Suffolk County School Superintendents Association. I'm past president of the Association. I was a Legislative Chair of the New York State Council of School Superintendents. I too would like to thank you for forming this commission. I think the charge is exactly on target. And I look forward to working with you in this effort. Thank you.

MR. AMMIRATO:

Phil Ammirato from the Suffolk County National Bank representing the banking industry.

MR. KING:

Good morning, everybody. My name is Bob King. I guess, first, I'm a Suffolk County resident, and I believe everything that both Legislators have said is right on target. I'm also a business owner and a CPA, and i'm here as a tax adviser. And also I enjoy

running races. I've noticed that since I've been 28 years old, when the age group was fairly competitive and fairly packed 15 years ago, no longer is it. I totally echo your sentiments, Legislator Lindsay, that that age group is running with their feet out of Suffolk County. And I think it's an honor to be able to contribute to this very important issue.

CO-CHAIR LINDSAY:

Okay. To my right, Comptroller Sawicki.

COMPTROLLER SAWICKI:

Thank you, Presiding Officer Lindsay and Legislator Nowick and other members of this esteemed commission. We have a lot of work cut out for us. I can just tell you that from the Suffolk County Comptroller's Office, I and my staff are eager, willing and able to play whatever role and offer our financial services and financial expertise, if you will, in County Government toward resolving this major, as Bill pointed out, major, major issue facing all of Long Island, and of course, Suffolk County residents. Thank you, again, for this opportunity.

MR. LIPP:

Robert Lipp, Budget Review Office of the Suffolk County Legislature.

MS. TYSON:

Lisa Tyson, Director of the Long Island Progressive Coalition. I've been working on income tax as an alternative to the property tax for about seven or eight years now. We have a lot of materials on it. We would like to bring in the Fiscal Policy Institute as experts. They've run numbers for us on doing it locally. We're just very happy to be here

today and to have this commission go forward. There's a similar commission in Nassau County that's not as •• as detailed as this commission. And so •• I sit on that commission as well. We're waiting to write a report, so we're really hoping to see how the two actually can go together. But there is definitely a lot of support for moving away from the property tax and really having something that's based on people's ability to pay. So thank you for the commission.

MR. PALLY:

Mitch Pally, Vice President of Government Affairs for the Long Island Association. And myself and Dr. Pearl Kamer will be sharing our seat here on the commission. Bob Lipp and I have been through this once before, as you can see from the front of report to the Legislature in 2000, and we are pleased to share our expertise and analysis of this issue and school district funding issues. In addition to my work at the LIA, I was a School Board member for six years until my community thought I cared more about the kids that I did about them, and that's their choice. But I do have a lot of ideas about what it takes to be funding school districts these days in relation to the real property tax and some of the alternatives. So we're very pleased to be here and look forward to the activities involved.

MS. GAZES:

My name is Celine Gazes, I'm here representing the New York State Government Finance Officers Association. I serve as the Council Chair for the Long Island region.

MR. BAHR:

Good morning. My name is Dan Bahr. I'm the Suffolk Regional Director for the New York State United Teachers. We represent about 31,000 and other school employees in this County. And I thank you for including us on this Commission. Nobody •• nobody can doubt the unanimity of opinion that this is a problem that we have to address, and I

just thank you for including us here. I'm looking forward to being an active partner in this.

CO•CHAIR LINDSAY:

Okay. We got through the introductions.

CO•CHAIR NOWICK:

Just bay way of introduction also, I wanted to mention that I'm also •• I'm a former Tax Receiver in the Town of Smithtown where I served six years with Greg Hild and certainly the Tax Receiver in Huntington, Ester Bivona, so this is not new to me.

CO•CHAIR LINDSAY:

Okay. With that, Robert, if you want to go front and center and start outlining the problem for us.

MR. LIPP:

I'm not doing a Power Point today. I could have, but I'm trying to do twelve things at the same time, so I apologize. We're going to show different tabs in a spread sheet. Just as a little background, I come here with two hats really; I'm a budget guy, because I work for Budget Review Office of the Suffolk County Legislature, so I'm well versed with budgets and my title is an Economist here; and also, I teach among other things, Public Finance over at State University at Stony Brook. So I bring that perspective.

What we have a here is basically food for thought, a list of, as referred to on top, potential

proposals for consideration. These are not, obviously, things that we would necessarily recommend, since we just started the process. In addition, as you can see, the last item, additional proposals that may result from commission deliberations. I'm going to go through each of them.

CO-CHAIR LINDSAY:

Robert, you have to, because the Power Point is too small, you can't see it. You're going to have to read them to us.

MR. LIPP:

Okay. I will read them. The first one is increase the share of public school costs supported by state aid. Next, generate some sort of a supplemental local source of revenue for schools, and I will elaborate on each of them. The third point would be to enact a local income tax to replace the property tax on residential owner-occupied properties. The fourth would be to dedicate and increase in the sales tax for school districts to replace a portion of the property tax. Number five, craft a combination of alternative revenue sources to replace and/or supplement a portion of the school property tax. Number six, enhance the State Circuit Breaker Program, which provides tax credits to low income property owners when they file their state income tax returns. Number seven, regionalize the nonresidential portion of property taxes. Number eight, enact a regional cost of living adjustment for aid to school districts. Number nine, revamp the entire state aid formula.

Ten, consider what role the State STAR Program should play. Obviously, it's a significant factor, so it should be considered, you know, whether you like it or not, want to expand or eliminate it. Eleven, establish uniform assessment standards. And lastly, whatever other deliberations would come out of this forum, we would perhaps generate additional ••

CO-CHAIR LINDSAY:

Robert, before you go forward, Kara, maybe the Commission could have a hard copy of that list that we could look at and take with us.

MR. LIPP:

Let's talk a bit about the problem just to put things in perspective. Just, you know, a couple of simple statistics, not to get into any detail. Property taxes you could look at in terms of the actual tax warrant itself and in terms of average homeowner tax bills. If you go all the way back to 1970, the average •• the property tax increase at a compounded rate of over seven and a quarter percent per year, in comparison, inflation has increased at a compounded rate of four and three quarters percent. So it's obviously outstripping inflation.

If we continue to grow at this long term growth rate, we will observe a tax warrant that at present is \$4.1 billion, which includes all taxing jurisdictions; schools, towns, special districts, sewers, with the exception of villages. Why the exception? Because the villages report to the state on their own. I get the data on every other municipality, because all other taxing jurisdictions have to report to the County. But it's just small difference.

Anyhow, based upon the long term growth rate, we would be •• our tax warrant would increase from 4.1 to over five billion by 2009 and to over six billion by 12. What people like to look at is, well, I can't understand four billion, five billion, \$6 billion, what does it mean in terms of an average tax bill? Since 1970, it's increased at a compounded growth rate of over 5.6% as opposed to the warrant itself, 7.28%. What's the difference? Development. As, you know, there's more development than, obviously, if you had a fixed tax warrant, then you would be distributing over more tax property

owners and ones that had higher assessments.

Once again, that's still above the inflation rate long term. In 2006, the average, according to my analysis, average homeowner tax bill was \$7,237 in Suffolk County. If we use long term trend growth of 5.6%, the •• over 7000 would grow to over 8000 by 2008, over 9000 by 2010, and we would exceed an average of over 10,000 by 2012. So we're not talking the highest or the lowest area or homeowner, but we're talking about an average. So that's the •• sort of the problem statement, if you will.

Okay. Let's look at •• let's look at each of the individual proposals. The first proposal listed •• oh, yeah, by the way, actually, why don't we go to proposal twelve first simply because that will set sort of a better understanding? Proposal twelve is whatever additional proposals we might come up with here, okay? So the first eleven here are things that I am ••

CO•CHAIR LINDSAY:

Robert, just to stop you for a minute. Rather than anybody get eye strain, I'll make sure that you have hard copies of everything that Robert's taking about, okay? So Just listen.

