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MEETING OF THE SUFFOLK COUNTY
HOMEOWNER'S TAX REFORM COMMISSION AND
PUBLIC HEARING TO ASCERTAIN VIEWS OF
COUNTY RESIDENTS HELD ON THE 23RD DAY
OF AUGUST, 2006 AT THE MAXINE S. POSTAL
AUDITORIUM; 310 CENTER DRIVE,
RIVERHEAD, NEW YORK AT 10:15 A.M.

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1 MEMBERS PRESENT:

2

3 WILLIAM J. LINDSAY, Chairman

4 Presiding Officer, SC Legislature

5 LYNNE C. NOWICK, Co-Chairperson,

6 Legislator, District #13

7 JOSEPH SAWICKI, JR., SC Comptroller

8 DR. ROBERT LIPP, Director, Office of Budget

9 Review

10 MICHAEL BERNARD, Babylon Town Assessor

11 ESTHER BIVONA, President, SC Tax Receivers

12 GARY D. BIXHORN, Executive Director,

13 Nassau-Suffolk School Boards Association, Inc.

14 DANIEL A. BAHR, NYSUT Regional Staff Director

15 DR. PEARL KAMER, Chief Economist, LI Association

16 ROBERT A. KING, CPA, Tax Advisor

17 LISA TYSON, Director LI Progressive Coalition

18 CELINE GAZES, Chairperson, Council of LI Region of
the
19 NYS Government Officers Association
20 MELVYN FARKAS, LI Board of Realtors
21 CHRISTINA CAPOBIANCO, Chief Deputy,
22 Office of SC Comptroller
23 NICHOLAS LaMORTE, President CSEA Region 1
24 PHILIP AMMIRATO, Senior VP National Bank
25

(The Commission adjourned at 12:00 p.m. and the public hearing
commenced at 12:33 p.m.)

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1 CHAIRMAN LINDSAY: Ed Siegmann.

2 MS. SIEGMENN: Edward Siegmann. I'm

3 president of the East End Senior Citizen Council. They're an

4 organization for the North Fork and South Fork of all

5 the senior citizen clubs. We represent the Mobile

6 Homeowners Association. We also have some places that we represent

7 like John Wesley Village and senior citizen places like

8 that.

9 I don't want to get into the discussion today in

10 reference to what you have been listening to all along,

but

11 I have two things that I want to talk about that is very

12 helpful to seniors at the present time. I moved out

here

13 twenty-six years ago. A few years after that I joined a

14 senior citizen club. A few years after that I found out

15 how many seniors had to leave here due to the fact that

16 they could not stay here any more. This is fifteen

years

17 ago I'm talking about, eighteen years ago,

18 Since that time we have been arguing and fighting

to

19 try and get things for seniors that would be able to

keep

20 them here. I listened to the Long Island Association on

21 television, and they're concerned about the people who

work

22 who are leaving here to get affordable houses for them

and

23 we don't have any organization like that for seniors,

but

24 we would like the same strength given to keeping seniors

25 here as well as worrying about people that are leaving

that

1 work here.

2 One of the things that is been done, we found out

that

3 there was a bill kicking around in Albany for twelve

years

4 that said that when a senior citizen hits the age of

5 sixty-five it would be required that they wouldn't have

to

6 pay any school taxes any more. That kicked around for

7 twelve years and when we looked at it we knew that damn

8 thing would be around for another fifteen years. It's

not

9 going to go any place because anybody that says senior

10 citizens don't have to pay any school taxes after they

hit

11 sixty-five don't know what they're talking about.

12 So we went to Senator LaValle and said take a

senior

13 seventy-five years old instead of sixty-five because

14 they're living longer today, and take that senior and

15 freeze their school tax at age seventy if he has an

income

16 of less than sixty thousand dollars.

17 After speaking to the senator about it, we were

told

18 that we would have to raise it to sixty-five thousand

19 dollars due to the fact that it had to comply with the
STAR
20 program, because if you didn't do it according to the
STAR
21 program, they would have to keep -- the school districts
22 and places would have to keep two sets of books and they
23 weren't going to do that. We said okay, go ahead with
it.

24 At the present time we have gotten no place with
it.

25 The Senate passed and Assembly for some reason, it got
lost

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1 in the Assembly. Strange to say, I see there are people
2 sitting on the board here from the Nassau-Suffolk School
3 Board Association. When we tried to get them to support
us
4 on that bill, they refused to do it.

5 I can't understand why a school district or the
6 Association should refuse to back it because in that
bill

7 it says any money that is lost to the school district
would

8 be paid for by the State. The same as the STAR program
is

9 paid for. What I'm asking to you do is support us and
see
10 whatever you can do with state representatives to see to
it
11 that that is one way of keeping seniors on Long
Island.

12 That way seniors can be kept on Long Island. We all
13 pay the same amount of money into Medicare. When it
comes
14 for the money being paid out to HMO's to the counties
from
15 New York City out of here, the place that gets the least
16 amount of money paid for Medicare for each person that
17 joins an HMO happens to be Suffolk County. In the city
you
18 don't pay anything, in Nassau County you practically pay
19 nothing. Out here we pay anywhere from a hundred
eleven,
20 hundred nineteen dollars a month to cover ourselves for
21 medical care and we are paying the same amount of money
out
22 of our Social Security that has been taken out for
Medicare
23 coverage.

24 We are asking you also, since Suffolk County is the
25 one taking the beating on it, we're asking you to do

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1 something about it, see who you can put the pressure
on.

2 There is something that I am going to say now that I had
no

3 intention of saying, but I sat here this morning and
4 listened to the discussion. I was saddened when I
listened

5 to the discussion. It sounded like most of the people
6 wanted no part of income tax to pay for school
districts.

7 Our contention is that there should be a
combination.

8 There was one young lady here who mentioned that there
9 should be a combination of income tax and the way the
taxes

10 are paid now through the property tax. It's archaic the
11 way they collect it. If I have a neighbor next door to
me

12 that has a five hundred thousand a year and I have a
forty

13 thousand dollar a year income, if my house is assessed
the

14 same as him, I pay the same amount of money for my taxes

15 that he pays. How you can expect seniors to stay out
here

16 with a problem like that? I cannot understand.

17 I'm suggesting to you, don't do away so fast with
the
18 sort of having a combination of income tax and property
19 tax. You know it's a shame. Kids that we pay twenty
20 thousand dollars apiece to educate these kids, they get
out
21 of school, they go home and live at home with the mother
22 and father. They don't pay a penny towards the rest of
the
23 kids that are being educated today. The mother and
father
24 pays for the taxes on the house, but they can have
three,
25 four, five kids living in there all collecting
salaries.

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1 They pay nothing to support the school kids that are
being
2 taught now.

3 Another thing, you walk around out where I live in
4 Mattituck, you see four, five, six cars parked in the
5 driveway at night, which tells you how many people are
6 living in those houses and how many people were out
working
7 because those cars are gone during the day, but at night

8 they're all parked in the driveway. That is another
reason
9 why you should see to it that income tax becomes part of
10 what is being paid. Is my time up?

11 CHAIRMAN LINDSAY: If you have something else
to
12 say, say it.

13 MR. SIEGMANN: It's a shame that we, that
14 seniors have to beg so hard to try to get help to stay
here
15 when other people, I heard comments before, they said
don't
16 go on an income tax because if you go on an income tax
the
17 possibility is that these people will walk. I'm not
18 worrying about the guy with a five hundred thousand
dollar
19 income walking, I'm worried about the guy with a thirty
20 thousand dollar income and is sweating out trying to
stay
21 here on Long Island.

22 These are the things you have to correct. I'm sad
to
23 hear so much conversation today about the possibility of
24 people feeling that an income tax was not the way to
go.

25 Thank you.

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1 CHAIRMAN LINDSAY: Boris Grib.

2 MR. GRIB: Legislator Lindsay and Nowick,

3 members of the Tax Reform Committee, I prepared a letter

4 would like to read. I have also printed it out. I'd

5 happy to give everybody a copy.

6 To the Homeowners Tax Reform Committee, Suffolk

7 Legislature. My family and I reside in Center Moriches

8 although here today as an individual homeowner and

9 taxpayer, I'm also the Vice President of the Moriches

10 Civic Association. I've seen many residents and

11 affected adversely by ever increasing school property

12 taxes.

