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HOMEOWNER'S TAX REFORM COMMISSION

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DATE: November 27, 2006

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TIME: 1:20 p.m.

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2 A P P E A R A N C E S:

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4 WILLIAM J. LINDSAY, Presiding Officer
Suffolk County Legislature

5

6 PATRICK BYRNE ESQS.
Suffolk County Executive's Designee for

7

8 LEGISLATOR LYNNE NOWICK
13th District

9

DR. ROBERT LIPP

- 10 Director of the Legislature's Office of
Budget Review
- 11 MICHAEL BERNARD
Suffolk County Assessor's Association
- 12
ESTER BIVONA, President
13 Suffolk County Tax Receivers and Collectors
Association
- 14
JAMES KADEN
15 LORRAINE DELLER - Alternate
Executive Director
16 Nassau-Suffolk School Boards Association
- 17 GARY D. BIXHORN, Chief Operating Officer
Eastern Suffolk BOCES
- 18
DANIEL A. BAHR, Regional Staff Director
19 United States United Teachers
- 20 CHRISTINA CAPOBIANCO, Chief Deputy
Suffolk County Comptroller
- 21
THOMAS KOHLMANN, President/CEO
22 Suffolk County National Bank
- 23 LISA TYSON, Director
Long Island Progressive Coalition for
- 24
ROBERT A. KING, CVA, MBA, CPA
25 Certified Public Accountant/Tax Advisor

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A P P E A R A N C E S (Con't):

DR. PEARL KAMER, Chief Economist
LONG ISLAND ASSOCIATION

MELVYN FARKAS, Long Island Board of Realtors

CELINE GAZES, Chair of Council
Long Island Recreation of The New York State
Government Officers Association

NICHOLAS LaMORTE, CSEA Region 1 President
AFSCME Local 1000

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MR. LINDSAY I'm going to officially

3

open the meeting. We don't have a flag so I'm

4

going to forego the Pledge.

5

I apologize for the confines of this

6

room rather than the auditorium, but in our

7

haste to find a date that was agreeable to

8

everybody, the auditorium was already booked.

9

I just wanted to emphasize to

10

everybody, again, the importance of us

11

starting to finalize this process, because I

12 have to get it to the printer if we intend on
13 having a report by the 1st of the year.

14 DR. KAMER: When do you have to get it
15 to the printer?

16 MR. LINDSAY: Well, I would say within
17 the next week or so.

18 MR. LINDSAY: With that, does everybody
19 want a little bit more time to review the
20 document?

21 DR. KAMER: Yes.

22 (Whereupon, everybody was in agreement
23 to review the document.)

24 MR. LINDSAY: In 15, 20 minutes we will
25 start going through it piece by piece so

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2 everybody knows what we are talking about, and
3 we will have an equal opportunity -- in the
4 authorship here, it says the Commission wants
5 this and the Commission -- this is all -- you
6 know, we haven't approved anything yet. I
7 don't want anybody to get freaked out by that,
8 but this is a draft to work with.

9 Off the record.

10 (Whereupon, an off-the-record
11 discussion was held.)

12 MR. BERNARD: The draft that was just
13 passed out is Number 5 on this Table of
14 Contents, "Fixing the existing system."

15 MR. LINDSAY: Yes.

16 MR. BERNARD: Because 27 went from --
17 this went from 4 to 6.

18 DR. LIPP: With one modification to
19 that or one caveat, within 5 you will see and
20 hear section five or Chapter 5 not included in
21 the handout by Gary Bixhorn. That is the

22 piece on the circuit breaker program, so that
23 would be merged into what Gary has and we
24 would mix that in and replace Chapter 5 with
25 that.

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2 MR. BERNARD: Thank you.

3 MR. BIXHORN: Bill, can I interrupt for
4 one second?

5 MR. LINDSAY: Yes.

6 MR. BIXHORN: When you get to the
7 materials in the blue folder, I just want to
8 clarify that in some cases where I referenced
9 a particular document that had not yet been
10 distributed to the Committee, I just attached
11 it to -- I was kind of working piecemeal, so I
12 did my five or six areas, as each one is a

13 separate statement that, ultimately, was to be
14 tied together, but I wanted you to see where
15 the data came from.

16 MR. LINDSAY: In terms of process, as
17 soon as everybody gets just through it
18 roughly, I would like to go over it piece by
19 piece and in order.

20 (Whereupon, they reviewed the
21 document.)

22 MR. LINDSAY: Are we ready to start
23 discussing?

24 DR. KAMER: A few more minutes.

25 (Whereupon, an off-the-record

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2 discussion was held.)

3

MR. LINDSAY: Maybe we could start now

4 and go through it piece by piece and we will,
5 you know, collect comments and suggestions via
6 e-mail over the next week and then when, you
7 know, everything is put together, we will get
8 it back out to you and see if we can get some
9 finality to it by next week.

10 MS. GAZES: If we go from the top, can
11 you give us an electronic format?

12 MR. LINDSAY: We haven't done that yet
13 because we just compiled it from different
14 sources, but it can be done.

15 DR. LIPP: Actually, this document is
16 all electronic. I have it.

17 MS. GAZES: Can you e-mail it to us?

18 DR. LIPP: Yes. This document is
19 Gary's, so I refer to him.

20 MR. BIXHORN: I will have it e-mailed
21 to you.

22 MS. GAZES: Good, so I can log my
23 comments in it electronically and e-mail it

24 right back.

25 MR. LINDSAY: If we go from the Table
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2 of Contents, the Executive Summary is blank,
3 and the reason it's blank is what I would hope
4 is at the end of this process, we can have a
5 simple estimate on one page of eight things,
6 nine things, ten things that we could do or
7 recommend that could change the way that was,
8 see lien assessor, the way we fund our school
9 systems in Suffolk County.

10 The introduction, we haven't written,
11 but I'm not sure whether we need it.

12 DR. LIPP: What I envision in the
13 introduction is a layout. Here's what we are
14 going to do in the reporting on this page.

15 That's all.

16 MR. LINDSAY: The overview is something
17 that we looked at last time or actually the
18 last two times with charts and laying out the
19 problem, and I don't you know if anybody has
20 any changes that they want to make to that.

21 DR. KAMER: The only change I have is
22 on section three, Page 2, under the "Human
23 Toll," the paragraph that says, "Families are
24 having problems paying the bills." I would
25 suggest that you put a source for that in the

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2 index, the Long Island Index.

3

4

 MR. LINDSAY: Well, I think the index
 could indicate that, but that's also something

5 that we have heard from testimony over and
6 over in our three public hearings.

7 DR. KAMER: Well, then, you indicate
8 that based on the public hearings we
9 conducted, we found that -- because you're
10 giving an actual percentage, you're giving
11 numbers, "Payments rose from 35 percent in
12 2003 to 54 percent in '05." Where did it come
13 from?

14 DR. LIPP: It came from the next
15 section. I wrote the Long Island Index.

16 DR. KAMER: Is it the Long Island
17 Index?

18 DR. LIPP: No. Those numbers came from
19 computations that I made in section four,
20 "Statement of the problem." That information
21 was spoken about there.

22 DR. KAMER: Based on?

23 DR. LIPP: I think calculations.

24 DR. KAMER: Based on computations by

25 the Commission stat.

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DR. LIPP: We can say page X --

3

DR. KAMER: Just source it.

4

DR. LIPP: -- in section four.