MR. LIPP:

These proposals, the list of proposals and the analysis that I'm speaking to here are not meant, and I can't say this enough, not meant to be endorsement of any position, but simply offered for discussion purposes and consideration. And actually, it's fine by me if you totally disagree with some of the things I say. That's great, you know? Let's, you know, flush it out. It's good to air out, you know, all our thoughts. I'm providing a perspective here that you may or may not agree with, and we can have an open dialog about that, that would be great. So that's the idea behind item number 12. Hopefully,

we'll come up with some alternatives.

Let's look at the first one. Increase the share of public school costs supported by the state. It's been a long time since I looked at this number. Perhaps Gary Bixhorn could help out here. I know we are clearly under 40%, but I don't know how under. Are we ••

MR. BIXHORN:

The state•wide average right now is about 37%.

MR. PALLY:

Bob, let me put it to you this way. Long Island has 17% of the school students and gets 12.8% of the state aid for education, okay?

MR. LIPP:

So we're probably in the low 30s would you say?

MR. BIXHORN:

It varies dramatically district by district.

MR. LIPP:

I'm talking in average.

MR. BIXHORN:

Right now in Nassau and Suffolk county, I think it's about 27% on average.

MR. LIPP:

All right. So we're under 30%, not under 40%. The national average six years was 46%. I haven't had the opportunity to update these numbers.

MR. BIXHORN:

There's always another side to the story. A lot of that share discussion depends on how you treat STAR, which I think is one of the other points you're going to get to, and I think that's an important point.

MR. LIPP:

Yes. Okay. In terms of the support for increasing state aid, we can argue that we should approach •• the State of New York should follow suit with the rest the country. And if that national average still is 46% or whatever it happens to be currently, then the state should up the ante to that amount. In addition, an old report by State Teachers Organizations have suggested a 50% share. So obviously, that would be sort of an easy sell, if you would. At the risk of stating the obvious, though, these sorts of recommendations typically fall on deaf ears, that is, the state is concerned that even though they've had some increase in their commitment to schools, just throwing more money at it would perhaps be an incentive to increase cost. So that's •• and also, you know, it could take away from other programs. So while it's a good idea locally and perhaps most people might agree with it, obviously, we've been going in the other direction.

So we could recommend that, but we're not talking about a high probability of it being successful. But I think that's something that we need to speak to in greater length. As an alternative to this, we may want to recommend coming up with a local source of funding to rectify any problems associated with it, with the fact that the state is not providing significant assistance.

MR. PALLY:

Can I add something on that aspect? Do you mind? Do you want to do it while they're doing it, or do you want to wait until the end, Bill?

CO-CHAIR LINDSAY:

No, I don't mind at all, just as long as everything is directed through the Chair so we're not all talking at once. Go ahead.

MR. PALLY:

Okay. This is a very, very important issue, and it has to be looked at from Long Island's share issue. Long Island at the moment sends three and a half billion dollars more to Albany than it gets back every year, three and a half billion dollars. We have 17% of the school children, we get 12.8% of the state aid, 12.8%. In fact, this year, if you look at the 2007 budget, Long Island still gets 12.8%, and what they did to give Nassau County an extra two-tenths of 1%, is they took it from Suffolk County schools. Suffolk County schools this year actually get less money as a percentage of all the schools in the bicounty than they got last year, because they gave the money to Nassau County.

It results in approximately Suffolk County schools being short•changed by the State of New York to a number somewhere in the vicinity of \$350 million if all we did was get our share. Nassau County, in fact, is worse when you look at the numbers, but Suffolk County •• so taking \$350 million and putting that in some distribution to the school districts in Suffolk County would by itself significantly reduce your real property taxes from your school district, if that's all you did.

So from our perspective, this is not an issue we should very lightly set aside. This is a fairness and equity issue for the taxpayers of the Long Island, more importantly here, the taxpayers of Suffolk County. And it is something which we believe very strongly Long Island and Suffolk County has to play a much greater role in. All we're asking for is our share of the money we send to Albany. We're not taking it from any place else, all we're saying is give us back the money we are sending, we'll spend it on our schools, and we will be able to significantly reduce our real property taxes.

CO•CHAIR LINDSAY:

Thank you, Mitch. Joe Sawicki would like to say something.

COMPTROLLER SAWICKI:

Very interesting, Mitch. It brings back memories of many discussions and debates we had when I was in the Assembly back in the '80s and even going back then, here we are 20 something years still, and we're still later arguing and debating the same points. And it's so frustrating, Long Island is always considered the wealthy, quote, unquote, stepchild of the State of New York. We're constantly battling the Upstate needs, as you know. We're constantly battling the City needs, as everyone here knows. If you were •• just curious, Mitch, if you were to take that \$350 million figure and spread it across Nassau•Suffolk, that would, in effect, what you're saying, equalize the ••

MR. PALLY:

The \$350 million is just the amount Suffolk County losses.

COMPTROLLER SAWICKI:

Just Suffolk County?

MR. PALLY:

Nassau County actually losses \$550 million. They are actually in a worse shape as a percent of state aid to their school districts than Suffolk County is.

COMPTROLLER SAWICKI:

And that's all based on a proportion of using the student population.

MR. PALLY:

Based on a proportion of using the student population, as New York City has clearly shown in the CFE case, okay, New York City actually gets more money from the state now than it has percentage of students, and it has done that for the last five years. Long Island does not, has always gotten the 12.8%, while our enrollments continue to increase and has been put at a competitive disadvantage. And this is separate and apart from the issue that Bob will get to of regional cost factor. We're not even talking about regional cost factor here, because the same dollar on Long Island buys you a dollar forty in Upstate, New York. The same dollar buys you a dollar down here. So we're not even talking about the issue of regional cost factor, we're just talking about the issue of dollar for dollar Suffolk County is short•changed \$350 million by itself for schools.

COMPTROLLER SAWICKI:

So across Long Island, you are basically saying there's a disparity of almost a billion.

MR. PALLY:

Almost a billion dollars.

COMPTROLLER SAWICKI:

Wow. Now, Mitch, where would you •• if you were the Governor of the state •• I don't mean to go too far off on a tangent •• if you were the Governor of the State or the Majority Leader of the Senate or the Speaker in the Assembly, where would you propose •• realistically or practically, where do we •• where do they get that money to give back to Long Island to equalize us?

MR. PALLY:

Obviously, that's an issue of priorities in those elected official who are sent to Albany and made those decisions. I can tell you that there are a wide variety of options in doing that. In fact, today, County Executive Suozzi, who is running for Governor, is putting out his own plan on how to do that. He believes he can find it from overreaching in the Medicaid Program. Now, whether you agree with that or you disagree with that, at the moment, the Medicaid Program in the State of New York takes up 47% of the entire state budget, 47%. As I said, whether you agree with that or disagree with that, that is an option which is there, and there are a variety of other options, which can be provided, but, you know, the question is whether or not we are going to make the real property tax reform a major issue, and that's the simplest way to do it, is to have Long Island get its fair share back.

COMPTROLLER SAWICKI:

One quick •• one last question, if I may, Mr. Presiding Officer.

CO•CHAIR LINDSAY:

Yes.

COMPTROLLER SAWICKI:

If you were to take that one billion dollars or say 350 for Suffolk, Mitch, what would that translate into in term of an average reduction of property taxes per home?

MR. LIPP:

I could tell you right now. I just made the calculation. If you look up on the board, the \$350 million would amount to \$630 to the average taxpayer or 8.7% of the their 7,237 average bill.

MR. PALLY:

But that's only •• but you can't •• the \$7000 bill includes the County and the state as part of that. We're just talking about money to the school district, but I guess it works out in the same way.

MR. LIPP:

As Joe Q. Property Owner, all I care about is what my overall tax bill is.

CO•CHAIR LINDSAY:

Okay. Before we get too far adrift and spoil Robert's presentation any more, but just to answer Joe's question of maybe where to get the money, maybe instead of sending a rebate a month before the elections to every voter, you know, it might be more practical to give some relief in that ••

MR. PALLY:

That might be one option.

CO•CHAIR LINDSAY:

Pat Byrne.