13 In 2005, after community members first became aware

14 a shocking thirty-eight percent school tax increase

15 afflicted upon them in early December, I filed an appeal

16 for review with3 the New York State Commissioner of

17 Education. The appeal was based on facts of the school
18 district presenting a fourteen percent projected budget
19 increase prior to the budget vote and of the district's
20 failure to comply with New York State Education Law
21 regarding property tax report card disclosure

requirements.

22 The school district is required by New York State
23 Education Law to publish a total estimated school tax
levy
24 and the estimated percentage of school levy from the
25 previous year, which would result if the proposed budget

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1 was to be adopted prior to the budget voting. In fact,
the
2 school district did not comply with those New York State
3 laws.

4 Although the appeal was dismissed on procedural
5 grounds in that it had been filed more than thirty
6 days later than the actual budget vote, the commissioner
7 within his decision reminded the school board of its
need
8 to fully comply with the New York State laws in the
9 future.

10 I guess it didn't matter at that time residents
didn't
11 have the opportunity to find out about the tax increase
12 until seven months later, did it? I guess not. Nor
that
13 New York State laws were violated. Yes, I and many
others
14 are concerned and disheartened by the school district
15 finance, unfair burden for residents and businesses
within
16 property based school taxation, the unfair methods of
17 achieving the funding and yes, the failure of the State
and
18 local government bodies to protect the taxpayer's rights
19 within the existing law.

20 Consider this, very interestingly. While putting
21 together my appeal, I found a research note published in
22 February 2005 by the New York State Education
Department,
23 school budget vote failures, risk factors covering
recent
24 State, Long Island budget vote failures, which details
25 information within regarding budget votes that the

1 predicted percentage voting "no" reaches fifty percent
when
2 the proposed tax levy increases seventeen and a half
3 percent, end quote.

4 It gives you a good idea where you can poise an
5 increase and likely get it approved. It certainly makes
6 you wonder where the State Education Department's
7 priorities are and how their money is being spent.

8 In regard to the instant committee's review of the
9 optimum methods of funding school districts, I would
like
10 to make the following comments: If we are to look at
the
11 heart of the purpose of education, clearly it should be
to
12 prepare our young, to give them capacity of knowledge
13 within a background of ethics and character, enable them
to
14 prosper, achieve and grow and earn in our society, being
15 productive, healthy members of our society.

16 How do we pay for such education? Who does such an
17 education benefit? Within the answers to those
questions
18 the fairest form of taxation would certainly seem to be
an
19 income tax for individuals, corporations, businesses,

those

20 directly earning from the value of such education.

Those

21 companies utilizing the knowledge and capacity of the

not

22 individual schooled, their employees. Based on income,

gross

23 manipulated profit, but personal income and based on

24 business revenues.

25 A state based income tax for educational finance

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1 offering for people and companies with the capacity to

education.

2 earn, to pay for their own and their employees'

3 This alleviating unfairness to retirees struggling to

forced

4 survive on Social Security or minimal pensions, many

5 to consider selling their homes. These people, the

of

6 foundation of the society who have paid their fair share

7 this burden already.

the

8 This income tax based method would help alleviate

for

9 hardship for many individuals with limited income, and

10 the residents' children starting their own families,
11 purchasing their own homes, etc. This would provide and
12 alleviate the unfairness from individuals greatly
13 prospering from their education and not yet owning real
14 estate, i.e. individuals not leaving the nest.

15 Funds could be distributed within a methodical
16 approach to distribute monies generated fairly, assuring
17 vital education and opportunity to within efforts to
grow
18 impoverished areas and help provide for the future an
the
19 children and strength and well-being of our
neighborhoods
20 and societies while not being unfair to the aspirations
for
21 their families.

22 Certainly, geographic economic cost considerations
23 could be fairly factored in; intelligent review of the
24 balance and fairness necessary to achieve effective
25 distribution and provide fairly for the future
educational

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1 requirements, non-resident or partial residency
2 individuals, companies, property owners or employers

could

to

serious

the

in

in

environmental

3 be proportionally tax based. Clearly the time has come
4 bring fairness and integrity to our school district
5 finance.

6 If I may, I have one more paragraph on a very
7 issue. I'd be much relieved if I could read it.

8 CHAIRMAN LINDSAY: Please wrap up.

9 MR. GRIB: In another serious note, right now

10 East Moriches School District has been subjected to a
11 proposal to generate income for its troubled finances
12 through offerings of large cash awards to the district
13 exchange for the school board support thumbs up to a
14 developer's request which is currently under Town review
15 an effort to try to bypass the most prudent
16 review while trying to drastically increase the building
17 density trying to buy public support. Clearly this
18 proposal has very serious implications and should be
19 reviewed by County and State officials regarding its
20 propriety.

21 I thank you for organizing for attempting to review
22 these clearly severely critical issues and allowing the
23 opportunity for residents and myself to offer our
opinions.

24 Thank you.

25 CHAIRMAN LINDSAY: Peter Quinn from West
Islip.

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1 MR. QUINN: I recognize that this commission
2 and the Suffolk County Legislature has limited
jurisdiction
3 on public education, and taxes. I would like to share
with
4 you some of the notions about elitism. We live in an
elite
5 society. Let me give you a few examples. You can go
out
6 to the Hamptons and buy a twenty-five dollar hot dog at
the
7 Laundry Restaurant. You can go to Super Saturday in
Water
8 Mill that costs you six hundred dollars admission so you
9 can buy designer jewelry, shoes, and hats and
pocketbooks
10 at a discounted price if you're rich enough to pay the
11 admission price.

12 I went to a Dune Road marina where I had lunch a
few
13 weeks ago with my son-in-law and daughter and I noticed
a
14 boat had pulled up to the gasoline pump and when it
reached
15 three hundred fifty dollars, for the boat still hadn't
16 reached its peak, capping it off, so it was probably
around
17 four hundred dollars for that boat and there were other
18 boats lined up behind. It costs forty thousand dollars
for
19 the first year admission at Yale. We have property tax,
we
20 have school districts where there is a differential
between
21 twenty-five thousand dollars per pupil expenditure and
22 other school districts that are limited with twelve and
a
23 half thousand dollars. Or in other words, a two to one
24 differential between wealthy and poor school districts.

25 In New York City, bonuses paid to Wall Street

firms,

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1 stock and bond firms, amounted to twenty-two point one

2 billion dollars last year. Ernst & Young, one of the
3 companies, revealed that nineteen hundred employees
4 averaged sixty-five thousand dollars per employee. So
if
5 they gave the clerk a thousand dollars, you can well bet
6 that the top officers were making multi-millions of
7 dollars. There are the rich in New York City who decide
to
8 opt out of getting a public education where the
9 expenditures were twelve thousand dollars, and instead
10 there are private schools that charge tuition per child
of
11 thirty-six thousand dollars. If they have more than one
12 child, double it. They're paying seventy-two thousand
13 dollars.

14 I should add that the critics of public education
who
15 criticized teachers for receiving a hundred thousand
16 dollars, those teachers have had to work for thirty
years
17 to earn that income. The average is sixty thousand.
So,
18 that the bonuses paid out on Wall Street far exceed what
19 the average teacher is getting.

20 I cite these examples so that when you make some

21 decisions about public education, that you realize that
22 there is plenty of money around. The question is how
has
23 it been targeted so that our real property taxes go
down.

24 And the problem is that we've got a state that has the
25 corporate tax under six percent. We have the personal

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1 income tax under six percent. And I noticed that the
2 business councils and so on argue, don't increase the
3 corporate tax because companies will leave.

4 Well, I submit to you that in Ireland, the
corporate
5 tax is twelve and a half percent. It's the best economy
6 among the Euro nations. It's more than twice the tax of
7 New York State. I don't notice people leaving Ireland;
8 they're coming in. They're inundating that country with
a
9 variety of business people.

10 And the concern I have is that we've got a
11 conservative party who for many years has gang raped the
12 Republican party into submission on both taxes and
13 education. They argue we don't need to pay for the

14 schools, they're failing. Well, Long Island Association
15 report in 1991, the Coopers & Lybrand report showed that
16 this region is unparalleled compared with eleven other
17 regions that were studied. We have the greatest
graduation
18 great. We have the highest scores on the SAT's and we
have
19 the lowest dropout rate.