5

DR. KAMER: The same thing on the next

6

page, the graph, just a source in your view,

7

how serious the problem is.

8

The typo there, problems are property

9

taxes in Nassau and Suffolk County.

10

DR. LIPP: That's the Long Island

11

Index.

12

DR. KAMER: Source that.

13

And, then, under the "Economic Cost,"

14

the first paragraph, it says, "While the

15

long-time residents who have not yet retired

16 are today's highest income earners in our
17 region." I would like to add a sentence there
18 that says, "They take their purchasing power
19 with them when they leave."

20 DR. KAMER: On section three, Page 4
21 under, "Ready for something new," the last
22 sentence of the first paragraph, "People are
23 willing to consider dramatic changes to our
24 system of property taxation for school aid to
25 finance public education."

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2 DR. LIPP: Where was this again?

3 DR. KAMER: Section three, page 4,
4 "Ready for Something New," first paragraph,
5 last sentence, people are willing to consider
6 dramatic changes to our system of property

7 taxation to finance public education instead
8 of for school aide. It's not for school
9 aide. It's to finance public education.

10 DR. LIPP: Right.

11 MR. LINDSAY: Okay.

12 DR. KAMER: Under samples of
13 alternatives on that page, "Enact a local
14 Income Tax" -- the third one down -- "To
15 replace the property tax." Do you want to put
16 in all or part of the property taxes? Third
17 line, under Sample of Alternatives, enact a
18 local Income Tax to replace all or part of the
19 property tax on primary residential owner
20 occupied properties.

21 DR. LIPP: I would end the sentence off
22 where it says, "Enact a local Income Tax to
23 replace the property tax, period," because we
24 discussed many different versions of that.

25 DR. KAMER: That's fine. That's fine.

1

2

MR. KADEN: There's a whole section of

3

that --

4

DR. LIPP: What are you saying?

5

MS. TYSON: At the end of the sentence

6

after property tax, we discussed both, but the

7

way it reads now you would assume that you're

8

talking about replacing it in its entirety.

9

MS. GAZES: Enact a local Income Tax to

10

replace all or part of the property tax.

11

MS. NOWICK: School property tax you

12

want it?

13

MS. GAZES: No, just the property tax.

14

MR. LINDSAY: That doesn't -- I mean,

15

we never considered replacing other property

16

taxes besides the school.

17

MS. CAPOBIANCO: Only school.

18 MR. LINDSAY: The school property tax.

19 MS. NOWICK: It would be just school.

20 Did we actually consider only doing a
21 portion of it?

22 MS. GAZES: Yes, we discussed it.

23 MR. LINDSAY: Go ahead, Pearl. Do you
24 have more?

25 DR. KAMER: Yes, third one from the

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2 bottom, "Revamp the state aid formula for
3 education", and I would put in, to give Long
4 Island the more equitable share, and the last
5 one, "Establish uniform assessment standards."
6 Across towns; is that what we mean?

7 MR. LINDSAY: Well, actually, it's --

8 MS. GAZES: Across the entire region.

9 DR. LIPP: We should leave it this way
10 for now.

11 DR. KAMER: Across tax jurisdictions?

12 MR. LINDSAY: It's something Michael is
13 going to discuss. Michael sent out a memo.

14 MR. BERNARD: Yeah. That's Gary's
15 draft. It's in the last section. It's
16 outlined there.

17 MR. LINDSAY: But the question is
18 across tax jurisdictions?

19 MR. BERNARD: No.

20 MR. LINDSAY: Because the towns and
21 County, Mike, the assessing is refined to the
22 ten towns not to each school district or
23 lighting district.

24 DR. KAMER: So, is it across towns?

25 MR. BERNARD: Each town has the

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2 responsibility. It's not County assessed like
3 Nassau.

4 MR. LINDSAY: We just want to define
5 some of the solutions we talked about, list
6 them here and make it most accurate.

7 MR. BERNARD: Uniform assessment
8 standards.

9 MR. LINDSAY: For the ten?

10 DR. KAMER: Town by town.

11 DR. LIPP: I think it reads okay this
12 way, because you're talking about state-wide.

13 MR. BERNARD: It would probably be a
14 revamp of the New York State property tax law,
15 because it is jurisdictional now by town
16 except in New York City, Nassau and Tompkins
17 County.

18 DR. LIPP: In other words, it is

19 vague. The way it is stated now they are
20 somewhat vague. Leave it that way.

21 MR. BERNARD: Yeah. It may be better
22 because we talked about it, and it's listed in
23 the last section of Gary's draft.

24 DR. LIPP: If we go over that, we can
25 always come back to it.

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2 MS. NOWICK: Right. So take it out.
3 Leave it, "Establish uniform assessment."

4 DR. LIPP: Don't change it. Leave it
5 as is right now?

6 DR. KAMER: On section 3, page 5, point
7 one, the last sentence, "All local school
8 districts to have reserved funds for down
9 years." Can someone define what you mean?

10 MR. LINDSAY: I think this made its way
11 into the report from a letter from someone
12 that testified at one of the hearings who was
13 on the School Board that pointed out to us --
14 and Garry should pick this up --- that by
15 state law, the School District can't carry
16 more than two percent.

17 MR. BERNARD: That's in the report, as
18 well.

19 MR. LINDSAY: That the feeling was if
20 the School District was allowed to have a
21 larger reserve fund, they could deal much
22 better with the spikes and values of poor
23 economic years.

24 DR. KAMER: It's a good idea, but maybe
25 we should spell that out.

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DR. LIPP: How about footnote, see
section five.

4

5

MR. BIXHORN: What Pearl is saying is
the word down years doesn't really --

6

7

MR. KADEN: For tax stabilization or
planning.

8

9

10

11

DR. KAMER: All school districts should
be allowed to have larger reserve funds to
stabilize their taxes over the course of the
business cycles, which is what you're saying.

12

MR. KADEN: Right.

13

14

MS. NOWICK: Gary, how do you give
permission at four percent?

15

16

MR. LINDSAY: Let me just get that
down.

17

18

19

20

DR. KAMER: All school districts should
be allowed to have larger reserve funds to
stabilize their taxes over the course of the
business cycle.

21 MS. GAZES: I think we should begin
22 that sentence with, in addition.

23 DR. KAMER: In addition, all local
24 school districts should be allowed to have
25 larger reserve funds to stabilize their taxes

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2 over the course of the business cycle.

3 I have a comment on point two on the
4 same page.

5 MR. LINDSAY: Before we go to point
6 two, the second paragraph comes about as a
7 suggestion from Michael about some pending
8 legislation in the state that we haven't
9 discussed but I'd like to. It's in his memo.
10 You missed it, Gary.

11 MR. BIXHORN: No, it's in there. I got

12 it.

13 MR. LINDSAY: But you didn't --

14 MR. BIXHORN: It's in there. It's in
15 there. It's like the sauce.

16 MR. LINDSAY: I didn't see it.

17 Oh, let me get it here.

18 But anyway, I mean, we can talk about
19 it in your draft assessment reform options.

20 You have county-wide assessing and annual
21 recess assessing but you failed to mention --

22 MR. BIXHORN: No, down in the bottom.

23 It's the way Mike set up his e-mail.

24 Basically, I took his e-mail and reformatted

25 it to fit the report. It's down at the bottom

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2 of the third page.

3 MR. LINDSAY: Maybe that paragraph
4 should have a heading.

5 MR. BIXHORN: Okay. Instead of
6 starting with another issue, we will just call
7 it -- Mike, what would be a good two word
8 heading?