MR. BYRNE:

Thank you, Robert, this information is great. Being a financial planner and also being a guy that just found out I have a child on the way, is there a way •• back a few pages it shows •• I think you calculated out to around 2012, is there a way to bring the damage out 20 years just to kind of get an idea?

MR. LIPP:

Sure. But off the top of my head, it will take me a few minutes.

MR. BYRNE:

It's probably going to be a scary number, I would imagine.

MR. LIPP:

Well, I think what we're talking about here is it seems to be going up every two years another thousand dollars. So we're talking about going out another eight years or another \$4000, so from ten to \$14,000.

CO-CHAIR LINDSAY:

Lisa Tyson is next.

MS. TYSON:

We take a little different angle at looking at the state aid formula for education. And one of our goals, we're part of a state-wide alliance, Alliance for Quality Education, and we're looking at changing the state aid formula to be based on needs. Right now, it actually makes no sense where the money goes. We do agree there needs to be a regional cost factor put into that, and looking at the CFE case, the Campaign for Fiscal Equity case, in New York City, which basically for those that don't know, was a city student saying that the state is not educating to what the Constitution says. And the Court has agreed, and it's been in the courts since then or really talking about a remedy.

But basically it needs •• the state aid formula needs to be based on needs. And I think that's something that here around this table, we need to really think about needs, and, you know, let's say, you know, some people say let's just move to straight income tax, you know, your community pays an income tax and it goes straight back to your community. Well, what would happen to an area, a very poor neighborhood, in a situation like that? So we want to make sure when we talk about school aid formula, when we talk about education needs, we have to be talking about needs and we have to make sure that we think about all the different school districts, not just the wealthy ones, not just the poor ones, but all of them.

So, you know, we really hope that •• we do believe the very best thing to do here is to get the state to pay its fair share of education. It used to be about 50% the state paid. Now it's much lower, as we see, and it's continuing to shrink. So I think •• but we look at it from the state•wide perspective, not just from the Nassau and Suffolk perspective. We think education is a state•wide requirement of the Constitution, and every child, regardless of the community that they live in needs to get a really quality (sic) education.

CO•CHAIR LINDSAY:

Okay. Just a couple more comments, and then he has ten points. Gary Bixhorn.

MR. BIXHORN:

I think Mr. Sawicki made an important point when he talked about the dynamic in Albany and the majority of Long Island in Albany. We have done a lot of work looking at the wealth of Long Island and the wealth of the school districts on Long Island, and most people don't realize that in Suffolk County, over 60% of the kids are enrolled in a school district with a combined wealth ration below the state average. Now, that is not adjusted for regional cost differences or anything else. We have a lot of very large property•poor school districts that really have to depend tremendously on state support. So I think the perception and the reality as far as Suffolk County is concerned is not close to a match,

and I think that's an important point that this commission can help emphasize.

CO•CHAIR LINDSAY:

Jim.

MR. KADEN:

Yeah, I just wanted to follow up a little bit on that with how the state determines its share, and he mentioned combined wealth ratios. The state uses a combination of income wealth and property wealth, and it's that recognition of property wealth that really hurts our region in particular. We have very high property wealth, but yet you can't cash that in or pay your tax bill with it unless you sell your house. And I think that's a point that needs •• we have to focus on either removing that from the formula or in some way compensating for that, because if your income were to go up at double the rate of inflation, you wouldn't think it odd that your property tax went up or your income tax went up at double the rate of inflation. Well, on Long Island, the property values have gone up at double rate of inflation, and yet you still can't pay your tax bill. And it's creating a tremendous burden on the residential taxpayers and commercial taxpayers as well in our region.

CO•CHAIR LINDSAY:

Dan, did you want to say something?

MR. BAHR:

Really quickly. I know you want to move the program along. Lisa, right? I think that one of the things that Lisa said is incredibly important, we've got to determine whatever

recommendations that come out of this commission, what the impact of those recommendations are. And you cannot disregard need. There is an enormous achievement gap in this state between the kids that go to poor •• poor districts as opposed to wealthy districts. And I know our organization is now on a campaign to address that achievement gap. And unless that issue is addressed and the funding formula changes or whatever we come out with, we're missing the boat, and it will still be a failure. So I thank you for that comment. We absolutely endorse it.

CO•CHAIR LINDSAY:

Go ahead, Rob. Speak quickly before someone else raises their hand.

MR. LIPP:

Not a problem. Everybody has great ideas. I just wanted to skip over to potential proposal number nine, because that was what was spoken to, that is that there's a need to perhaps adjust the state aid formula, that it perhaps at best is confusing and internally inconsistent, without go into specifics. I think, you know, regardless of what your view of the aid formula is, it's so convoluted that you probably wouldn't even want to admit to it if you understood it, because it is so bizarre. So that's something that should be in some way addressed by the commission.

But I think once, again, just like the first one, you're talking about, well, you know, we've been down this track before, and the state just simply hasn't been interested, hello, okay? Which bring us to the second potential proposal to generate a supplemental source of revenue for schools. School districts account for about two•thirds or 2.7 billion of the almost \$4.1 billion tax warrant in Suffolk County. One contributing factor is that other than state aid, school districts are forced to rely on property taxes to pay for expenses. The towns have the mortgage tax, the County has the sales tax. There are viable alternatives to the property tax, which keeps growth in property taxes a little lower at other levels of other taxing jurisdictions.

As such, an argument can be made, you may agree or disagree, for coming up with a supplemental source of revenue for schools. Possible alternatives would include as follows: A revenue raised from the 1% existing mortgage tax, most recent period, \$137.4 million; the current mortgage tax, 51% goes to the town and villages, 47% to the MTA and a small amount to state mortgage agency. So that's •• you know, for every 1%, there's \$137 million there. Next is the deed tax, also referred to as a real estate transfer tax. That raises \$99.9 million, and that's a portion of property values, like, I think, 400 per thousand or something like that.

Anyhow, next, there's a local lottery that would be a potential source of revenue. Probably would be very popular here, but perhaps wouldn't be meet with •• on deaf ears in the State of New York, because we'd be sort of cramping in on their action. But that's something of interest that we might want to consider. As part of any proposal to add one or more supplemental local sources of revenue for schools, we would have to consider crafting some sort of formula to restrict or cap property taxes. So it's sort of an interesting point, you know, that we could actually have some very good discussion on this one, I think. Can I go on to the next? Okay.

Now I know some people are going love me and some people are going to loathe me here. So, you know, just •• we will have to talk about this. The next one is local income tax to replace property tax. And the replacement here is on owner•occupied properties. The good part about it is income taxes are progressive, okay? So that's more equitable. I don't think anybody would doubt that. The idea about only replacing the property tax on owner•occupied properties is really a killer if you don't restrict to that, because all of the second homes out east. So basically, the value of taxable property would want •• if we eliminated property taxes on seconds homes, the value of property out east that would be taxable would be reduced substantially. So that would probably be a deal breaker.

MR. PALLY:

Bob, you don't •• you don't mean owner•occupied homes, because second homes are owner•occupied. You mean where your place of residency is?

MR. LIPP:

Yes.

MR. PALLY:

Okay. Those are two different things.

MR. LIPP:

Bad choice of words.

MR. PALLY:

Okay. That's what I thought you meant.

MR. LIPP:

So you would have to show proof of residence. Thank you for the clarification. The counter argument. The counter argument is that a local income tax may, not should, but may, not would, but may be in efficient, and it may have •• and therefore, it could have an adverse impact on the local economy. And in addition, it's not clear, at least to me, that it is more equitable. There are only two things you need to know in life, and the two things are efficiency and equity, okay? Once you know that, it's all done, okay?

The equity thing we've spoke a bit about, but let's talk efficiency first, okay? Okay. A major motivation for replacing the property tax and the two big sources of revenue on Long Island would be an •• potentially could be an income tax or a sales tax. The problem in doing this on Long Island is that we are •• we have very high levels of both income tax and sales tax as well as property tax. So often what happens is, if you •• if you replace one tax with another, if it's very low, then it's not going to have a big deal. Like, for instance, 100% tax on a piece of bubble gum. Who cares? But income taxes are very high in New York State. So doing a replacement could result in some significant economic disincentive. And ditto with the sales tax. It's significantly higher than most states. We would have to, you know, like, show that, which wouldn't be a big deal. Exactly what we're talking about. So that's a problem that needs to be addressed.