20 CHAIRMAN LINDSAY: The time is up. Could you
21 wrap up?

22 MR. QUINN: But the taxes are too high. I'll
23 wrap up my comments that what we need, if we looked at
the
24 no child left behind, we probably are not -- that law
will
25 probably have no child behind left because what it does
is

75
1 forced the poorer schools that can't achieve to be
2 penalized. That as the wrong direction for investing in
3 public education, which is the uplifting means by which
4 young people achieve in our society.

5 So it's -- and one other point, the education, what
6 they want to is create charter schools and vouchers.

Well,

7 we should know that there were four hundred out of four
8 thousand charter schools that have been closed because
9 fraud, corruption, incompetence and nepotism. And if we
10 keep that in mind, we won't shift in that direction.

And

11 an education report out of the --

please

12 CHAIRMAN LINDSAY: (Interposing) Peter,

13 wrap it up.

students

14 MR. QUINN: It's coming up right now. Showed
15 that among seven hundred thousand public school students
16 studied compared to seven thousand private school

by

17 that were studied, the public schools were eminently as
18 successful in every test, equal to or better than the
19 private schools. Let's not undermine public education
20 privatizing the charter schools and so on, which takes
21 money away from the public schools. Thank you.

22 CHAIRMAN LINDSAY: Ford Kimmel.

23 MR. QUINN: One other point. I gave you a
24 report. I knew I couldn't include everything, but there
25 are sixteen items in there that I would hope you would

read

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1 and consider for your final report. Thank you.

2 MR. KIMMEL: Ford Kimmel. I've owned a house

in

3 Jamesport, Long Island, for thirty-six years. I retired

to

4 Jamesport from California. For seven years I've been

here.

5 My wife is a teacher also. She's still teaching in

6 California because she has not retired. She actually

flew

7 back this morning. I have a statement I would like to

read

8 that she wrote yesterday.

9 As an educator and taxpayer, I'm asking for tax

relief

10 on our property's taxes in Suffolk County. We have some

of

11 the highest property taxes in the nation. There appears

to

12 be no relief in sight and the educational systems appear

to

13 see the taxpayer as a source of unlimited funding.

There

14 are no accommodations made to the taxpayer even when we

vote

15 down the school budget. They spend yet more money and
have
16 additional elections until they get the budget passed.
17 This costs taxpayers even more for special
18 elections,

19 Young people starting out have a difficult time
20 finding housing they can afford. When they do, they
have
21 the burden of huge property taxes to contend with. We
need
22 to maintain a mix of demographics, age distribution,
racial
23 and ethnic as well. The tax structure as presented in
the
24 State encourages great disparity which results in
inequity
25 to these young people.

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1 As an example, we have a friend in Jamesport trying
to
2 purchase a house. The cost of the house is two hundred
3 eighty-four thousand dollars. Also taxes on the house
are
4 seven thousand six hundred dollars. Also to divert, my
5 assessed value is forty-seven thousand six hundred

dollars.

The
6 I'm paying four thousand dollars a year on the house.
7 house that we have in California is one point three
million
8 dollars. I'm paying twenty-three hundred dollars

9 Now let's add the baby boom generation, many of
whom
10 look forward to retirement soon. Add to this formula
the
11 final payment on the mortgage and living income with a
12 pension and Social Security. Let's look at the
13 skyrocketing cost of medical care and prescriptions,
14 increased electricity and also gas prices is one of the
15 highest in the nation.

16 This situation caused Proposition 13 in California
to
17 be legislated. Far too many homeowners were not able to
18 afford the taxes on the mortgage-free homes. The taxes
19 are collected and disbursed by the State. Audits were
held
20 every year and are held accountable to the State
Department
21 of Education. Charter schools are monitored and the
22 demographic population of that school must reflect the
23 demographics of the community.

24 At present, I've been advised the Riverhead charter
25 school has an overabundance of special needs students

and

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1 underperforming students. This could negatively impact
2 their revenue sources. We should not be paying a
3 industry to run a charter school.

private

4 The school system should be held accountable in its
5 fiduciary responsibility to spend frugally. The

election

6 process should be held at the same time general

elections

7 are held, and the voter registration for that should be

the

8 same as any general election.

9 State of New York must consider legislation to

change

10 the property taxes on condominiums. It's a blatant
11 discrimination against the single family homeowner.

Some

12 are larger in square footage than some of the single

family

13 homes. Individuals must pay fair market value for their

14 dwelling,

15 Thank you for your consideration.

16 This was signed by Barbara M. Kimmel, my wife.

17 CHAIRMAN LINDSAY: There is a question
18 from Michael Bernard.

19 MR. BERNARD: You mentioned the assessed
value
20 that you bought in Jamesport. The taxes are how much?

21 MR. KIMMEL: Three thousand eight hundred
22 fifty-two.

23 MR. BERNHARD: What did you pay for the
house?

24 MR. KIMMEL: Thirty-six years ago?

25 MR. BERNARD: I thought it was a recent

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to
proposal
Law,
the
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6 We are in support of you. Our group has been

trying

7 to get the bill passed for a number of years because
8 they're greatly under assessed currently.

9 MR. KIMMEL: Thank you very much.

10 CHAIRMAN LINDSAY: Robert Brosseau.

11 MR. BROSSEAU: Good afternoon, everyone. My

12 name is Robert E. Brosseau. I'm a taxpayer in the

13 Connetquot school district. That district
geographically

14 takes in Ronkonkoma, Bohemia and part of Oakdale.

15 We all know why we're here. You're going to hear a

16 little different from me. I'm going to go out of the
box.

17 There is a solution. The taxes are overwhelming, the

18 school taxes. If you drive three to five miles anywhere
in

19 Suffolk County, most of Suffolk County, when you drive

20 three to five miles, you will be going into a different

21 school district. There is seventy of them in Suffolk

22 County, seventy school districts.

23 You know what that means? That means there is

24 superintendents, assistant superintendents, directors,
and

25 many administrators all doing the same thing five miles

80

They're

all

states.

does

work

will

people

1 apart. What does that tell you? It's redundant.

2 doing the same thing over and over and over and they're

3 collecting very good salaries. How do we fix this

4 problem? Like the other states, the other fifty

5 One school district per county.

6 What does that do? That is the biggest thing is

7 is you have one contract for all the people that work in

8 the county, in the school. You have one transportation

9 contract, one contract for each group of people in the

10 entire county. There is something else it does, that is

11 really big. It puts two billion dollars in the Suffolk

12 County economy. When you eliminate all that redundant

13 that everyone is doing in seventy school districts, you

14 eliminate those people and condense it.

15 Two billion dollars. Everyone will want to live in

16 Suffolk County, no one will leave because the economy

17 grow. That two billion dollars is a lot because the

18 are going to spend it and the residents and commercial
19 industrial will do the same thing.

20 There is also a little problem when you have one
21 school district in the entire county. Who does all this
22 work that all the seventy school districts are doing and
23 all the administrators that were getting all that

money?

24 You outsource it. Outsource it to India where they're
25 ready to take on this stuff.

81

1 Just an example. You think your income taxes are

all

2 filled out when you go to your accountant here, right?

3 Your accountant goes home, he pushes a button on his

he

4 computer and they do go to India. The next morning when

5 pushes the button on his computer the State and Federal

6 taxes are all done.

thing

7 Everything is being outsourced. You do the same

that

8 with the school work that needs to be done, what does

9 do for us as taxpayers? That lowers the taxes greatly

10 because you don't have all these people doing the same
job
11 every five miles.

12 If we don't address this problem, sir, if we don't
13 address this problem --

14 CHAIRMAN LINDSAY: (Interposing) I'm just
15 making a comment to my colleague. I'm listening to
you.

16 MR. BROSSEAU: If we don't address this
problem
17 now we're all going, the industrial taxpayers,
residential
18 taxpayers, we are all going to the financial gas
chambers.