9 MR. BERNARD: Commercial assessment
10 ratios.

11 MR. LINDSAY: You might as well explain
12 it now.

13 MR. BERNARD: I don't know who did or
14 didn't get the e-mail. Apparently, I know
15 Ester told me she didn't. I forwarded it at
16 Bill's request from the last meeting.
17 Basically, what has been happening over the
18 years, in most of the Suffolk towns, as a
19 result of many issues, the State of New York
20 issues an equalization ratio each year to each
21 town that is on a fractional assessment.

22 The issue is also Nassau, because
23 they're not at 100 percent. They're at 100
24 percent, but they still fractionalize their
25 equalization rate. In any event, the

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2 equalization rate is used to determine what
3 the market value is versus the assessed
4 value. It's a multiplier. As a result of the
5 State's formula, which is uses 80 percent of
6 the math that's used to determine the rate is
7 based on residential sales. Less than 20
8 percent is used on commercial values. For
9 Article 7 proceedings or tax certiorari
10 proceedings, there is a giant business on the
11 Island, New York City, and the suburban
12 counties of New York City. There are for the

13 Towns out there.

14 As a result, Ester and I were just
15 talking about how we got our warrants from the
16 County Wednesday afternoon and the amount
17 that's going back this year in Babylon and
18 Huntington alone is something like \$17
19 million. That was given in refunds on Article
20 7 proceedings, which is a tremendous amount of
21 money. Huntington is up 70 percent. Babylon
22 over 90 percent, and it's due through the
23 courts, through negotiations, so this
24 equalization rate is used to determine the
25 values and it's weighted by residential

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2 sales. It's not indicative of the commercial

3 market, so if the commercial market is flat or

4 going up at a rate like a consumer price index
5 number of about three percent, stepping a half
6 step back, values on commercial property
7 pursuant to New York State Court of Appeals
8 must be determined by using the income
9 approach to value.

10 So, there is three approaches to value
11 that appraisers use, cost, market and income,
12 so we can only use income if the leases on the
13 commercial properties are not increasing more
14 than a consumer price index number. The
15 values aren't going to be increased so we end
16 up with a skewed number. It's an inflated
17 number -- well, it's actually a deflated
18 equalization rate which creates a higher
19 market rate for commercial properties, and
20 what is happening is it has created a shift, a
21 shift from the commercial property owners to
22 the residential property owners. In western
23 Suffolk it's probably, somewhere right now or

24 last year, up to -- last year's tax bill,
25 which was the '05, '06 year of 500 and \$1,000

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2 per home owner is directly attributed to the
3 shift.

4 Now, we don't have a lot of backup for
5 those numbers. It's really estimated based on
6 what has happened to diminished assessed
7 values. So, when you determine a tax rate and
8 a school, people here know this very well, you
9 know you're dividing your assessed value into
10 the budget to determine what the rate is.

11 So, if the assessments are going down
12 because of losses or due to Article 7
13 proceedings, that's going to create an
14 inflated rate, and one where that's most

15 prominent, of course, is the school tax rate.

16 MR. LINDSAY: It's a complicated
17 procedure for people who work on it every day,
18 so it's not something that's easily grasped by
19 laypeople.

20 MR. BERNARD: There is state
21 legislation. There has been for the last
22 three years. We had assembly sponsors and it
23 has passed the assembly. If I sight the bill
24 number, it's Assembly Bill 3114. It's in my
25 e-mail. I think Gary put it on his page

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2 also. Yes. We have failed to get any senate
3 sponsor from Long Island.

4 There are five senators in Suffolk

5 County, actually, Senator Laval, three years
6 ago had introduced the legislation, and
7 Senator Bruno, the majority leader, had pulled
8 it back. There has been tremendous lobbying
9 from the Long Island Association against this,
10 and the Association for Better Long Island
11 against this bill, because they feel it's bad
12 for businesses. I don't see that. It's
13 probably bad for the cert lawyer's fees, but I
14 don't think it's bad for business on Long
15 Island.

16 DR. KAMER: Michael, explain to me the
17 shift from commercial to residential. What
18 you're saying is the rents on commercial are
19 not going up as much the cost of living.

20 MR. BERNARD: Are not going up as much
21 as sales of residential homes.

22 See, in Suffolk, there is one class of
23 property for tax purposes unlike Nassau.
24 Basically, everybody other than the Town of

25 Islip, you're paying the same rate. Whether

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you own a \$12 billion a year corporation or

3

you own your \$300,000 home in Deer Park, it

4

doesn't matter. You're paying the same rates.

5

DR. KAMER: There is no homestead and

6

non-homestead.

7

MR. BERNARD: Correct, in Suffolk,

8

except Islip.

9

DR. KAMER: Rents are not going up as

10

fast as sales property.

11

MR. BERNARD: It's artificially

12

inflating the value of commercial property.

13

DR. KAMER: How is it artificially?

14

MR. BERNARD: Because the state is

15

using the formula to determine an equalization

16 rate based on the sales, so I could go in
17 Babylon, as an example, you have 3,000 sales
18 in the course of the year. They use a ratio.
19 They determine the assessed value. They
20 divide the assessed value, not selling price,
21 and come up with a ratio and that ratio they
22 use the mean number. They look at sale
23 number, 1,500, and if that's like 1.03, boom,
24 that's your equalization rate, so you've
25 got 50 percent of your sales are lower and 50

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2 percent of your sales are higher.

3 DR. KAMER: So, you're meeting the
4 number, median number.

5 MR. BERNARD: What did I say, mean
6 number?

7 DR. KAMER: Yes.

8 MR. BERNARD: It's the median number.

9 DR. LIPP: I'm a little confused about
10 this. What I'm hearing you say is you want to
11 set a separate class assessment for
12 commercial, which I understand, and a large
13 part because they, basically, with the current
14 formula, can easily show that they're being
15 over assessed. Therefore, they will file the
16 Article 7 certiorari proceeding and get the
17 refunds, but what I'm also hearing, and I
18 don't have a problem with that, what I'm also
19 hearing and is confusing me is that
20 residential property values are going up
21 higher than the commercial, and, therefore,
22 the reason why the commercial is doing the
23 certiorari proceeding and refunds is because
24 for, lack of a better term, they're not doing
25 so well. That's what I said the first time.

1

2

MR. KADEN: They're taking a beating.

3

DR. LIPP: Am I missing something

4

there? I don't mean to be a pro-commercial

5

property guy, but I'm just trying to

6

understand.

7

MR. BERNARD: Well, what is happening

8

is the state issues a lot of numbers for us

9

that we have to digest, use, analyze and then

10

challenge or accept those numbers. It's

11

simple. When they use a ratio study on sales,

12

they speak for themselves. As long as the

13

assessment and sale information is correct,

14

that ratio is correct.

15

The way they determine it, just to give

16

you an idea, the Town of Babylon has about

17

10,000 commercial parcels, about 50 some odd

18 thousand homes, to determine the value on the
19 10,000 commercial properties, eight years ago
20 they randomly sampled 60 programs and did
21 appraisals on them and now they trend them
22 each year based on commercial sales, and
23 that's how they determine how the value
24 increases are going to be on those 60
25 appraisals and they determine a commercial

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2 ratio in determining the equalization rate,
3 but it's a weighted percentage. It's only
4 worth less than -- actually, less than 20
5 percent of the total ratio is used on
6 commercial sales, but we have to use 100
7 percent of that number in defending

8 assessments on commercial property.