It's a lot easier sell •• for instance, in Michigan several years ago, they switched from a property tax to a sales tax to pay for some of their schooling. And one of the things that enabled them to do that is they had a relatively low sales tax rate at the time. So there was some wiggle room there. We don't have that threshold here, and that's problematic, okay? Also, an income tax •• welcome to the real world, income tax •• people tend to cheat a lot more on their income tax than their property tax. So one measure of efficiency is compliance. And you don't have that compliance with an income tax as with a property tax, so that's problematic.

Next, there may be a disincentive, especially for wealthy people, to live on Long Island with an income tax, because obviously, it's a progressive tax. And therefore, to the extent that these wealthy people are business owners creates a problem in terms of maybe they would move away. In fact, when we look at the equity issues •• or I'll jump right in now. If I lower your property tax, what do you think happens to your property values? They go up. So here I am, the richest guy in town. Property tax drops, my property values increase. I observe that I have to pay this income tax, which will be higher for me, because I'm the richest guy in town. And as a result, there's a greater incentive for me to cash out with my house and leave the area and perhaps take by

business with me, assuming that I own my business. Equity issues, that's one issue. It's an equity issue in the sense that there will be an unintended consequence in terms of helping wealthy property owners.

On equity grounds, the problem with an income tax, and what we'll see shortly too is a problem with regionalizing nonresidential portion of property taxes, is when you regionalize •• and obviously, if you're having an income tax, you're going to regionalize it, because after all, and I believe Lisa stated this, if you •• if you have an income tax and you just turn and you give it back to each school district in proportion to what the residents in that school district put in, then at the end of the day, what have you done? Nothing other than create another tax. So, you know, it's going to be regionalized, and it has to be distributed equitably.

The bottom line there being that unless you have an equitable formula, then you're back to square one. The income tax itself is not going to be all that equitable unless you clearly have a formula that says, okay, the wealthier districts wind up getting less, the poorer ones, more. Who do you think is going to do the yelling and screaming? The wealthier districts. As we said, it would benefit current property owners, an income tax, simply because you are reducing property taxes.

As for young people looking for their first home and people relocating to Long Island, higher real estate prices and a new income tax would offset a significant portion of any gain associated with property taxes. I don't know exactly what the impact would be, but I do know that that's problematic. That's something we should look at. Renters may also be unfairly burdened. A portion of property tax is implicit in rent. Although rents would go down some, it is questionable as to whether or not they would offset by the income tax burden that renters would have to pay. These are the people who can least afford.

Unintended consequences would be counter to the goal of a progressive tax. And

alternative approach to an income tax would be to enact a more generous Circuit Breaker Program, which I would strongly support. And that provides income tax credits to low income property owners, and is proposal number six.

CO-CHAIR LINDSAY:

Before you go forward, and I appreciate your comments about what you would support, but I think this as well as a lot of the other things that you've outlined deserve serious consideration and serious talk and shouldn't be put aside. And I know •• and to you, Mitch, I know the last time this commission was held, income tax as a replacement for the property tax was looked at seriously, and it was found to have many problems, some that Robert just eluded to.

The only thing I would like us to consider is that the atmosphere from the commission of six or seven years ago is different than it is now, and that I think for every obstacle that Robert points out, I think there can be solutions to that. For example, for the income tax, I think it should be a primary residence, it should exclude •• you know, real estate taxes should be •• continue to be paid on commercial and industrial property and rental properties, I think there should be a minimum and a maximum tax, I think everybody should pay something. If you're reporting no income, I think there has to be a minimum that everyone has to kick into the system. And I certainly think there has to be maximum for our more wealthy people in our neighborhoods or else we're going to chase them out of here. I think that makes sense.

I think whatever •• if it were to go to this, I think it has to be a direct replacement for the property tax. I think if you proposed an income tax and kept the property tax in place, you would have a revolution on your hands. And as far as the observation about the values of the housing increasing dramatically because of the lack of real estate taxes, I'm not sure. Why I'm not sure is because what you're talking about is across the board. If it

was only my home that the property taxes went down tremendously, yeah, the value of my property would increase dramatically. But if it's across the board and everybody's property taxes go down, I'm not the sure that the affect •• the across the board affect on the market will be •• would go up dramatically.

And, you know, one of the biggest problems with this whole issue is how do you distribute the funding. You know, Long Islanders have traditionally loved their school district and don't want to tinker with them, that's part of the problem. Regionalization would create a lot of problems, and I'm not saying that they can't be overcome, it's just something that's going to have to take an awful lot of thought and probably some compromise in the middle. That's just my comments on that.

MR. LIPP:

Just for the record, I don't disagree at all with what you're saying. Number one, we didn't consider it on a primary residence when we looked at it in the Year 2000, so that's a plus. Number two, I have clearly not put any bounds on anything here. One thing that needs to be done is how significant would a price •• would there be in term of an increase in housing prices. That's an empirical question that needs to be addressed. So, yes, there's going to be a lot of give and take. You know, I'm not •• I don't mean this to be, let's summarily dismiss an income tax. It's just that, hey, there's some serious problems, we have to consider all the problems, do go off half•baked and recommend something until we've fully baked it. That's all.

CO•CHAIR LINDSAY:

Legislator Nowick.

CO•CHAIR NOWICK:

Just as a comment, if you agree with me. I think this is one of those subjects where you will go over this peripherally. We will •• I think all of us need to take the time go over each and every bullet that you put out. And I'm sure that one whole meeting, maybe more, will be dedicated to just this one, because I think there's a lot of •• I think between all of us we can come out with the good, the bad and digest it •• and the ugly. Well, we know what the ugly is already. This is something that we really all need to put our thinking caps on. And I'm sure we all can go over each and every one of those. And if that's okay with you, Legislator Lindsay, that would be something I think we have to consider, just the dedication to this.

CO•CHAIR LINDSAY:

Yeah. I think we should have one meeting just dedicated to the problems of replacing the property tax with an income tax. Yes, sir.

MR. KING:

Hi. Maybe •• one of the things that we've been reading a lot in Newsday is cost containment between •• and I think everyone knows what I'm talking about •• there were recently some frauds going on in both Nassau and Suffolk schools. Now, I'm going to put on my accountant's hat. And that was probably due to a lack of internal controls, lack of auditing, lack of budgets. I can tell you as a parent with two kids in school and going to many neighborhood parties and talking to many people with kids in school, and I happen to vote for the budget all the time mostly out of blind love for my kinds, but I can tell you that most parents are not. And that's also an indication of the crisis. But I've got to tell you, honestly, I don't think additional taxes is the way to go. And I'm a person who prepares a lot of tax returns. I haven't heard anything about cost containment, haven't heard anything •• maybe that's not on the agenda, maybe we're not allowed to.

CO•CHAIR LINDSAY:

My comments in the beginning, what this commission is about is not about the expense side of the equation, it's about how we fund our schools. I don't •• I don't think there's probably anybody around here that would be talking about additional taxes, but as replacing the system that we have now.

MR. KING:

How do you •• how do you administer a new tax system? Just to come up with the forms, just to come up with who's going to make sure it's done being done right, who wants to write the instructions?

MR. LIPP:

We could piggy•back off of New York State Tax, just like New York City or Yonkers, if you are talking an income tax.

MR. KING:

I'll speak for myself, and I'll speak for the people I know, I don't think more income taxes is going to be very popular.

CO•CHAIR LINDSAY:

As a replacement for property tax?

MR. KING:

Well, maybe that would be, but it would a tough sell.

CO•CHAIR LINDSAY:

That's the only thing we're talking about here, replacement.