19 We won't make it. Thank you.

20 CHAIRMAN LINDSAY: Robert Donato.

21 MR. DONATO: Robert Donato. I live in
Bohemia.

22 I've been in the two prior meetings. This the third
one.

23 And we all know what the problems are and I believe this
24 commission was involved to try to figure out a solution
for
25 the problems.

1 I'm strongly in favor of a Suffolk County income

tax

2 tied to the Federal tax so everyone will have to pay a

fair

3 share, children living at home, et cetera. Elderly will

4 get a break, the young people will get a break. We know

5 the story.

6 I'm strongly in favor of a lottery, Suffolk County

7 lottery completely separate from the State lottery.

Maybe

8 we add a little bit to the sales tax so all the visitors

9 and all the kids pay, and let me see. Most thing I want

to

10 present here this time, let's do something, let's not

just

11 kick it around to after the election and forget about

it.

12 Let's do something. That's the most important thing.

13 Let's put it to a vote. Let's have a vote in November,

14 what do the people want? Let's do a vote.

15 And the way the assessor determines the tax we pay,

if

16 you were to step back and just look at it from the

outside,

17 it looks like the Mob cutting themselves in for a piece

of

18 the action, doesn't it? Just think about it. They

decide

19 your property is worth more, they decide what they want
to

20 pay and cut themselves in for a piece.

value

21 As the property goes up in value, for whatever

22 they get more and more. In the meantime, you don't make

improper.

23 any more so you're getting squeezed, so it seems

24 It seems almost like the Mob to me.

collect

25 Imagine if the Federal government was to not

83

number

1 income tax and change the amount people pay on the

2 of bathrooms they have in their house, imagine how silly

3 that would be. That is what they do to us here.

4 I would like to see some changes done. The most

5 important thing let's do something, let's correct the

tax

6 issues, let's change it from property based to income

7 supplemented with a lottery, supplemented with sales tax

8 increase, if necessary. We can flex the numbers.

something.

9 Let's write some legislation and let's do

10 I'll even help write the legislation; call me, I'll be
glad
11 to help. Thank you.

12 CHAIRMAN LINDSAY: James Gallagher.

13 MR. GALLAGHER: Good afternoon. Of course
you

14 know my name is James Gallagher. I live in the
Connetquot

15 school district in Ronkonkoma. I think school funding
16 should come from a broader tax base, not homeowners.
17 School districts are spending more money than we can
afford

18 and it's not all going for education, some is going for
19 propaganda. When we complain about the expenses, we're
20 told that it's the budget we approved.

21 Most people don't realize that some of the money
that

22 comes out goes for advertising agencies, publicity
23 agencies. They describe unpleasant cuts with an implied
24 negative effect on the kids if the budget fails. What
is a

25 parent to do? This, to me, is one example of misused

84

1 funds.

2 I don't have the latest figures, but a few years

ago

3 Suffolk Life reported that a district hired a publicity

4 agency for fifty thousand dollars a year. The District

5 could have hired another teacher for that money. We

don't

6 have the funds to counteract the PR funds.

7 Last year Connetquot threatened to cut the

8 kindergarten to a half day if the 2005-2006 budget

failed.

9 It failed. Guess what? The same threat was made for

10 2006-2007. That was an empty threat. I believe the

money

11 spent on PR firms to be an abuse, and that opens the

door

12 to other abuses which we recently read about. The

13 taxpayers don't know where the money is going. They're

14 being sold a pig in a poke and who is watching? Who is

15 qualified to watch?

16 If the taxpayers were trying to get answers, they

were

17 sandbagged. Makes me wonder if the Board members were

18 trying to hide something. The District should be

19 prohibited by law from engaging in such shenanigans, I

20 think it's reasonable to conclude something similar is

21 going on it each district. It's like each district is a
22 little empire onto itself.

23 Funding directly from Albany could, I believe, end
24 such mischief. I believe funding should come directly
from
25 the State, not the homeowner. What is a broader tax

base,

85

1 sales tax, income tax? Last year the State was able to
2 reduce sales tax by a quarter of a percent. They must
have
3 a lot of money, quarter percent is a penny on a dollar
4 purchase. Those pennies could go a long way to relieve
5 some of the distress. Nobody would miss a penny on a
four
6 dollar purchase. I've seen people throw pennies away
and I
7 pick them up.

8 Maybe income tax is preferable. I think getting

the

9 State to fund the schools directly would have a two-fold
10 benefit, a State agency to monitor the money, actually
11 monitor the shenanigans I described and break up the

empires,

12 and the other is relieve the burden on homeowners,
13 especially seniors. I don't think that is within
Suffolk
14 County Legislature's purview. That is where we need
this
15 kind of commission in the New York State Legislature.
They
16 have the authority to take remedial action,

17 Is anybody doing anything about that for us
18 taxpayers?

19 CHAIRMAN LINDSAY: Mr. Gallagher, in the way
of
20 answering some of the questions that you raised. You're
21 absolutely correct, the power to change the taxing
system
22 rests with the State. The reason for this commission is
to
23 look at the whole system, on how we finance our school
24 districts and to ask if there is a better way, to issue
a
25 report to turn up the heat and see if we can finally get

86
1 someone to address the problem of a system that is
2 obviously broken. And that is what we're all about.

3 MR. GALLAGHER: Well, we certainly appreciate

4 it. Thank you.

5 CHAIRMAN LINDSAY: Gerald O'Connor.

6 MR. O'CONNOR: Hi, folks, my name is Gerald
7 O'Connor. You can call me Gerry. I can see that the
8 Connetquot school district is well represented here.

I'm

9 probably more aware and astute what goes into the school
10 budget than most simply because I ran for the school

board.

11 Well, I lost. I haven't heard what everybody has said

but

12 I'm sure there are a lot of very good ideas.

13 Bill, we're not disagreeing with what you're

saying.

14 Forming a panel trying to come up with something. I

have

15 my own ideas; I'm sure everybody else does. I firmly

16 believe that if anything is done, it cannot be done on

17 the local council wide thing. I believe it has to come

18 from the State. Again, we have to know what we're

talking

19 about before we propose anything.

20 It is coming from any one of several sources. It

was

21 mentioned a few minutes ago the State cut their sales

tax

22 rate by one quarter of one percent. At the last meeting
23 that we had I brought it out and I questioned these who
24 were on the panel to try and find out how much money the
25 State was giving up on that one quarter of one percent.

I

87

you
1 have yet to hear any information from anybody. Could
2 find out?

3 CHAIRMAN LINDSAY: Yes, I believe our
4 economist --

5 MR. LIPP: (Interposing) First of all, it's
6 actually an eighth. The State reduced their portion by
one
7 quarter. At the same time they also increased the MTA
by
8 an eighth, so the effective decrease was just an
eighth.

9 One quarter percent is approximately sixty-five million
10 dollars; therefore, one percent would be two hundred
sixty
11 million dollars, Suffolk, county-wide per quarter cent,
or
12 per one cent is an easier number.

13 MR. GALLAGHER: How much?

14 MR. O'CONNOR: How much state-wide? My

premise

15 is this: If anything were done, it's not going to be

done

16 on a local, county-wide way of doing it, or city-wide.

I

17 think it's going to be done state wide.

18 My question was, the one quarter of one percent is

not

19 the effect in the county, it's the effect state-wide to

see

20 how much in dollars the State gave up.

21 MR. LIPP: You're saying a proposal

22 state-wide --

23 MR. O'CONNOR: (Interposing) Right.

24 MR. LIPP: If you give me about twenty

minutes I

25 can find out.

88

1 MR. O'CONNOR: Basically what I'm saying,

when

2 anything is cut or anything is proposed to pay for the

3 first question, I always have out of my mind is how do

we

something

4 pay for it. It has to be obvious. It has to be

I'm

5 we have to find out. This sales tax is a possibility.

6 not saying fully funded through a sales tax; that is one

7 possible way.

to

8 There is another thing too, on the income tax side

might

9 have an effect there. I'm saying sources of what we

whether

10 want to do is come from various financial avenues,

were

11 it be an income tax or sales tax or property taxes we

12 talking about before.

13 Connetquot is a very, very, very unique district.

residential

14 Connetquot has one property tax rate. This rate is the

15 same rate for commercial property as it is for

that

16 property. From what I understand, it was agreed to by

17 people on the school board some twenty plus years ago

has

18 agreed to that single rate. That outrageous decision

19 cost the residents of our district untold millions of

20 dollars over the years.