9 DR. LIPP: So what I'm hearing you say
10 as an answer then is --

11 MR. BERNARD: Let me do it this way.

12 Our rate is dropping at 12 percent a
13 year because the housing market is increasing
14 at 15 percent a year. So, now, the rate drops
15 12 percent a year but the commercial values
16 are only increasing to three percent a year.
17 So, once they issue a new rate, every
18 commercial property in the Town is over
19 assessed by eight percent. Then, that can be
20 challenged in court. That cost is going to be
21 common knowledge.

22 If the taxpayers are paying more than
23 their fair share now, they get to take the
24 County or Town to court.

25 MR. BERNARD: It's the Town that

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2 assessed the assessment but every entity,
3 mostly the schools and then the County and
4 then the Towns, the laborers, Fire
5 Departments, the water district, sewer
6 districts -- it effects everyone, but as their
7 assessments get reduced, that drives the rate
8 up. So, if the commercial property owner is
9 getting a reduction, the residential owner is
10 not getting an increase in their assessment,
11 but they're getting an increase in their rate
12 as a result of the reduction for the
13 commercial assessment, and they have to pay
14 back -- there is a chargeback on all of that.

15 MS. TYSON: Who pays back the
16 assessor?

17 MS. NOWICK Every resident, every
18 parcel.

19 MR. BERNARD: My solution is to
20 represent what the ratio of the office of real
21 property services already uses to determine
22 the commercial values. I just want to use
23 that for defending Article 7 proceedings.
24 It's very simple. I don't want to use an
25 equalization ratio.

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2 Equalization ratio's are used for many
3 purposes, one, school district proportionate.
4 You may have a school district that overlaps
5 two or more towns. The only way you're going
6 to get the fairest equitable distribution of
7 that tax -- that's why equalization rates come
8 into being, but, in addition to that, there
9 are many uses they use in Article 7

10 proceedings. That's the problem. I don't
11 want you to use it for anything else.

12 DR. KAMER: In other words, you want to
13 use the ratio in Article 7 proceedings so that
14 commercial property owners cannot successfully
15 defend their overassessment and they pay their
16 fair share. Is that basically what you're
17 saying?

18 MR. BERNARD: Yes, to a point, but what
19 it's doing is the number is an arbitrary ratio
20 that's currently being used that's inflating
21 the value, so they're getting a reduction in
22 their assessment because they're theoretically
23 overassessed when they really aren't
24 overassessed.

25 DR. KAMER: Okay.

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2

MS. TYSON: It's the ratio.

3

4

MR. BERNARD: Again, every year -- the values in the last six, seven years have been murderous on all the towns.

5

6

7

DR. KAMER: Relative to the residential values.

8

9

MR. BERNARD: That's what it's based on in every town.

10

11

12

13

MS. NOWICK: So, in other words, there wouldn't be less money collected, just when you go to the Article 7 proceeding, they wouldn't win as often.

14

15

16

17

18

MR. BERNARD: We would be able to sustain the assessment. You wouldn't be losing assessed value, commercial owned. We wouldn't be losing assessed value which would force the rates up.

19

20

MS. TYSON: We should tell all our friends who own businesses, "You should value

21 your assessment."

22 MR. BERNARD: They're all doing it and
23 all becoming very successful.

24 MR. KADEN: That was a similar basis to
25 the fact that Nassau commercial property

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1
2 owners used when they sued and won, which
3 caused part of the class into Nassau back from
4 residential. So, why would you think we would
5 be more successful at this?

6 MR. BERNARD: This isn't a lawsuit,
7 number one, and it's not establishing a new
8 clause. What it's doing is establishing a
9 ratio that's used to determine a multiplier.
10 The ratio is used to take the assessment on a
11 commercial building to determine what its

12 current market value is. That's all it's
13 doing.

14 Similarly, the state legislature, in
15 their infinite wisdom, a number of years ago
16 created a residential assessment ratio which
17 is also different from the commercial and
18 equalization rates. It's used in defending
19 small claims assessment reviews, so that if a
20 resident can go in and challenge their
21 assessments and if they think their assessment
22 is too high, they use a number issued by the
23 state. That's just based on residential
24 sales. That shows a residential assessment
25 ratio and can be challenged without a lawyer.

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2 Folks can go into a small claims hearing
3 themselves and make their case, have their day
4 in court, and a hearing officer rules on it,
5 but that is a very accurate portrayal of what
6 the market is.

7 DR. KAMER: What you're saying is the
8 ratio being used for commercial is inaccurate
9 and it's leading to overassessments which are
10 then challenged?

11 MR. BERNARD: And reduced, yes,
12 actively.

13 DR. KAMER: It's \$17 million dollars
14 just between Babylon and Huntington for
15 the '06, '07 tax year.

16 DR. KAMER: You want a more accurate
17 ratio?

18 MR. BERNARD: Absolutely. It's
19 outlined in the e-mail on the last page of
20 Gary's item.

21 MS. TYSON: I wouldn't want to explain

22 it, but I think I understand it.

23 MR. BERNARD: What is one of our
24 biggest problems between the State and County
25 Assessor's Association is trying to explain

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1
2 this to people that aren't involved in real
3 property tax administration.

4 You get halfway through what I do and
5 most people have to leave the room. You get
6 glazed over eyes. You get -- it's not an easy
7 thing to talk about.

8 MR. KOHLMANN: Can't you model it in a
9 way and use it as a model.

10 MR. BERNARD: We have done that and
11 given it to the senate delegation on more than
12 one occasion.

13 MR. LINDSAY: Do you think that's
14 something that would be valuable to add to
15 this report as an example of what you're
16 talking about?

17 MR. BERNARD: I think it's on here. I
18 don't know how in-depth you want to get into
19 that. I think it's something that would take
20 it another step. If the delegation saw that
21 the Commission was in support of establishing
22 a commercial ratio assessment ratio, and maybe
23 now with the conversation with Pearl, she can
24 go back to --

25 DR. KAMER: The powers that be.

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Is it relevant? I know it's an
important point, and I understand the point

4 you're making, but is it relevant to the
5 mission of this Commission?

6 MR. LINDSAY: I think very much so. I
7 mean, if Michael's portrayal is that it could
8 save \$500 a homeowner, I think it's very
9 relevant.

10 MR. BERNARD: You see, it's probably
11 costing everyone more as a result of the
12 diminished commercial assessment, but it would
13 then stabilize those assessments by creating
14 that ratio, and by not having the reductions
15 and the amounts of refunds, it eventually
16 would save the residential taxpayers.

17 MR. LINDSAY: Because I know from what
18 we do in terms of, you know, County-wide, you
19 know, that what we just passed last week, it's
20 supposed to be a 1.1 percent tax decrease, and
21 when it gets into individual towns, you have
22 huge spikes. You have huge winners and
23 losers, and a lot of that is having to do with

24 the certiorari process.

25 MR. BERNARD: Correct. It's a small

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34

1

2 piece that's on the tax bill.

3

See, the way that the Suffolk County

4

Tax Act works is that this 17 million I'm

5

telling you about, between Babylon and

6

Huntington, that goes back to the taxpayers,

7

all the taxpayers within that Town, to make

8

that up, because the County treasurer writes

9

those checks to all those Cert lawyers, so I

10

know that you would have the authority to get,

11

from Angie Carpenter's office, you know, get a

12

list of the attorneys and how much they got

13

in, you know, in refunds over the last fiscal

14

year.