CO•CHAIR NOWICK:

I just •• and I respect what you're saying and that might be a fact, but I just think right now we're jumping the gun just a little bit making decisions, because I think now we need to listen to all of the ideas, go home, go back to our offices, digest them. And part of the this is the give and take, the give and take, and maybe you have a few things that are really pertinent to the income tax and it's very important to us, and maybe over here we have a few good ideas, and together we are trying to come up with something together. And maybe I'm jumping the gun, but let's not make decisions right now. Let's just start digesting all of this and let this commission work, if that's okay with all of you.

CO•CHAIR LINDSAY:

Yes.

MS. TYSON:

I was hoping that we would be able to get copies of this presentation so that the next time we can actually go and have some materials.

CO•CHAIR LINDSAY:

You will.

MS. TYSON:

And also, can we present materials to the commission as well? I mean, I have papers on some of this stuff.

CO•CHAIR LINDSAY:

If you'll see me afterwards, we will look at the schedule and anybody that wants to make a presentation ••

MS. TYSON:

Well, I don't think I would want to make a presentation. We'd like to have the fiscal policy •• Fiscal Policy Institute come down to make a presentation. They run our numbers for us, and they're experts on this issue, especially when it comes to income tax. So I think at that meeting maybe is when we can do that. But I'd like to present other materials as well. The Long Island Regional Planning Board came out in 1991 supporting a local income tax, so I think we need to see that study as well and the stuff that they came up with.

CO•CHAIR LINDSAY:

Okay.

MR. PALLY:

Bob, can I just ask, forget how it is done. Under your •• under the system that you have up there, the replacement of the real property tax by a local income tax on homes that are residency•required, under that system, are there more taxpayers that there are now?

MR. LIPP:

I have no idea.

CO•CHAIR LINDSAY:

There would have to be.

MR. LIPP:

I haven't done any analysis, so I don't know what the numbers would look like.

CO•CHAIR LINDSAY:

For one thing, a lot more people would pay income tax than property tax. Think about it.

MS. TYSON:

It's a broad•based tax. There's a lot more people to tax under that system, that's why it is fairer in that sense. For Nassau, we did these numbers, and there were a lot more taxpayers under income tax than under property tax.

MR. LIPP:

I think what we're talking about is we're talking about the numbers, then we need to hash it out, and this is not the time for that. The devil is in the details, and we don't have the details right now.

CO•CHAIR LINDSAY:

Absolutely. Absolutely. And we'll have one meeting that will be just dedicated to the idea of an income tax.

MR. LIPP:

Unless I'm mistaken ••

CO•CHAIR LINDSAY:

Just something else I should point out everybody, I know, Lisa, you said you wanted to bring in someone to make a presentation on this. I've been contacted Harvey Levenson, who is the tax assessor in Nassau County, who is a huge proponent of replacing real estate taxes with income tax. I know he wanted to come talk to us one time. I think that has value, because if there is anything that we can do, I think it would make a lot more sense to do it regionally instead of just by Suffolk County. If we could somehow have a central thought coming out of the Nassau•Suffolk region, it would make a lot more sense.

MR. LIPP:

I think that's an excellent point, because among things at least from my perspective, if

Suffolk did an income tax alone, I think that's a deal breaker. I think people would just go to Nassau County. It would be •• well, it wouldn't work. Shall I continue?

CO•CHAIR LINDSAY:

Continue.

MR. LIPP:

It's getting interesting, isn't it? Dedicate an increase in the sale tax for school districts to replace a portion of the property tax, similar to the income tax issue. You know, we could •• you know, use sales tax instead. Obviously, there's the big three; property tax, sales tax and income tax. On efficiency grounds, it's sort of a similar argument to what I was speaking to before, that is, it's already a very high tax rate in both Nassau and Suffolk, it's 8.625%. I think we're the second highest in the state. I believe Erie County is eight and three•quarters.

The county itself receives four and a quarter percent of the total, by the way. That state and the MTA receive the rest. So the point to be is it could create some significant disincentives if we raised the rate, say, above 10%. Usually as a rule of thumb, if you go over 10%, then you're asking for problems in terms of economic issues. Also, another issue on efficiency grounds is that the sales tax cannot be used as an itemized deduction on your federal income, tax property can.

Next in terms of equity, sales tax is not as attractive to, say, an income tax, because it's not progressive. So if you're not a well•off person, you're not saving, you're basically only doing the consumption thing under the unrealistic assumption that everything is taxable, you know, you're basically on 100% of your income being taxed, as apposed to if you're well•off, you're saving quite a large portion, so it's a lot less of a fraction of your

income.

MR. PALLY:

I just want to let you know. This is not an unusual issue. I believe there are district in eight counties in the State of New York which now get a portion of the sales tax to help fund education. So it is not as if this is an issue which has not approved by the State Legislature. There are a number of district and a number of counties, especially Monroe County, which already receive a portion of the sales tax to help fund education in their districts.

MR. LIPP:

And it also should be noted that surveys typically show that people like the sales tax, I believe, of the big three, if you will. And that's because •• well, first of all, it's indirect. You know, you're not getting the income tax bill or the property tax bill directly. It's just based upon when you go out and you spend, and that's sporadic and in smaller amounts. And also, some of the taxes are paid by people living outside the region, for instance, tourists. So that's deemed as a positive. So people •• you know, in terms of a popularity thing, other issues aside, people like the sales tax better, even though from an economics perspective it may not be a great idea.

Next, you're going to like this one, maybe. Craft a combination of alternative tax sources to replace and/or supplement a portion of the school property tax. So now we get in to the interesting issue of replacing or supplementing; taste great or less filling. For instance, consider the following: Every hundred million dollars in an alternative tax source represents 5.6% of the 1.8 billion •• \$1.8 billion portion of residential school taxes in Suffolk County, okay? As perhaps an upper limit, just to throw out a number, one may consider raising the sales tax as much as 1% as a potential solution. And that would generate approximately \$260 million or 14.4% of the residential portion of school taxes. I should note that the residential portion includes all residential, not just your primary

residence. I will seek numbers, but I'm not sure if they're available on what a breakdown might be between primary and non primary.

Next, an additional one percent mortgage tax would generate another 137 million or 7.6% of the residential portion of school taxes. So a combined increase of 1% in both the sales tax and mortgage tax would generate 397 million approximately or 22.1% of the residential portion of school taxes. Legislator Lindsay pointed out to me the other day that maybe the way to go is not to say, okay, we're going to increase income tax or we're going to increase sales tax or we're going to increase a mortgage tax. Maybe we need to craft some combination so it's not too onerous in one area and then have, you know, a nice sized pot.

I purposefully didn't put in a number here for income tax, not because I don't like it or not, but because I don't know where we're going in terms of recommendation and what rates would look like, and limits and stuff. So I wasn't sure where to go. It would have taken more time than I had available to put in a number. But the good thing here is you get to see some numbers, what you're talking about, the size of the issue, whether you'll like or not •• dislike any particular of these particular supplements or alternatives. Okay, and then it depends on whether or you're an alternative sort of guy or perhaps a supplement sort of guy or gal. Does the Chair recognize questions?

CO•CHAIR LINDSAY:

I'm sorry, I didn't see you.

MR. BYRNE:

It might be kind of crazy, but I'm trying to think out of the box here, and I know my clients aren't going to appreciate this, but since we're looking for, in this case, something to

supplement, the state tax seems to be going away as of 2009•2010, what about some type of local state tax? Since the paperwork might be a little bit easier than taxes, you know, just kind of throwing that out of there to see what you would think.

MR. LIPP:

Out of the top of my head, I don't have any idea as to what numbers would look like for that.

CO•CHAIR LINDSAY:

Yes.

MR. KING:

You know, New York State repealed the gift tax several years ago, I think you may have something there. It may be a great idea.

MR. BYRNE:

It's there now, people are •• you know, again, you had a good point before, I think what we probably don't want to do, and I know I certainly don't is kind of create a new way of getting extra money, because the taxpayers, you know, they're going to remember all the faces here today. Since probably people are getting used to the fact that the estate tax is going away, you know, it maybe something that they look at well, you know, we had it, it's not going to upset us any more than we already are. And you know, for people that are leaving the earth and going somewhere else, if you're going to leave it somewhere, you might as well leave it to our future generation. So, you know, maybe it's a possibly.