21 The people that have a property tax on commercial

22 business, that is the cost of doing business and the
cost
23 of doing business is normally part of the product that
they
24 sell, so the customers are paying for the cost of the
25 product in the end. Residences don't have that. If we
are

89

1 going to have something state-wide, we should have it
2 mandatory.

3 The commercial rate is separate from the
residential
4 rate. If you continue to have school property taxes on
5 residences, they should be two separate rates. I even
6 looked into this thing when I first found out about it
7 several years ago, when Steve Levy in the Assembly and
he
8 was a member of the Real Estate Property Tax Commission
to
9 see if we could overturn that decision that was made by
the
10 Connetquot school district.

11 To great chagrin, we can't. It literally called
for
12 it has to be done on a state-wide basis, not only for

us ,

13 but for everybody. There has to be definitely two
separate

14 rates.

15 The other thing, I just made these notes to myself,
16 the last time we met there were several committees, I
17 understand, looking into this. We had this committee
here.

18 There are other committees that were being formed to
look
19 into it and compiling the same information; is that
20 correct?

21 CHAIRMAN LINDSAY: You used your five
minutes,
22 but I want to answer your questions. There were two
23 committees that were passed by resolution within the
24 Suffolk County Legislature, one to assess how we finance
25 our schools, whether the real estate property tax is the

90

1 proper way to do it or is there an alternative that
would

2 be more equitable to our residents, and the second

3 commission that was formed that is going to start the

end

4 of September is to assess how our schools spend their
5 money, and are there more efficiencies.

6 Is there some way that the County can implement
more
7 efficiencies within the spending of school districts.
That
8 is going to start examining that issue, to see if there
is
9 anything we can do on the expense side.

10 MR. O'CONNOR: Just one other comment. I
will
11 leave the podium. One other item, I want to consolidate
12 the panels on this review. The thing that we have
again,
13 in our district, and I'm sure it's in every other
district
14 that causes a lot of the higher school property taxes
all
15 school districts are very labor intense, so the funding
of
16 various things at the benefit of these individuals, like
in
17 Suffolk County, is just outrageous and we can't afford
18 these things any more.

19 It has to be mandated these contracts as it comes
up.

20 We're right in the throes of these, contributions in the

21 health and dental costs. Our district in this year's
22 budgets, we have almost sixteen million dollars that the
23 taxpayers are paying in the district and contribution by
24 individuals who then started recently is a hundred
25 sixty-five thousand dollars. That is a joke. I mean,

we

91

1 just can't afford these things any more.

and

2 Also, these mandates that come down from the State
3 Federal government are just killing us. In the private
4 sector you have a situation that is started, in fact the
5 Republican candidate that is running for governor, I
6 picked up on it and I think he's right on this issue,
7 to get a way out of this concept of defined benefits
8 and go into a 401(k) where the State puts so much in and
9 the employee puts so much in. It grows and grows and
10 grows.

just

have

plan

those

11 CHAIRMAN LINDSAY: I hope would you share
12 thoughts with the other commissions on expenses.

Something

13
discussion

that you did say that is -- we had an expensive

14
15
revenue

about it this morning and had discussions about it
previously, about in terms of looking for another

16 source to create a bigger base. Someone mentioned an
17 income tax sales tax or whatever.

18
on

One of things we're struggling with, if it's done

19
20
identified

the State level, some assurances that we will get the
income back here. One of the problems that was

21
Albany,

really early on is if the revenue that we send to

22
have

if we got it back here, would be fine. You wouldn't

23
would

this revolt of real estate taxes because our schools

24
Albany

be adequately funded. We send a lot more money to

25 than we get back.

92

1
State

If we have a new revenue source, say we get the

2
would

to pass a one percent surcharge on income tax, that

3 be dedicated to the schools. We have to have some
4 assurances that that money would come back to our county
5 school system.

6 MR. O'CONNOR: I agree a hundred percent.
7 You're saying -- that argument I heard for decades. I
8 grew up in the Bronx. That is all you used to hear in
9 city was we don't get our fair share from the State.

10 CHAIRMAN LINDSAY: I'm going to ask Michael
11 Bernard, who is with the Tax Assessor's Association and
12 is the tax assessor for the Town of Babylon, Michael,
13 you share those numbers that you gave us this morning
14 the benefit of people that weren't here?

15 MR. BERNHARD: In researching the school
16 districts in the Town of Babylon, there are ten school
17 districts. 2000-2001 tax year, from the total school
18 budget, sixty percent was derived from State aid and
19 percent was derived from the property tax. Last year's
20 budget for '05-'06, that split was now fifty-fifty, so
21 the State is giving less in State aid, the budgets have

22 increased probably close to fifty percent in that same
time
23 frame, and the bulk of it is made up from the property
tax.

24 That is, if you look at your property tax bills
going
25 back to 2000, only six years ago, you will see where the

93

1 increases are. Compare them from year to year.
Granted,
2 there has been more that has been given out for your
STAR
3 savings, especially for seniors that are eligible for
the
4 enhanced STAR program. However, it's like a shell game,
5 it's money coming back. That money that comes back from
6 the STAR rebate or STAR savings that you see on the bill
is
7 added in the State's computation for State aid, so
they're
8 not getting any more money.

9 MR. O'CONNOR: If that STAR program was
10 eliminated, you would have a revolt. That STAR money is
11 being eaten up already.

12 CHAIRMAN LINDSAY: No, we are just saying if

you

13 enhance STAR, don't deduct it from the other portion

that

14 you're funding the school district.

15 CHAIRMAN LINDSAY: Lou Gallo.

16 MR. GALLO: Hello, my name is Lou Gallo; 218

17 Harrison Avenue, Miller Place. At the risk of sounding

18 hackneyed or trite, I'm going to testify regarding the

19 issue before this particular task force or commission.

I'm

20 here to actually lend my active voice to something that

is

21 serious,

22 I'm pretty active in the community. Two gentlemen

23 sitting on the committee are active in my community,

24 political, civic and fraternal way. People come to with

25 all kinds of concerns. You might say I might be

94

1 representing them in kind of an informal sense, but I

must

2 tell you this payment of local taxes, I'm here for one

3 reason. I hear the polemics, I hear the controversies,

I

4 get the excitement, animosities. I go to the school

board

5 hearings and all I hear is polemics,

to

6 I'm here to urge you to go beyond that. You have

over.

7 get something on paper. In my neighborhood alone I'm

8 appalled at all the real estate signs going up all

this

9 This week I celebrated my thirty-fourth year living on

six

10 street. In neighboring streets homes are anywhere from

the

11 hundred to eight hundred thousand dollars, and already

12 for sale signs are going up.

property

13 Miller Place is a demanding community, I'll admit

14 that. We can perpetuate funding schools with the

for

15 tax, no more, no more. I'm not necessarily advocating

16 an income tax. What I'm advocating in your planning, in

17 your reports, in your recommendations that you somehow

group

18 create a cogent action, a task force, a commission, a

19 in fact I advocate it should be the Suffolk County

20 Legislature.

public

21 The Suffolk County legislature in the realm of

22 policy have been pushers and shakers in thirty years,
what
23 they have done in the seventies with the detergent ban
and
24 in the eighties with the recycling. The cause of the
week
25 should be a serious investigation of the income tax as a

95

1 possible source. At first blush, I'm a careful and
the
2 deliberate person, at first blush it seems fairer, well
3 immediate reaction is well, you just shift the burden to
do
4 someone else, maybe not. Maybe it's the fairest way to
5 it.

6 Let's be concrete about it. You start out as a
young
7 married, person you're not making that much of an
income,
8 maybe you have one or two little children. Obviously,
9 you're not going to demand the services of the schools
as
10 much as someone else. At the other extreme the seniors
on
11 fixed income whose children have gone through the
schools

12 already, it makes sense with the lower income they
should
13 pay a lower rate.

14 What about the big C in the bill? I used to be
part
15 of that big C too. You had steadily rising income, you
had
16 more children and you wanted the best for your
children.
17 It makes sense to me. At first blush I have an
interest,
18 but I'm not an expert. It seems they should pay for the
19 greater burden of the taxation. It almost comes out to
be
20 like a proportional use tax, that's the way I see it.