15 MS. TYSON: I guess I'm confused on
16 whether or not this belongs in this economics
17 or the other economics, which is at school
18 expenditures.

19 MS. NOWICK: I think this is a
20 collection of money.

21 DR. LIPP: It does belong here.

22 MS. TYSON: I think the description of
23 it -- we are seeing this in the first page --
24 is the wrong place for this. The second
25 paragraph added onto this page five of section

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1
2 three that we are in, if we want to work that
3 into that first paragraph rather than having a
4 separate paragraph, because it kind of

5 highlights this when this page is supposed to
6 summarize what we are going to be doing, so
7 it's going into depth into something when we
8 are just doing summary and not one of our
9 highest priorities, I would say, as a
10 Commission.

11 So, I just think that having that
12 paragraph there is --

13 DR. LIPP: What is the highest priority
14 on this page?

15 MS. TYSON: I think one, two and three
16 lays out the land, much of what this
17 Commission looked into when first looking at
18 the State funding.

19 DR. KAMER: It is an aside and probably
20 should be mentioned in Gary's piece. I don't
21 think I'd put it here at all. I would take it
22 out.

23 MR. BERNARD: Yeah. The language,
24 again, is in the last -- under Assessment

25 Reform Options in Gary's packet.

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2 DR. KAMER: That's where it should go.

3 MR. KADEN: The number is real. It's a
4 comparable number to start.

5 DR. LIPP: The only problem I have with
6 the wording is that it sounds contradictory in
7 a sense. It sounds like on the one hand we
8 are looking for money for commercial. On the
9 other hand, commercial properties are getting
10 the short end of the stick. So, I think it
11 needs to be reworded, otherwise, it doesn't
12 work.

13 MR. KADEN: Do you want it to say it's
14 a truer reflection of commercial property
15 value?

16 MR. BERNARD: I think it does say that.

17 DR. LIPP: It implies to me, the way I
18 read it, that the commercial property is
19 losing out. So, why, you know, aren't we
20 cementing it in some way to make sure they
21 lose it out, so I think we -- it needs to be
22 reworded.

23 DR. KAMER: Yeah. I think it should
24 not appear here. It should appear in Gary's
25 piece.

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2 MR. BERNARD: I agree.

3 DR. KAMER: So, we take this paragraph
4 to indicate this is a summary of all the
5 pieces within it.

6 MS. TYSON: This page isn't a summary,

7 though.

8 MR. KADEN: It's a potential solution.

9 MS. TYSON: This isn't the big
10 picture. We have more of a summary of each of
11 those later on.

12 DR. KAMER: In point one, what we are
13 saying is it's fixing the existing system but
14 we don't have to cover every means of fixing
15 the existing system. That will be covered in
16 the appropriate place.

17 Do we all agree?

18 MS. NOWICK: This says, at the top,
19 "The potential solutions." Doesn't that come
20 as a potential maybe not a solution?

21 DR. KAMER: Can we move onto point
22 two?

23 MR. LINDSAY: We can, but I'm not
24 convinced to take it out of here. If you want
25 to put it in there, something about it will

1

2 help in defending certiorari cases, that's
3 fine, but \$500 is \$500.

4 MS. GAZES: What if we said something a
5 little more generic. Making reforms in the
6 assessment system, something, you know, not as
7 detailed as this.

8 DR. KAMER: Or in a manner which
9 residential and commercial property is
10 associated to make the assessment more
11 accurate?

12 MS. NOWICK: The only thing is if you
13 put this in a report, if I was to read that
14 report, I would say, "Yeah, so how much can I
15 save?" I think this makes people say, "Well,
16 maybe they're on to something here."

17 MR. LINDSAY: But I think, you know,

18 when we get to the piece that we skipped over
19 right in the beginning, in the executive
20 summary, you know, then it should be
21 absolutely pinpointed if we decide to go with
22 that, but if you want to, in this part, you
23 know, word it the way Pearl just said about
24 reforming the assessment system to void --

25 DR. KAMER: To make more accurate

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1
2 assessments of commercial and residential
3 property.

4 MR. KADEN: The reason I believe it's
5 in here, though, as an afterthought, if you
6 read the first sentence of one, it says
7 working within the frame work of existing

8 funding in the tax assessment system. This is
9 now saying if I want, I can go outside that
10 system, but you don't want to go too far
11 outside the system. Here's a non-radical
12 assessment, an initiative, which can deal with
13 reassessment and could save money.

14 MR. LINDSAY: You're not really going
15 outside the system. You're not changing the
16 assessment system, per se. You might be
17 changing the calculation.

18 MR. KADEN: I think that's why it was
19 out, because it's phrased like that.

20 DR. KAMER: Why don't we put it in?

21 MR. KADEN: Change the assessment
22 system in the --

23 DR. KAMER: After, "The school district
24 should have larger reserve funds," we can add
25 a sentence. One option would be to change the

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2

assessment system for commercial and

3

residential property in a way that will lead

4

to more accurate assessments.

5

MR. LINDSAY: But rather than throw out

6

the baby with the bath water, why don't you

7

just shorten up the thing and just say, in

8

terms of property assessment without radical

9

reassessment, there is a state legislation

10

pending that has passed that would give --

11

MS. GAZES: I think the reason you

12

don't want to do that is the other issues we

13

discussed having to do with assessment, and

14

what Pearl discussed would just cover all of

15

this, not just this.

16

MR. KADEN: Maybe we can put it in this

17

sentence here, "The solutions that would be

18

discussed in depth is to redo the existing

19 formula for state aid taking into account
20 regional cost differences," somewhere in the
21 sentence between what we are talking about,
22 you can put in here changes in the assessment
23 system to shift the burden to commercial
24 property or to equal that or to make it
25 fairer.

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2 MR. KAMER: You don't even want to talk
3 shift the burden, and then it could be used in
4 depth where we talk about assessment
5 standards.

6 MR. LINDSAY: Rather than the whole
7 terminolgy of shifting the burden, I would
8 feel better about, "In helping to defend the
9 certiorari cases."

10 DR. KAMER: I wouldn't even be that
11 specific.

12 MR. LINDSAY: We have to be specific in
13 here about something.

14 DR. KAMER: When we discuss it.

15 MR. KOHLMANN: This is a suggestive
16 summary. Specific amounts is inappropriate.

17 MR. KADEN: But we will talk about the
18 standards in this sentence. Where we talk
19 about regional cost, regional cost
20 differences, I would put assessment standards
21 in that sentence, as well, right before
22 minimum share of state revenue, because that's
23 saying things we are going to talk about in
24 depth.

25 DR. KAMER: The solution in point

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1

2

one -- go to the sentence, "The solutions

3

that will be discussed in depth." Solutions

4

are plural, so instead, "Is to redo the

5

existing formula for state aid taking into

6

account regional cost differences," to make

7

assessment standards more equitable, provide a

8

minimal share of state revenue. All of these

9

are linked referring to the state aid formula,

10

taking into account regional cost differences,

11

minimal state share, recognizing wealth of

12

data and multi-year appropriations. That's

13

all part of the --

14

MR. LINDSAY: The assessment should be

15

put at the end. It shouldn't be stuck in the

16

middle.

17

DR. KAMER: The last sentence of that

18

paragraph, Bob, we will also discuss making

19

assessment procedures more accurate for both

20

commercial and residential properties.