MR. KING:

Good idea.

MR. LIPP:

I would just like to key you in on the yellow highlighted area here under proposal number two. At the end of this, it was noted that part of any proposal to add one or more supplemental, if you will, local sources of revenue for schools, consideration should be given to crafting a formula to restrict or to cap property taxes. So, you know, it's not like, you know, we're giving away things. And maybe we want to give away, I don't know what people's views are. But, you know, what we would need to do at the end of the day if we wanted to replace as opposed to supplement, we would need to have some sort of •

- consider some sort of formula, craft it.

Here's one of my favorites. The State Circuit Breaker Program. Tax credits are provided to low income property owners when they file their state income tax. Tax credits as opposed to deductions reduce your tax liability dollar for dollar. So if you're, say, in the 28% tax bracket, you know, if you reduces •• if you have a tax deduction, then that reduces your tax by 28 cents, not a full dollar. A tax credit reduces it by the full dollar. This is meant for poor people. If you and •• and I haven't worked out any numbers, but if you look at programs in other states, Circuit Breaker or tax credit programs for property taxes, they're much more generous in New York State.

The last time I looked at it, it appeared sort of laughable what they have in New York State, that is you have to be way too poor to be able to afford your property taxes to begin with to get the credit. So, you know, if we're talking equity, you know, are we talking equity for me the middle income guy or are we talking equity for the poorest woman in town? I think, first, you know, we need to worry about her. Therefore, I think it's very important that we make a recommendation like this. I think, you know, we're not

being socially conscience if we don't.

Number seven, regionalize non property tax •• a portion of property tax •• of nonresidential portion of taxes. Once again, it's an equity issue. You regionalize the nonresidential portion. The argument there is that businesses do not benefit from the local school district, residents do. So it should be regionalized. The problem is well, what do you do with the money after you've regionalized it? Do you redistribute it back to the school district the same way it came in? Well, that would be the naive way, and that would be the way the people would want to. But then if you redistribute it equitably, then you've got the issue of if I'm in a wealthier district •• or in particular rather, if I'm in, like, say, the Hauppauge School District, which has a lot of industrial property, I'm not going to like this, okay, and I'm going to fight you tooth and nail.

I think one of the interesting issues is when you're talking about regionalization, how some of these supplement, if you will, taxes go, to the extent it's supplemental, it's an easier sell having it redistributed equitably. To the extent that you're taking away and then redistributing, politically it becomes very, very difficult at best. So this sounds like a great idea, and for equity reasons it is, but there is a good reason why it's never happened.

Enact the cost of living adjustment to state aid for school district. This is a lot like the first recommendation, increase the share of state aid. It's easy for us to say that we should get a bigger piece of the action, and there are good reasons for it. It's also easy for us to say there should be a cost of living adjustment because we have a higher cost of living here. But the state doesn't particularly care for that and never did. It's a tough sell. From a pure economics point of view, I'm not convinced it's a good idea, because it creates and incentive to spend more and to keep your costs higher. You know, basically •• you're allowing government to do something with the economy that is inefficient. I live on Long Island, did I say that?

Next, revamp the state aid formula, we spoke to that. It doesn't make any sense. It would be a good idea to revamp it. But I think at the end of the day, we are talking about the same thing. People •• when you talk about changing something, like regionalizing the nonresidential portion of property taxes or having the cost of living adjustment or here revamping the state aid formula, you could talk all day about what the good points or the bad points are, but at the end of the day get it passed political, people look at it as, well, how does that benefit me or my region, and that's how I'm going to vote.

Number ten, look at the role that the STAR State Tax Revenue Programs plays. It counts for a lot of money. I'm not sure exactly what the dollars are in terms of the amount that comes to Suffolk County, for instance. I know it's, like, over a thousand dollars for the enhanced STAR, I believe. I mean, that's for just school taxes. But when you are talking about crafting a whole reform to revenue, this is a big player, you have to take it into consideration. And among other things, you could make the case that this is not a good way of doing it. Why isn't it a good way of doing it? Because it •• just arbitrarily reducing property tax is not based on need, but based upon a fixed amount, you know, Why should you get the same amount as me if I'm poorer than you.

Next in terms of the current property tax system, it's always a good idea when you're talking about tax reform to reform the current tax system, okay? And there are several •• there are several possibilities. Number one, you could create a task force of all the assessors to try to come up with uniformed standards. One argument has always been we need county-wide assessment, and that proposal has come up •• from time to time it pops up. That's never worked, whether you think it's a good idea or bad idea, in part because, you know, you have jurisdictions in place that do that. So what you need to do is, hey, okay, we have a system here, it's not broken, but, you know, it's not uniform. And practices in some towns are better than in other towns. Let's see if we can come up with a uniform system of standards. So the County would be a player, and obviously, the towns would all be players, and, of course, Nassau County would be welcome to come. And we'd try to come up with uniform standards and hopefully get those passed in all the towns.

One possible uniform standard would be 100% assessment of all property. It currently exists in two of the towns and Suffolk County; Southampton and Shelter Island. Studies typically show that it's more equitable if you do it that way. Something about Nassau County, they have a very bizarre system; different classes, I won't bore you with the details. They're not here now anyhow.

Another thing is perhaps we should have a state take over utility assessments, okay, because they're big lumpy parcels that are difficult if not impossible to figure out what the assessments are, and look at what happened with the Shoreham fiasco. Right or wrong, Brookhaven did the assessment that they did, the state was supposed to oversee it, the state dropped the ball and they said, ha•ha, too bad, Suffolk, you have to pay. How come the state didn't have to pay? I don't get it. The stat is in charge. Maybe somebody can explain that to me. Sorry for the sarcasm.

Last but not least, create a two plus two system. In terms of cash flow, what we have right now is all taxes are collected twice a year; December and May, end of May. And the two plus two system would be to create two periods; December•May for all taxing jurisdictions, except schools. And the other two for schools, and that would be September and March. So you'd have three month •• you'd move up three months is what it would amount to. When do the schools need the money? They need it in the beginning of September, okay? So you would have a cash flow savings.

Some old studies have shown that would save over 20 million •• 21.8 million in Suffolk and 17 million in Nassau. Arguably the study should be updated, that was in 2000. And for the Suffolk portion, I believe it comes to a little more than 300,000 per district. Why hasn't it happened? It's a great idea. Well, it's a simple reason. You need to collect three months more of taxes upfront. So, you know, you're asking people for three months more. There are ways to deal with that, so that should be looked at. There have been previous proposals to include bonding for five or ten years to go over that hump of the three additional months. So you could spread that out, and then in the long run, it's all gravy. An alternative perhaps could be to phase it in over three years, give me an

extra one month for each of the three years so it's not as onerous, and then you make up for it on the long run. It seems to be a wise thing that has never occurred. And basically, thank you for your time. That's it.

CO•CHAIR LINDSAY:

Go ahead.

CO•CHAIR NOWICK:

I have one question on that two plus two. If all of that happened with the bonding, will my next tax bill go down or just stay the same?

MR. LIPP:

We would have to look at it a little more closely. I'm not sure about the next tax bill. I haven't looked at that in about six years. I'm not sure •• I know that it makes sense. It •• and if it went up slightly, I think it could still be sold as, you know •• if the increase is very modest and you can show a long term savings. But, yeah, the devil is in the details. I'm not sure.

CO•CHAIR NOWICK:

I would like to know if eventually it means it would go down or it just minimizes how it goes up. That's for another time.

CO•CHAIR LINDSAY:

Yeah. Go ahead, James.