21 It's obviously, to a certain extent, I think,
fairer.
22 I mean, you hear the criticisms. You're transferring
23 burdens and things like that but it just might be
24 fairer. Really, I'm here to suggest to you that if you
25 compile a report, that you include in the report some
kind

96

1 of active group that takes cogent action. It should
2 include perhaps experts in municipal finance, assessors,

3 budget offices in the County Legislature, civic people,
4 anybody who is a stake holder in this particular issue.
5 Make it workable. Put it down on paper.

6 It has to be the Suffolk County Legislature.

7 They're the movers and shakers in the last thirty or

forty

8 years. It can go to Ways and Means. They can digest

the

9 information and hopefully go to the Legislature and urge

a

10 group of legislators to do the enabling legislation. It

11 has to move.

12 CHAIRMAN LINDSAY: Mr. Gallo, can I interrupt

13 you for a minute? That is what this commission is. I'm

14 the presiding officer. Legislator Nowick is here. We

have

15 the Assessor's Office of Suffolk County. We have the

16 School Board Association. We have the realtors, we have

17 our Budget Review Office, who is your economist.

Everybody

18 that you described is in this panel. That is what we're

19 doing.

20 The point is, at the end of the journey, which is

21 almost there, we're going to issue a report on the

system,

changing

22 what we think about it, what alternatives are to

every

23 the system. That report will be given personally to

24 one of our state representatives, with a plea to do

25 something to change the system.

97

is a

1 MR. GALLO: The point I'm trying to suggest

2 concrete plan. Maybe you have to do a pilot. Maybe you

3 have to target a town or hamlet, come up with something,

4 here is a particular plan where you finance the schools

5 with an income tax. This is what it looks like.

tax

6 Mr. Lindsay, it sounds to me like the same usual

7 farce studies that go nowhere. I don't want to see it

8 shelved. I don't see you say here is a plan and put it

9 before a governmental body.

here.

10 CHAIRMAN LINDSAY: That is what you have

11 That is what is sitting before you right now.

it

12 MR. GALLO: Okay. It's going to get out to

13 public?

14 CHAIRMAN LINDSAY: It's going be a public
report
15 available to any citizen in the County as well as
16 transmitted to every one of our state representatives
who
17 have the power to change the tax system.

18 MR. GALLO: What kind of plan?

19 CHAIRMAN LINDSAY: Well, we're taking public
20 testimony. We have met about five or six times. We're
21 developing alternatives to the existing system the way
it
22 exists now. We don't have the plan that is what we're
23 working on. That is why we're here today. That is why
24 we're listening to you.

25 MR. GALLO: That means there is going to be a

98
1 specific plan of some sort.

2 CHAIRMAN LINDSAY: There is a going to be a
3 final report that assesses the system that we have now
and
4 what alternatives there are to financing the school
5 systems.

6 MR. GALLO: Is that a hypothetical plan of

what

7 financing all the schools will look like?

8 CHAIRMAN LINDSAY: It's not hypothetical. We

9 have been dealing with real numbers of how much money we

10 need to finance the school system. That is taken from

real

11 estate taxes in our community.

12 MR. GALLO: How does that impact the

taxpayers?

13 CHAIRMAN LINDSAY: Read the final report. It

14 isn't done yet.

15 MR. GALLO: Maybe we're talking about the

same

16 thing. I hope we are.

17 CHAIRMAN LINDSAY: You're participating in

the

18 process. This is a process. The process is not

concluded

19 yet.

20 MR. GALLO: Okay.

21 LEG. NOWICK: Maybe I can try and make it a

22 little clearer for you. We are also at our wit's end.

We

23 are also paying those taxes. We also would like to

24 develop, as you say, a plan. If you go around the room

and

25 you read the little place cards here, you see who we
have.

99

1 We have somebody from every walk of life that would be
2 important to this particular subject.

doing

3 When you say develop a plan, what we have been

ideas

4 is we have been getting ideas, we have been getting

5 from the public. By the way, some of our best ideas do

6 come from the public. We take an income tax and take it

you

7 and dissect it and find out the pros and cons and why

8 can do that and why you can't do this.

who

9 We have budget review. We have Dr. Pearl Kamer,

ax

10 was here, who is an economist. We toss around the sales

11 and say how much do we have to raise and what to do. We

with

12 have the video lottery terminals and what we can raise

13 that.

we

14 We are taking all of that and digesting it. What

15 can do after listening to the public and say hey, this

is

16 need

17 not

18 is

19 time.

20 audience

21 spoke

22 already.

23 I'm

24 make.

25 is

owe

16 best for our county. Now, state representatives, we

17 you. We are eighteen strong here and we come to you,

18 just ourselves, we come to you with the backing of our

19 county. We need you to listen to us. That is what this

20 about.

21 MR. GALLO: Excellent. Thank you for your

22 I appreciate it.

23 CHAIRMAN LINDSAY: Anyone else in the

24 that would like to speak? Please come forward. You

25 already. I'm referring to the lady.

100

1 MS. CLIFFORD: My name is Maureen Clifford.

2 also from Jamesport. I just have two basic points to

3 One is as far as the property assessment goes, it really

4 not a scientific valid method of assessing what people

5 on property taxes. I have a two bedroom house with an
6 unfinished attic on less than a quarter acre and my
7 property taxes are seven thousand dollars. My parents

and

8 I have been in that house sixty years,

9 My surrounding neighbors has not one but two living
10 residences on their property, and their taxes range from
11 twenty-three hundred dollars to four thousand dollars.
12 There is a little inequity.

13 CHAIRMAN LINDSAY: Have you ever grieved the
14 taxes?

once

15 MS. CLIFFORD: Many times. I got them done
16 and upped the next year.

17 MR. BERNARD: Where do you live?

18 MS. CLIFFORD: Jamesport.

of

19 MR. BERNHARD: I suggest you contact the Town
20 Riverhead Assessor's Office.

21 MS. CLIFFORD: I have been there many times.

you

22 MR. BERNHARD: Under Real Property Tax Law,
23 have to grieve assessments and not taxes.

24 MS. CLIFFORD: I have.

25

MR. BERNHARD: There is no mechanism to

grieve

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1 taxes. There is no mechanism to grieve taxes. It's
2 assessment. That day passed in May. Most towns will do
3 reviews for homeowners if they feel that you have a
4 substantial case, like that homes are set based on
value.
5 Value is attributed to the amenities within the home,
6 usually reflected in the taxes, especially if it's
within
7 the same school district.

8 Unless there are big exemptions on the other
9 properties that you mentioned, something sounds greatly
10 wrong. After the meeting, if you stick around, I will
give
11 you the persons name and phone number that you can
contact
12 that would be more than happy to help you.

13 MS. CLIFFORD: Okay. I think you also know

when

14 I did discuss this with my Town Assessor I was informed
for
15 her job she needed three days in the course of assessing
16 the property. I have thirty hours. I think my appeal

was

17 valid.

the

18 The second point is when a person is unable to pay
19 property tax, are you aware of the penalty. There is a
20 five percent initial penalty on the unpaid taxes, twelve
21 percent for the first six months and twelve percent for
the
22 seconds six months. I have it in writing.

going

23 CHAIRMAN LINDSAY: Could I just -- I was
24 to say we have our County Comptroller here as well as
25 Budget Review.

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and

1 MS. BIVONE: You said five percent penalty
2 interest starts back from February 1st, five percent
3 penalty. Five percent interest?

4 MS. CLIFFORD: Twelve percent; I have it in
5 writing from here.

of

6 MS. BIVONE: No, it's total, five and five.
7 It's compounded, so it's eleven percent in reality, as
8 June 1st, but it is five plus five. It is not five plus

9 twelve. That is New York State law. It's on the back
of
10 your tax bill.

11 MS. CLIFFORD: From the second floor office
up
12 here I have a printout because I'm behind in my property
13 taxes. It's a five percent penalty, twelve percent for
the
14 first six months and twelve percent for the next six
15 months, which at the end of the year of being deficient,
16 it's twenty-nine percent.