21 DR. LIPP: Too many changes. It's like
22 not even a remote possibility I got all of
23 that. Maybe you can write it out.

24 DR. KAMER: No, no. What's your last
25 sentence?

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2 DR. LIPP: There are several changes
3 made in the paragraph. I didn't get them all.

4 DR. KAMER: Forget the changes.

5 MR. KADEN: She is waiving all of them.

6 MR. LINDSAY: This is out.

7 DR. KAMER: What is your last
8 sentence? Read from that paragraph.

9 DR. LIPP: In the first or second
10 paragraph you're talking about?

11 DR. KAMER: First paragraph

12 DR. LIPP: Okay. In addition, local
13 school districts should be allowed to have
14 reserve funds to stabilize their taxes.

15 DR. KAMER: Larger reserve funds,
16 larger reserve funds.

17 DR. LIPP: Okay. Larger reserve funds
18 to stabilize their taxes over the course of
19 the business cycle.

20 DR. KAMER: We will also discuss
21 developing more equitable assessment formulas
22 for both commercial and residential
23 properties.

24 MR. BERNARD: Just one other thing, in
25 the paragraph, there is no such person as a

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2 tax assessor, so just Town assessor or the
3 Board of Assessors, obviously.

4 DR. LIPP: The local school district
5 and the value of the property by the Town
6 assessors. There is no town tax assessor.

7 MR. BERNARD: No. It's Town assessor.

8 MS. NOWICK: Town assessors.

9 Gary, if you were to recommend
10 increasing your ability for a fund balance to
11 four percent rather than two, where would you
12 get that money to develop that fund? Would
13 you have to tax --

14 MR. BIXHORN: Generally, what happens
15 with all governments, whether it's school
16 districts or the county or towns, you know, at
17 the conclusion of the fiscal year, there is an
18 unexpended balance. In county government,
19 town government there is no limit to the
20 ability of the town or county to retain those
21 funds. In the event that they have a problem

22 down the line, school districts are
23 required -- are only allowed to retain two
24 percent or the amount equal to two percent of
25 their budget.

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So, in essence, what we are saying is
if there is a balance at the end of the year
of four percent, up to four percent, the
school district would be allowed to retain up
to four percent of their fund balance rather
than the two percent.

8

9

10

MS. NOWICK: What would that two
percent, say there was more left over,
indicate? It lowers the tax rate?

11

12

MR. BIXHORN: What it does is it
creates spikes in being able to retain a

13 little bit more, being able to retain four
14 percent rather than two percent. If you do
15 get some unanticipated variation in expenses
16 over the course of years, you have more of an
17 ability to level expenditures over time.
18 Basically, the same amount of money is being
19 raised, however it gives the district a little
20 bit better -- you're in a better position to
21 do some long-term fiscal planning and address
22 unanticipated emergencies.

23 MR. LINDSAY: Does that create a
24 situation where there is a rush to spend money
25 at the end of the year.

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 MR. BIXHORN: No. In fact, it
 mitigates some of that because you're able

4 to -- it would reduce that because you're able
5 to retain --

6 MR. LINDSAY: That's my point.

7 MR. KOHLMANN: Currently, you mean?

8 MR. KADEN: I can answer that.

9 Probably the largest cause that we have
10 of exceeding our fund balances by a percentage
11 of two percent or three percent is unexpected
12 revenue,. We will vote off on a budget which
13 will air our spending cap, and after we vote
14 on the budget and set the tax rate, we get
15 additional state aid.

16 Well, you can't spend that money
17 whether you want to or not because you're
18 capped at the budgetary amount, so you create
19 a balance automatically because there is
20 revenue that comes in. You can't spend it, so
21 at end of the year, even if you wanted to rush
22 to spend it, you can't.

23 MR. LINDSAY: That goes back to the

24 state?

25 MR. KADEN: No, back to the taxpayer.

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2 It's used to lower the tax rate.

3 MS. GAZES: The reason we would like
4 that is because the next year's tax budget
5 assessment gets reduced by the amount that you
6 went over. That two percent in the next year
7 is paid.

8 MR. BIXHORN: If you had additional
9 revenue, it would be nice, but if you had a
10 situation where the next year, for some
11 reason, your tax rate was going to be four
12 percent, well, then, it would be handy to not
13 apply that money to the tax rate that year, to
14 put it in a reserve. Let the reserve go up to

15 four percent and next year use it then to
16 bring the tax rate down to six or six and a
17 half so as to stabilize the peak and value.

18 MR. BIXHORN: The four percent limit is
19 still very reasonable in terms of comparison
20 to other levels of government.

21 MS. TYSON: What if the school budget
22 fares and then use that two percent, because
23 what you're saying is you can't, the budget is
24 capped?

25 MR. KADEN: You can use it anytime you

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1

2 want if you --

3 MR. BIXHORN: If you do it in order to
4 reduce expenses as part of an austerity

5 budget, you're really creating a much bigger
6 problem because it's like bringing in a
7 one-shot revenue. At the same time, you're
8 going to get a double hit, so it's really
9 dangerous to do that when districts do need --

10 MR. BERNARD: We see a problem also
11 with pilots, you know, you get an unexpected
12 large pilot payment and --

13 DR. KAMER: Bill, did you order supper
14 for us? I'm thinking we have a long way to
15 go.

16 MR. BIXHORN: It's a modest proposal
17 when you compare it to municipal finance
18 regulations applied to other municipalities.

19 DR. LIPP: Like Suffolk County.

20 MR. BERNARD: Do you know the reason
21 behind the two percent cap?

22 MR. KADEN: What he said, trying to
23 limit how much they looked at it as a slush
24 fund. Schools had to eliminate where you

25 could spend money.

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MR. LINDSAY: I see it having the

3

opposite effect, though. If I have in excess

4

of two percent in my reserve fund, I'm getting

5

towards the end of the fiscal year, you know,

6

do I want to give money back to the

7

taxpayers? I will go out and spend it on

8

something rather than --

9

MR. KADEN: If you're up to your

10

budget, you can't spend it. You're capped at

11

the budgetary amount.

12

DR. LIPP: You can't spend beyond your

13

gross appropriations in your budget. There

14

are no other ways around these things.

15

MR. LINDSAY: Do you want to move on?

16 DR. KAMER: Sure.

17 Point two, "Scrap existing school
18 property tax system and replace it with a
19 County or Bi-County Income Tax." Do you want
20 to say eliminate existing school property tax
21 system entirely and replace it entirely or in
22 part? How do you want to word that?

23 Well, it's a question.

24 MS. CAPOBIANCO: I like eliminate
25 better than scrap.

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2 DR. KAMER: Instead of scrap, let's put
3 eliminate the existing school property tax
4 system and replace it entirely; or just
5 replace it?

6 MR. KADEN: Just replace it sounds

7 good.

8 DR. KAMER: And then toward the end of
9 that paragraph, there is a run-on sentence
10 here, "The conclusion of the Commission is
11 that an income tax works best on a statewide
12 basis." There should be a period, and then
13 initial cap, "Rather than implement a new
14 regional tax either a surcharge should be
15 assessed against all state taxpayers or the
16 state rates should be raised provided the new
17 income is dedicated," et cetera, so you should
18 have a period after basis, rather than
19 implement, and eliminate the word two.