MR. KADEN:

In response to that, I think one thing you'd have to consider with that is that there either would have to be a promise made to a school district on a certain amount of money, or it wouldn't show up in the next tax bill, because you wouldn't realize that savings until the school budget went down as a result of having less expense from not having to borrow money to cover their cash flow issue. And when that happened, then the school budget would go down, so therefore, the school tax would go down. But that would be more than the billing cycle, I would believe, unless there was an upfront agreement from the schools that they would take it out of their budgets in the year going into it on a promise that they would receive the revenues. So it would be a logistical type of issue.

CO•CHAIR NOWICK:

You think in my lifetime?

MR. KADEN:

One can only hope.

CO•CHAIR LINDSAY:

Okay. Thank you, Robert, for your outline of our task before us. I would appreciate it if you could have your notes put on the paper and make sure that everyone gets a copy of them, because I think they could prove valuable. As I mentioned in the beginning, this subject is something that is really at the forefront, especially in our region. And we, as I explained to Mr. King, what the charge of this commission is to strictly look at the

expense side of •• as to whether we're financing our schools in the proper way.

However, there are other groups that are working on the expense side, and today there is a press conference, actually almost right after this in the County Executive's Office in the Dennison Building on the 12th Floor to announce some sort of plan that he's worked out with the Superintendent of Schools Association about regionalizing some expenses for the school districts. I don't know the details of it, but I did talk to him last night and this morning, and I intend to attend that press conference to find out some more about it, and he asked me to extend the invitation to everyone here as well. So I just called up and asked them to hold up, we're supposed to go over at 12 o'clock, if they could give us another half hour.

And what I would like to do at this time is, I would like to go around the horseshoe to get any comments from you initially, and then we have a lot of stuff to digest and to think about. In and in the schedule, there is three public hearings, which is part of the legislation. They're at different times of the day. We need one more location, but we intend to move it around the County to make it as convenient for as many of our taxpayers as possible to come and share their thoughts, comments and feelings about this whole thing.

Having said all that, I'm going to start from my right, Dan Bahr, if you'd like to start on any comments. If you could speak into the mike.

MR. BAHR:

Sure. Just a couple. The first impression, I'm actually impressed by the serious with which we all come to this, because that's exactly what we need. We are all in this together, and the only way we're going to find solutions is doing it altogether, from all the organizations, all the groups, all the interest groups that are involved in this problem.

As we've seen from Robert's presentation, there are no quick fixes, there are no Band Aides or there shouldn't be any way, because that's the way we've tried to address these problems in the past. They just don't work. What we have to come out with something that's viable for the long-term, otherwise we're simply spinning our wheels, we're wasting our time.

One of the interesting things I've noticed, I was at a breakfast with Mike Balboni a couple of months and he asked me how things were going. And I said to him, "Everything would be great if we could fix the way we fund our public schools." And his comment without hesitation was, "It will never happen." I think what we've got to impress upon the folks with whom we deal outside of this jurisdiction is the importance that they have the will to make changes where changes are warranted and viable to benefit not only the taxpayers, but the kids we are trying to educate. And if we have that effect with whatever we do, I think this commission will be a huge success. So I thank you for all your efforts, and I'm looking forward to the next meeting.

CO-CHAIR LINDSAY:

Thank you. Celine.

MS. GAZES:

Yeah. I just wanted to say that I don't pretend to have expertise in school district funding at this time, but I certainly look forward to doing my homework and learning as much about it as possible and lending any assistance I possibly can to the commission going forward.

CO•CHAIR LINDSAY:

Mitch?

MR. PALLY:

I think if nothing else today, we found what many of us have known, and as Dan clearly pointed out, this is a very, very complicated issue for which there are no easy solutions. If there were easy solutions, we would have all come up with by now. And any solution or series of solutions that you come up with or that we come up with, are going to have winners and losers and positive and negative consequences. And it and it is our •• will have to be our recommendation to determine whether or not public policy issues counter some of those negative consequences. As with he everything, I have a variety of questions on all 11 recommendations or subjects to be discussed. And I would assume if we have questions, we should send them to Bob? Bob, should we send them to you?

MR. LIPP:

That would be up to Legislator Lindsay.

CO•CHAIR LINDSAY:

That's fine.

MR. PALLY:

That's fine? Okay. Because, obviously, a lot of the details in a lot of these recommendations have flushed out. And the more detail you have, I think the more information we'll be able to have on determining whether or not they make sense, at least for Suffolk County in that regard.

CO•CHAIR LINDSAY:

Hopefully, moving forward, not that we'll have a meeting on each one of these 12 bullet points, but hopefully, they will be segregated in an agenda that will go into details. I think, for example, the income tax is probably something that deserves one session all by itself. Probably a lot of the other alternative funding that Robert has and that was suggested, you know, could maybe discussed in total at one meeting or two meetings. And, you know, we might have another meeting just on restructuring the system and whether that it • I'm sure it's doable, but whether it's realistic would have to come into the conversation. As you pointed out in your opening remarks, if there was equity in the system as far as the funding formulas, the problem wouldn't be anywhere near as dramatic as we're facing now.

MR. PALLY:

The other aspect, I think, is that we should not eliminate possibilities just because we believe they are politically unacceptable.

CO•CHAIR LINDSAY:

Absolutely.

MR. PALLY:

I don't think that this a • that's neither our charge nor • I don't think it's the right way to go. If we • if the commission believes that something is fair and equitable, we should say it regardless of whether or not we think it's every going to be implemented or not, if only to draw attention to the fairness and equity issue. And I think that's a very important

•• and I don't know what they may be. We •• those that come up in the discussion, but I don't think we should eliminate something just because either it's been tried before and not implement or we may think it can't happen. Lots of things that people thought couldn't happen have happened, and we should not rely on other people's political aspects of that. We should say •• if we think this is fair, we should just say it in that regard.

CO•CHAIR LINDSAY:

And one of the purposes of having these meetings at the horseshoe, you know, designating this as commission of having the broad spectrum of the community leaders here, is to create that bully pulpit of change.

MR. PALLY:

Thank you.

CO•CHAIR LINDSAY:

Lisa.

MS. TYSON:

I was going to say a lot of what Mitch just said. I think a lot of times you come on commissions like this, and sometimes there are just things you're not allowed to talk about. And I think it's important that everything is on the table here and that we don't think that something is politically impossible that we don't about it. I think some of the statements today were a lot about feelings and how people •• how their friends might feel. But, you know, there are polls out there to say that the income tax actually polls the

highest, more than the sales tax and more than the property tax. We have those polls, we want to show them to you. The Rauch Foundation did them, we did polls as well, professional polls. So, I mean, there is support for the stuff we are talking about today. And the question is how can we craft it in a way that is fair, that is equitable, and really at the end of the day achieves the goal that we're trying to get to.

I think my fear here, though, is how are we supposed to do this with this meeting schedule. It's a lot of work to be done with seven meetings. I don't know if there's going to be a work committee set up, which I would love to be on, but I just think that with seven meetings it's very hard for us to have a discussion like this, to actually come •• come to some sort consensus. So if there is additional work that needs to be done, I would be willing to do it. And, you know, if we feel like it's just impossible in this time frame, we should really look at that.

CO•CHAIR LINDSAY:

My intention and it's something that I explained in the beginning, although the legislation has a time frame that it expires, both myself and Legislator Nowick are more than willing to sponsor legislation to extent it. This is the schedule that we have identified here, it's not •• you know, it can be expanded. If we see the need for additional meetings either in between the scheduled meetings, we will certainly do that, or at the end of the time frame, if we extend it. We'll take as much time as it needs to do this think, this whole commission justice in terms of its results.

I would prefer not to use subcommittees. I would prefer to have this full body hear every word and work on every issue. Thank you. Nick LaMorte, who was a little tardy. I'm glad that you joined us.

MR. LAMORTE:

Thank you. I apologize for my tardiness. I think this is wonderful. I think it's •• I commend the County Executive and the Legislature for taking a bold step and forming the commission. I think if we're open and honest and really truly discuss all our thoughts, this is going to be a successful commission. I like what Mitch had to say about the politics of it. I think the bottom line is going to become political will. And if we all stick together and we're truly committed to achieving our goals, we will be successful. So thank you.

CO•CHAIR LINDSAY:

Do you want to say anything more?