17 MS. BIVONE: Are you a year behind?

18 MS. CLIFFORD: Yes.

19 MS. BIVONE: What you're saying is after the
20 first year, then they charge the interest in six month
21 blocks. That is different than the original charge,
which
22 is five plus five.

23 MS. CLIFFORD: My discussion with the woman
24 upstairs, it was a total of twenty-nine percent at the
end
25 of the first year and twenty-four percent at the end of
the

1 second year, which means if you're deficient for two
years,

2 it's a fifty percent increase. Thank you.

3 CHAIRMAN LINDSAY: Mr. Donato, you wanted to
4 make another comment?

5 MR. DONATO: I'd like to say again, let's try
6 and put a vote to the public. That would be important.
7 It's all about us. That's about it.

8 CHAIRMAN LINDSAY: Sir in the back, did you
want
9 to comment?

10 MR. CATONE: My name is Vito Catone; 41
11 Grandhaven Drive, Commack. I've been a resident of
Suffolk
12 County since 1959 and a visitor since 1944. First moved
13 into Commack, we had our first budget meeting. We went
14 there and there was about twelve hundred people in the
15 auditorium in the Commack school district. Went to the
16 last one, 2006, there were five. Obviously, people are
a
17 little turned off by the fact if there are complaints or
18 suggestions about what to do, it never gets done, so
they
19 don't bother coming.

20 The items that I've been discussing, I think we all
21 know what a budget is. My feeling, the school budgets
22 just little money pots that superintendents or their
23 cohorts dip into whenever they want. Example, line item
24 budget for hardware. I said, what do you mean by

hardware,

25 switches, chain link fences, wire, screws, nuts. I

said,

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1 well, you have a line item budget of a half a million
2 dollars. Do you use a half million dollars of screws
3 year, because the line item budget just went up a
4 thousand to six hundred thousand dollars.

every

hundred

5 What does this mean? Give you an example. Roslyn
6 school district, ten million dollars was stolen from
7 whatever. Call it school budgets, wherever it came

from.

8 At no time did I hear it affected the education of the
9 students or affected the complex, school complex.

10 Apparently you can dip into these line item budgets,

take

11 out whatever you want and no one is going to know it.

12 We have an audit system in the Commack school
13 district. They come in every three years, and I guess a
14 report goes to the superintendent of schools. Is
something
15 wrong with that? Why isn't the audit going to a New
York
16 State agency? Let me tell it short and say that we have
to
17 come up with a system as to determine what the line
budget
18 item is and have it audited.

19 There are a number of people in each school
district
20 who have some audit background. They can volunteer
their
21 services, perform that function. I think there should
be
22 an audit and this is on annual basis, and with a report
23 going to the State. That should be part of this
commission
24 report.

25 CHAIRMAN LINDSAY: Did anybody not speak?

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1 Another comment, Boris?

2 MR. GRIB: I'd like to submit both of these.

3 This is in regard to my letter. This is the research
which
4 flowed from the New York State Education Department. A
5 copy of the decision on the appeals from review from the
6 Commissioner of Education. (Handing)

7 During this meeting, numerous comments have been
8 made. Legislator Nowick stepped out for a moment, but
the
9 discussion, as far as the purpose of the committee in
10 review, income tax versus property tax, what I tried to
11 show in my letter within that appeal, a local school
board
12 had the authority to, not within the law, achieve a
13 thirty-eight percent tax increase to the residents of
the
14 community, not within the law of the State of New
York.

15 When I tried to show in that letter that I
presented,
16 in your consideration for the regard for a State income
17 tax, for believing in that and trying to profess that
for
18 the State of New York, pulling the control of the
funding
19 of the schools out of those local school boards has
20 enormous potential value to keeping control over

continuing

21 spiraling taxes for the payment of our school and
education

22 system.

23 Obviously, what the district attorney has pulled up
24 with William Floyd local school board problems, this is
not

25 an issue to sneeze at and seriously think about taking
the

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1 tremendous fiduciary responsibility placed in five
2 relatively untrained individuals because of local voting
3 putting that power into the State's power and into
4 professional government's power would be far more
5 controllable. Certainly serve to help stop these
6 violations committed on the community.

7 I thank you very much.

8 CHAIRMAN LINDSAY: In the next to last row I
9 don't believe you spoke yet.

10 MR. KERN: I had no intentions of speaking.
11 Robert KERN, also belong to a group called SAD, Seniors
12 Against Discrimination. We have taken on the school

budget

13 as well. Somebody mentioned before, that is why I
wanted

14 to speak out about the enhanced STAR program. I belong
or

15 live in a community, about eight hundred senior
citizens.

16 A lot of them are on the enhanced STAR program since
that

17 actually came out. Taxes have gone right to where it
18 started several years ago, primarily because of school
19 budgets.

20 School budgets have gone out of sight. We have
21 Manorville just built a new school approximately two
years

22 ago. The first time we had to go there to vote,
everybody

23 said, where is this place. We went to find it;
everybody

24 came to the same conclusion. We just said we visited
the

25 Taj Mahal. This place is gorgeous. I, for one, cannot

107

1 afford to have a plasma TV. They have plasma TV's in
the

2 halls for the children to view as they go from class to

3 class. Every classroom has a plasma TV.

4 This is a burden and unforgiving that they can take
5 money from people and spend it like that. There should
6 some accountability, and I think the tax should be
7 an income tax by the County in order to accommodate the
8 schools. I think it should be separate from the State
9 let us pay for our own schools. Thank you.

10 CHAIRMAN LINDSAY: Mr. Kern, Joe Sawicki, the
11 County Comptroller, has a question.

12 MR. SAWICKI: Do you know if the State
13 Comptroller, Alan Hevesi, is doing an audit on your
14 district? I'm sure they're ripe for an audit, that kind
15 tax increase and overspending.

16 MR. KERN: They're the ones that play with
17 threats of cutting things off, things of that nature.

18 MR. SAWICKI: How a capital of project like
19 could be approved by the voters initially. I was with
20 son's basketball team over the winter and I thought I
21 on a private college campus.

22 MR. KERN: As a matter of fact, right down

the

23 road from there is a school which, I believe, is part of

24 the Center Moriches district as well that particular

25 school, they just installed -- the school was there, but

108

1 they installed lighting around the tennis courts. Does

o'clock

2 anybody know the children that are there after five

For

3 at night? They have their tennis courts all lit up?

4 who?

group

5 These are system of the things, we belong to the

6 SAD. We have people, it is a sad situation. We have

7 people in our community, believe it or not, that eat dog

8 and cat food because they can't afford to buy food.

9 It's not only the taxes, it's the medical insurance

do

10 that is killing them as well. It's up to you people to

answer

11 it. If you don't do it, I don't even know what the

12 is. It's pathetic.

13 CHAIRMAN LINDSAY: Mr. Brosseau.

14
elaborate.

MR. BROSSEAU: The reason I want to

15 The reason I suggested a single school district for all
of

16 Suffolk County, I didn't get a chance to tell you all of

17 the whys, is because what these people are saying right

18 now, the power that five school board members have on a

19 district and how it affects the people that live there.

20 The last three years, our school board members and the

21 administrators have played the same game for the last
three

22 years because we got a new superintendent three years
ago.

23 This is the game he does to us when it's time to
vote

24 on a budget. He blackmails us, blackmails us directly.
He

25 tells us if you don't vote for this budget, I will cut

109

1 kindergarten to half day I will take out sports, music
and

2 trips.

3 We hear this every year. What do you expect a
mother

4 who has two kids in school, one going to kindergarten

when

5 she's working. Which way is she going to vote for the
6 budget. She's forcing everyone to say yes to a budget.
7 What happens, the budgets are inflating. We just got a
8 report, a fact finder's report. It stated in the report
9 that Connetquot school district in the last three years
has
10 averaged six million dollars excess.

four

11 Now the budget we voted on was a hundred twenty-
12 million they only spend a hundred eighteen million, that
is
13 three years in a row they have done that to us, all I'm
14 saying is you have to take the power away from these
five
15 people who are not really qualified to do this kind
offer
16 work, you have to put it in a central school district
where
17 there is a superintendent and assistant and whole group
of
18 people who are qualified to make these assessments in
all
19 these other schools. You have to centralize. Mayor
20 Giuliani did the same thing in New York.