20 DR. LIPP: Got it.

21 MS. GAZES: At the end of that
22 sentence, can you also eliminate the word,
23 "A"? It's redundant.

24 DR. KAMER: "To education," right?

25 Next page is --

1

2

MS. GAZES: Last sentence in paragraph

3

three, federal --

4

DR. KAMER: Last sentence.

5

MS. GAZES: It should say, mortgage

6

increase, not mortgage tax increase.

7

DR. KAMER: Eliminate the word income.

8

MR. KADEN: I also think section three,

9

the other two paragraphs started with a verb.

10

I think the third one should as well. It

11

should say establish a county-wide pool.

12

DR. KAMER: To stabilize.

13

MR. KADEN: Or create, whichever.

14

MR. LINDSAY: I think the word create

15

in front of a county-wide pool.

16

MS. GAZES: To stabilize, right.

17

DR. KAMER: The next two pages to me

18 look pretty proforma. You have got your
19 numbers. You have got your graphs there, very
20 pretty.

21 MR. LINDSAY: This is something we went
22 over already.

23 DR. LIPP: I did modify this based on
24 information that Gary gave me.

25 DR. KAMER: But it's still accurate

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52

1
2 information.

3 DR. LIPP: It's more accurate or more
4 up-to-date, I should said. It's better.

5 MR. LINDSAY: Then, do you want to go
6 to section five, page 1?

7 DR. KAMER: I'm still on section four.

8 Can you turn to Page 6? It starts the
9 paragraph, "The argument for not supporting
10 school districts on Long Island to the same
11 extent that Long Island supports the state, is
12 that Long Island is wealthier than much of the
13 state." I think we need a sentence in there
14 that says the relatively few wealthy
15 households on Long Island bring up the average
16 and make Long Island appear to be wealthier,
17 but the majority of Long Island households are
18 not wealthy and not wealthier than other
19 households.

20 MR. KADEN: It's described pretty well
21 in the paragraph below.

22 DR. KAMER: When you talk about the
23 number of students educated below the ratio --

24 DR. LIPP: What is being stated here is
25 on average -- in the paragraph -- is on

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1

2 average, and what you're saying is that --

3 DR. KAMER: The averages are misleading
4 and I would put the words in just like that.
5 However, the averages are misleading.

6 DR. LIPP: Okay.

7 DR. KAMER: Because the relatively few
8 households on Long Island inflate the average
9 artificially.

10 MS. NOWICK: That's right.

11 DR. KAMER: Truth is most households
12 are struggling to make it.

13 MS. NOWICK: She is right.

14 DR. LIPP: That's a good point.

15 DR. KAMER: Let's go onto five.

16 DR. LIPP: I do have one point I would
17 like to make on this section. The last page
18 or so are references that should be put at the

19 back of the report and maybe all the other
20 references gleaned with it. Just the section
21 was written with references, but I will say
22 move to the end.

23 DR. KAMER: Now, we are on "Fixing the
24 Existing System."

25 MR. LINDSAY: Blue folder.

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2 Is there anything wrong with the index
3 page of what is in this section.

4 MR. BIXHORN: We just have to -- I took
5 some liberties in titling each one of these
6 actions so we just have to match them up.

7 DR. LIPP: The first part, Assessment
8 Reforms Options, you can label on the top.
9 This would be Roman Numeral 5B2, so that way

10 if you want to compare it to the Table of
11 Contents --

12 MR. BIXHORN: That's the last one.

13 DR. LIPP: The first one, "Increase the
14 State Share," should be 5A1.

15 MR. LINDSAY: The way you did it, Gary,
16 is fine. There are individual segments that
17 we can move around and/or we can move the way
18 they're presented, depending.

19 DR. KAMER: That would be fine.

20 MR. LINDSAY: I don't have --

21 MR. BIXHORN: I followed the outline.
22 I just changed the titles a little bit,
23 nothing significant.

24 DR. KAMER: So, increase --

25 MR. LINDSAY: Does anybody have a

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2 problem with the way it's listed, the index?

3 DR. KAMER: No.

4 MR. LINDSAY: So, we just number the
5 components that Gary drafted to coincide with
6 the index.

7 MS. GAZES: If we are going to leave
8 these titles, these have to match, don't
9 they?

10 MR. LINDSAY: But you can just move
11 them around. They're not numbered now.

12 MS. GAZES: He said he changed some of
13 the titles.

14 DR. KAMER: Increase the State Share is
15 5A1.

16 Priorities for School Finance Reform,
17 is that 5A2, 5A3?

18 DR. LIPP: 5A2 is written beneath the
19 report.

20 DR. KAMER: Fund Balance Limit is 5A4.

21 Unfunded Mandate is 5A5.

22 DR. LIPP: Right.

23 DR. KAMER: And Sharing a Commercial

24 Taxpayer is 5A6 indicated on 5B1.

25 DR. LIPP: And then the last one,

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2 Assessment Reform Options, 5B2.

3 DR. KAMER: 5B2.

4 DR. LIPP: I have one question for

5 Gary.

6 Who is supposed to fill in the blanks?

7 MR. BIXHORN: Me. This was a

8 Thanksgiving weekend project, so I --

9 MR. LINDSAY: Should we take them one

10 at a time now?

11 DR. KAMER: Yes.

12 MR. LINDSAY: Is there any questions or
13 suggestions about increasing the shares of
14 public school costs supported by state aid?

15 MS. TYSON: I would say, in the second
16 paragraph, we should add somewhere out of 124
17 school districts or whatever the number is,
18 because then we start giving all these
19 statistics. People don't know what the total
20 is.

21 Is it 124, 125?

22 MR. LINDSAY: Can we just say the vast
23 majority of the 125 school districts?

24 DR. LIPP: Yes.

25 MR. BIXHORN: Yes.

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2 MR. LINDSAY: Long Island raised far
3 more revenue locally through property taxes
4 rather than through aid from the state.

5 MS. GAZES: First sentence, do we need
6 the Commission. The first sentence, can we
7 eliminate the words, "The Commission has
8 found," and start the sentence with research
9 indicates?

10 MS. TYSON: Yeah, that's fine.

11 MR. BIXHORN: That's fine with me. I
12 don't know how often we want to mention the
13 Commission. I was just trying to get it in
14 there, but it doesn't matter.

15 Bob, I guess to be consistent, I should
16 probably footnote these in the same format
17 that you footnoted the other parts of the
18 report.

19 MR. KADEN: End notes.

20 MR. BIXHORN: I will add footnotes.

21 DR. LIPP: I like footnotes better than

22 end notes. I hate going 12 pages later. I
23 will never read a footnote ever.
24 MR. KADEN: I thought you said in the
25 last section you didn't like end notes.

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2 DR. LIPP: It's the references, not the
3 footnotes.
4 MR. KADEN: Okay.
5 DR. LIPP: You misunderstood me.
6 DR. KAMER: I think 5A1 is fine, and
7 5A2, then, is the circuit breaker program in
8 the report.
9 DR. LIPP: Yeah. We should probably
10 look through that. Take a look at that.
11 MS. TYSON: I have a question about
12 that.

13 I don't see anywhere in that where it
14 discusses how by giving a circuit breaker, you
15 need to raise taxes for other people, and so
16 who is going to pay the difference? Are we
17 saying currently the state pays the
18 difference? Who is going to make up that
19 difference?

20 DR. LIPP: What you're saying is you're
21 reducing. It's a way of making the Income Tax
22 more progressive. So, for a fixed level of
23 Income Tax surely everyone else would have to
24 make up the difference in theory. It would be
25 either a higher overall rate or a reduction in

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2 state expenditures.