MR. LIPP:

I think I've talked enough. I don't know about you, I'm tired of hearing myself talk.

CO•CHAIR LINDSAY:

Our Comptroller, Joe Sawicki.

COMPTROLLER SAWICKI:

I want to thank everyone, again, for their participation and the formation of this commission. Back in the mid to late '80s, I introduced as an Assemblyman, a bill which received several cosponsors in the Assembly side, but when Ralph Marino was the Majority Leader of the Senate, none of the Senators would dare •• dare go near this bill. And you may think it's quite a bit far•fetched, but it made for excellent discussion, an excellent talking point, and a lot of groups, whether they were young, old, whatever, loved the idea. As a matter of fact, I floated it a few weeks ago before Riverhead Rotary

Club, and seemed to like it or at least was interested in it, and that is the creation of the state of Long Island.

And if you just think about it. If the money we raise in Nassau and Suffolk stays here, stays right here, there's no arguing with New York City, there's no arguing with the Upstate politicians, Suffolk alone generates just from the 4% or a little over 4%, a billion dollars, \$1.1 in sales tax, as you know. That means the State of New York would generate from Suffolk another billion, probably ditto that in Nassau County. So you've got \$4 million just in sales tax right off the bat, not to mention all the income tax that's raised by the taxpayers. So I just throw it out just for thought purpose. I mean, we would be the 22nd largest state in the nation based on population. Dr. Koppelman and I believe it was the Stony Brook Research Foundation, back in the mid '80s, he did a dissertation on it, and I believe Newsday printed it, a four or five page dissertation. And I know that Lee loved the idea, and he just updated that study about a year ago. I don't know how detailed he got, because I really haven't had a chance to go through it in depth.

But I just float it out, because while we're studying everything, and Mitch Pally said before, you know, let's not rule out anything at this point. Bill Lindsay said, you know, what's the chance of that ever passing. I said, probably the same chance of ever changing the state aid formula in Albany, you know? But, you know, it's just something to think about. I mean, what an opportunity to just get the ball rolling and say, you know what, let's separate from rest of New York State, we have had it with you guys in Albany and New York City. So I think to again. I know it might sound a little far-fetched, but I'd like to •• you know, I think to really seriously study it, we'd probably have to look at some real solid numbers somewhere. Bill, I turn it over to you know, buddy.

CO-CHAIR LINDSAY:

I hope we don't have to fight the Battle of Long Island again.

CO•CHAIR NOWICK:

I just want to say one thing. Ester, are you going to do all the new flags. Who is going to be Betsy Ross here, because there are a lot of flags? And I just want to make one comment to Lisa. Your point was well taken. And one of the ways that I think that we can keep this committee or have this committee come up with some answers by September is that we must remember, and we do this in the Legislature, we have to try to stay focused, we have to keep on point. If we go out on tangents, we lose time, precious time. And the reason I say that it is, yes, of course, we could extend, but I think it's critical to being the answers in as soon as possible rather than later. So staying focused probably is the way to go, and I know that Legislator Lindsay has a gavel, and he will feel free to hit the desk with it.

CO•CHAIR LINDSAY:

Yes, Ester.

MS. BIVONA:

I think we're off to a great start. I think that just what we've discussed here a little bit here today has given us some background, some idea of where we're all coming from. I'm reminded of the Johnson&Johnson ad that says, it's a family business, and you can't out with a new product unless the consumer sees the need for it and sees the difference in what you're showing them. I think that's what we have to do here.

We've had many other blue ribbon committees. I've been on so many two plus two tax committees that I can pretty much give you verbatim all of that background, but until we can show the residents in your County that what we're proposing is something that's a real benefit to each and every one of them, we're not going to be able to get the state

support we need to make the change. So I think we need to stay focused on that point.

CO•CHAIR LINDSAY:

Thank you. Mike.

MR. HILD:

I'd just like to take a moment to put a fleece on this good work that we're doing here. I had the good fortune to meet a young woman who came into my office yesterday, who's looking on Camden Avenue, literally around the corner from Ms. Nowick. She's looking at a house, a starter house, for her and her husband, 1340 square feet, two bedroom home. The taxes on this house are \$9100.

If I could offer anything, a thought, that maybe we could carry forth through this commission is perhaps to set a standard or a goal as to what is a reasonable property tax that is viable for our residents in Suffolk County. And by doing all the things that Dr. Lipp had pointed out today, and I'm sure we're going to be able to work this out, is that we can say to our residents that a reasonable property tax is capped at •• I'll make this up, please, it's not a hard and fast number •• \$4000 or \$2000, is something in a we here in this commission are trying to do. I think it's something that would be very, very important, and I think it would catch the attention of the residents of Suffolk County. Thank you.

CO•CHAIR LINDSAY:

Pat.

MR. BYRNE:

I want to thank everyone today. It was an honor to be here, and I think we're off to a great start. As a crazy financial guy, and I think Mr. King is kind of in agreement, you know, at some point, I think no matter what kind of tax system we put together, you know, when you're in an environment where expenditures are always going to be higher than inflation, and even more so, higher than general income levels out on Long Island and in Suffolk County, I would personally like to volunteer for the next committee also that talks about the expenditure side. I think we're making great progress today, and I think we're going to have an impact.

CO-CHAIR LINDSAY:

Jim.

MR. KADEN:

I thank the Legislature for taking this honor and inviting us to the table. I found this meeting very interesting. I think we have a good broad-based of point of views here, which should lead to a good conclusion. This is an issue school boards have faced for a long time, and for a long time we faced it alone, and we appreciate the help and recognition of the problem finally from the broader community.

As a school board member, I particularly appreciate the focus on funding rather than expenses. We spend a lot of time justifying our expenses to the general public on a district by district basis. And I think on a regional basis, revenue and funding is the major problem that needs to be addressed. New York State is in danger of killing the goose that laid the golden egg on Long Island. As Ross Perot once put it, that giant sucking sound you hear here is the sound of money leaving Long Island.

And the state is in a difficult position because, there isn't of other sources of money to make up the money that they use from Long Island that funds the rest of the state. As you said, sales tax is already high, income tax is high. But I think we do need a solution, and I think it's going to have to come from here, because this is where the problem is really hitting home first. And I look forward to being part of the solution.

CO-CHAIR LINDSAY:

Thank you. Robert.

MR. KING:

Thank you, everybody, for listening to my retorts, some of my opinions. Mr. Sawicki, I love your idea of the annexation idea. Twenty-second largest state, very interesting.

COMPTROLLER SAWICKI:

That's Governor Sawicki to you.

MR. KING:

They said the Berlin Wall would never fall and it did. I think Mr. Pally had some very interesting facts on •• I like your comment about it sucking. The last comment I'll make is for those of you who have had the privilege of paying off your mortgage, with high property taxes, you never own your house. You never own house with high property taxes, and maybe we can do something about that. I look forward to working with all of you, though. Thanks.

CO•CHAIR LINDSAY:

That wasn't too bad. Just about two hours. I'm going to try to keep the meeting within that two to three hour range. I know that everybody at this table is very busy. I think, my only personal opinion, once a meeting starts going beyond three hours, our internal attention span starts turning off a little bit, so we will try to keep it within that time frame. I would appreciate it if at the next everybody would be prompt. I'm going to try to call the meetings to order as per the schedule.

Our next meeting is Tuesday, May 23rd, in this auditorium. It's the first of three public hearings. And I could be wrong about this, but if anybody thinks that the system is working well, I think by the time you get done with the public hearings, your opinion will change. And everything we do around here we always have a public hearing, and we always go to the public for their opinions. You know, surprisingly, and Legislator Nowick will tell you the same thing, we get some great ideas from the public and some crazy ideas too, but we do get some good ideas. I think you will find that very informative as well. And with that, I thank you all for being here and for serving on this commission. I'll look forward to seeing you on the 23rd.

(*THE MEETING WAS ADJOURNED AT 12:13 A.M.*)

_ _ DENOTES BEING SPELLED PHONETICALLY