21 That school district is improving after that.

22 Bloomberg is getting it better and better. We can't

have

23 these groups of people deciding on all this money and

it's

24 frivolous, we have teachers who don't pay anything, only

25 their medical and dental, and they haven't since 1999-

110

1 2000.

2 We have tried to get them to pay. I've been on

budget

3 committees for five years now scheming to get them to

pay.

4 Verizon, Cablevision, every company in the United States

5 they have to pay for their benefits. They're

eliminating

6 pensions. The school employees they're in a bubble.

They

7 don't know what is going on. They don't want to pay

8 anything.

9 We have to take the power away from these little

10 groups, seventy of those people are deciding what is

going

11 on. It should be decided by a group better educated to

do

12 that. Thank you.

13 MR. O'CONNOR: Whatever is finally decided,
14 whatever we wind up with after all is said and done, we
15 have to make sure that we have to monitor future
budgets.

16 CHAIRMAN LINDSAY: Understand something.
17 commission is assessing the financing of the schools,
not
18 the expenses.

19 MR. O'CONNOR: I understand that. Do you
have
20 the answer?

21 MR. LIPP: It's a preliminary answer. I got
a
22 gross number basically. It looks like one percent
23 State-wide would be two and a half two and three quarter
24 billion dollars.

25 MR. O'CONNOR: One percent would be?

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1 MR. LIPP: Two point five billion to two and
2 three quarter billion.

3 MR. O'CONNOR: On a one percent?

4 MR. LIPP: Yes, at least.

5 MR. O'CONNOR: A quarter of that would be

6 roughly six hundred some odd million?

7 MR. LIPP: Yes.

8 MR. O'CONNOR: How much with the school
budgets?

9 CHAIRMAN LINDSAY: In the discussions we have
10 been having, again you have to understand we have been
11 discussing all kinds of alternatives to funding our
12 schools.

13 MR. O'CONNOR: I thought you had a number.

14 CHAIRMAN LINDSAY: The number I threw out was
15 one point eight billion dollars to take to replace the
16 residential property tax on owner-occupied houses.

17 MR. O'CONNOR: Just Suffolk County?

18 CHAIRMAN LINDSAY: Just Suffolk County. Sir
in
19 the back.

20 MR. GAROFOLO: Good afternoon. Steven
Garofolo;

21 2282 Ronkonkoma Avenue. I'd like to thank the
commission.

22 This is the third time I've been at the hearings. I
23 noticed a number of you are the most that anybody has
been

24 here for all of them. I appreciate it. I really think

25 this is a serious matter.

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public

on

with

but

up

to

to

of

1 As you may or may not remember, I'm a certified
2 accountant. I'm a tax partner in a hundred ten person
3 accounting firm with twenty years experience. I worked
4 high net worth individuals and really some very large
5 corporations, partnership issues. I'm very familiar
6 income tax, the good and bad of it.

7 I made a lot of comments in the first two times I
8 spoke here and I don't want to go back over that ground
9 there are a few things that I haven't been able to bring
10 that I do want to get on record.

11 One of the questions that I have and I would like
12 see in the report is how we transition from one system
13 another system. Right now we have a property tax system
14 and if we change to an income tax system, if we collect
15 money from sales tax or lotto or however we do it, one

16 the concerns I have is how is this one seem less
likely?

17 How do we not end up with a surplus or shortage?

18 The second thing I would like to know is, when we
19 change our funding system, what do we do when right now
we

20 have each school district responsible for collecting
their

21 own money. What do we do when we collect the money
through

22 an income tax or some system, keeping the real estate
tax

23 in place, starting the new system. What do we do if we

24 come up short for money? All of a sudden we decide to
base

25 it on tax collections or we find out there is a
recession

113

1 or there is a bubble. I would like to see that as part
of

2 this commission report.

3 I think that is a really fair thing for people to

4 see. I brought up at the two prior meetings the whole

5 question of funding. What do we do when the money gets

6 collected and who determines how it gets distributed?

In

7 that light, I wonder and I would like to see in the
report
8 what happens when you change it to an income tax system
and
9 in my district we get three thousand dollars a student
and
10 the district next door gets four thousand dollars a
11 student, and the people next door decide to file a
12 lawsuit. How do we deal with the constitutional issues
if
13 all people aren't treated fairly?

14 I'd also like to see in the report that under an
15 income tax system, I spoke about this twice before, that
16 there is big complication under the Federal and State
tax
17 system with alternative minimum tax that we send more
money
18 to Washington than New York gets back. There is going
to
19 been a loss of money under the AMT system that is going
to
20 leave our state and go to Washington and we don't get
21 dollar for dollar back. I would like to see an analysis
22 how much money we lose from this state that does not
come
23 back.

24 In that same regard, if you understand New York
State

25 law, income tax is not a deduction for state tax
purposes

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1 although real estate tax is. We would be sending more
2 money up to Albany than we would be getting back. I
3 would like to see how much that is worth to us. The
4 biggest argument I hear about income tax is that it's
fair.

5 I can say to this there is nothing fair about income
tax,

6 whether somebody is W-2 or cap gains or passive or
7 nonpassive income or investment interest expense or
whether

8 they have risk investments basis issues, whether they
have

9 net operating losses, I know millionaires that haven't
paid

10 a dime in tax in years because they lost money in 1985.

11 THE FLOOR: That is profit.

12 MR. GAROFOLO: I'll be glad to discuss income

13 tax with you. I would almost like to see in the report

14 some analysis of how it's fair because I read lots of

15 articles and everyone keeps coming back to the word

"fair."

16 Something is fair if I reach in my own pocket and I go
to

17 7-Eleven and buy a lottery ticket and made my choice to
18 spend that money. If I go on a bus and I give my seat
to

19 someone else, that is fair because I made my choice,

20 There is nothing fair about income tax when someone
21 tells me how much I have to give to someone else.

Property

22 tax isn't fair. I'm telling you income tax isn't
fair.

23 I've talked about many other items previously. I
24 don't think anyone read -- I've been looking at articles
25 and reading about this. There has been lot in the
paper,

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1 Alan Hevesi's report. I don't know if you saw it. You
2 talk about how much real estate tax has gone up over
3 increases in the income in the last five or ten years.

4 It's real estate taxes are out of control. I know
they're

5 out of control. I don't know what the right answer
is.

6 You brought up at the last meeting that you paid

one

guy

going

It

may

for

bill

pay.

road.

7 amount. Your colleague paid a different amount. The
8 across the street paid a different amount. We're all
9 to pay a different amount under the income tax system.
10 will be a different criteria. This one is wealthy and
11 not need to worry. If I have a hundred fifty thousand
12 dollar college loan because I decided to get my Master's
13 degree and now I work six days a week for four or five
14 months out of the year and my neighbor decided to work
15 the Parks Department, how is that fair because they have
16 the same rights to the benefits.

17 Maybe what would be fair if I have to cover the
18 for them because now we decided they don't have to
19 Maybe I should be able to get to work before they get in
20 their car and stop me from spending an hour on the
21 Maybe I should have a weighted average in voting for the
22 budget. People that pay nothing into the system, maybe
23 they should not have a right to vote. That is fair

24 People pay hundreds of thousands of dollars. I

think

25 the backlash from people that don't understand what

would

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1 happen under an income tax system -- I'm not sure this

2 committee -- that's not fair. I'm sure you thought

about

3 it. It's a great group. Thank you for giving me the

4 opportunity to speak and I look forward to seeing the

5 report.

6 CHAIRMAN LINDSAY: You're welcome. Seeing no

7 one else, this meeting is adjourned.

8 (TIME NOTED: 2:05 P.M.)

9

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1 CERTIFICATION

2

STATE OF NEW YORK)

3

)

ss:

COUNTY OF SUFFOLK)

4

5

6

7

8

I, JUDI GALLOP, a Notary Public in and for the
State of New York, do hereby certify:

10

11

THAT this is a true and accurate record of the
Hearing held before the Suffolk County

12

13

Homeowner's Tax Reform Commission on August

14

2006, as reported by me and transcribed by me.

15

16

IN WITNESS WHEREOF, I have hereunto set my

17

this 25th day of September, 2006.

18

19

20

JUDI GALLOP

23,

hand