3

MS. GAZES: Or a change in the tax

4 ratio.

5 DR. LIPP: This is effectively a way of
6 changing the progressive duty in the system
7 and indirectly changing the tax rates, if you
8 will. It's making it effective for the lowest
9 income people.

10 MR. LINDSAY: Help me. Where is that
11 part?

12 DR. LIPP: That is after the section
13 5. It just listed the outline from section 5
14 on the top.

15 MS. TYSON: I think it's important to
16 say who's making up the difference. I support
17 this page, of course.

18 DR. LIPP: Not who is making up the
19 difference.

20 MS. TYSON: Yeah.

21 DR. KAMER: Can we go on to 5A3?

22 MR. LINDSAY: It isn't said in here,
23 but, you know, there have been several

24 proposals before the state legislature to
25 exempt taxpayers over 70 and others related to

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2 age, and I think our problems with paying real
3 estate taxes isn't limited to the elderly. I
4 think they're just as severe for our younger
5 folks, too, and that's why the whole circuit
6 breaker approach of tying it to income makes a
7 lot more sense, if you're serious about giving
8 some kind of tax relief to the people that
9 desperately need our economy, the young that
10 does the work and the old that spends the
11 money.

12 MR. BERNARD: Who do you propose would
13 administer such a program?

14 MR. LINDSAY: Well, the circuit breaker

15 program is a state program.

16 DR. LIPP: Circuit breaker program
17 exists -- all it is is a line item on your
18 Income Tax form.

19 MR. BERNARD: But looking to enhance
20 that, how it would be enhanced through state
21 Income Tax, I think we should -- that should
22 be stated like that and not through the
23 property tax.

24 MR. LINDSAY: Right. The only way it
25 could work is through the Income Tax. Later

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2 on in, you know, stuff that we could do
3 locally, we talk -- you know, we will be
4 talking about a pot of revenue that maybe can

5 be raised locally to give relief to taxpayers,
6 but we refer to that more as a local STAR
7 program, although it has some of the same
8 characteristics based on income.

9 You can't do a circuit breaker without
10 it being tied to your Income Tax.

11 MR. BERNARD: I'm meeting next week
12 with the Governor's transmission team on tax
13 reform policy. One of their issues is going
14 to be another STAR initiative that's going to
15 be based on more of a school tax relief based
16 on income and not age, as they have no
17 income. And age, it would be open to every
18 homeowner, regardless of age, but based solely
19 on income.

20 Of course, one of the problems is
21 they're going to give it all to the towns to
22 administer again without helping them fund the
23 additional cost of providing that service to
24 the residents where the town is not going to

25 get a benefit for, and, hopefully, the money

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2 will be reimbursed through school aid, but
3 this is one the of the Governor elects plans
4 that's on.

5 MR. KADEN: Tax credits are not the
6 only way this is going to happen. One of the
7 major ways that they give relief to people is
8 through exemptions in property tax in assessed
9 value. Like emergency workers, senior
10 citizens, they get actual exemptions off their
11 taxes rather than the credit back. They don't
12 pay it up front.

13 MR. LINDSAY: My point to Jim is that
14 the circuit breaker, that terminology is used.

15 MR. BERNARD: For income tax, not for

16 property tax.

17 MR. KADEN: But the senior citizens
18 exemptions is income based and not a tax
19 credit. It's an exemption.

20 MR. LINDSAY: You're talking about
21 STAR?

22 MR. BERNARD: Matter of fact, it's
23 before the legislature. The County is
24 proposing increasing the limits for the next
25 week.

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2 MR. LINDSAY: Property tax?

3 DR. LIPP: Property tax exemption.

4 MR. BERNARD: For people with
5 disability and limited incomes and senior
6 citizens.

7 DR. LIPP: We are not speaking to that
8 here. If we were going to speak to it, we
9 would speak to it in the section on assessment
10 reform that relates to that.

11 MR. BERNARD: Eliminate all
12 exemptions.

13 MR. KADEN: You could create a circuit
14 breaker by doing the same thing. If you
15 exempt their property tax, you would do the
16 same thing.

17 MR. LINDSAY: It confuses me at times,
18 you know. The circuit breaker as a STAR
19 program, an exemption, because a lot of them
20 have the same characteristics.

21 MR. KADEN: I can give it back to you
22 after you pay it or stop you from paying at
23 the beginning.

24 MR. LINDSAY: To keep it within the
25 existing terminology.

1

2

MR. KADEN: All of them shifted to

3

someone else. You're raising the same amount

4

of money.

5

MS. NOWICK: The circuit breaker shifts

6

back to the state. You have to come up with

7

the money but it shifts back to the state.

8

I'd rather the state than us.

9

MR. KADEN: We pay a share of the

10

state's revenue. It always comes back to us.

11

MS. TYSON: Other places in the state

12

and we will get taxed more for it.

13

DR. LIPP: There are a lot of

14

differences, but unless we want to go down a

15

path that we haven't done yet --

16

DR. KAMER: We don't want to go down

17

the path.

18 Go onto 5A3.

19 MR. BIXHORN: Essentially, they're the
20 priorities that came right out of the
21 Innovative Long Island Report.

22 DR. KAMER: It looks fine to me. I'm
23 always unbiased.

24 DR. KAMER: We all agree on 5A3.

25 MS. TYSON: The only thing is I kind of

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2 would like to add in the second paragraph
3 where it says, "Significantly increase state
4 aid in New York State," historically, New York
5 State has paid about 50 percent of education
6 cost. Now it's much lower than that I
7 thought.

8 MR. KADEN: They closest they came was
9 49 percent.

10 MS. TYSON: Now, where are we at? We
11 are at 45, so four percent is not really
12 meaningful numbers. Let's forget it.

13 DR. KAMER: 5A4, the funds balance
14 limit.

15 MR. BIXHORN: This one -- basically, I
16 drew this from a proposal or from a letter of
17 support written by the state counsel school
18 superintendent to Governor Pataki last Spring,
19 and, in essence --

20 MR. BAHR: It didn't work.

21 MR. BIXHORN: It restates the
22 conversation we had a little earlier.

23 DR. KAMER: That looks fine.

24 5A5, unfunded mandates.

25 MR. BIXHORN: That's another one that's

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2 more on the expenditure side, so I put that
3 disclaimer at the beginning of the comment,
4 and, in essence, you know, again, I drew
5 from -- probably the best work on school
6 mandates was done by the state counsel school
7 superintendent. I attached a copy of the
8 report for everybody because it's really
9 pretty interesting reading, but, basically,
10 what they did is, you know, the most they
11 could come up with in addition to looking into
12 some real mandate relief was to recommend that
13 everyone try to adhere to the principal. If
14 you're going to introduce a mandate fund, the
15 state legislature should adhere to that
16 principal.

17 DR. KAMER: Is that within the purview
18 of this Commission?

19 MR. BIXHORN: I don't know.

20 MR. LINDSAY: I think it is. I
21 definitely think it is. Unfunded mandates
22 have an impact on the taxes.

23 MS. TYSON: I think it does go to the
24 Commission. The other thing is I have a
25 problem with amending Triborough Law and the

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2 Wicks Law as well. So, I mean, if we were to
3 submit this, I think we want to take those --

4 MR. BIXHORN: I'm not suggest putting
5 the enclosed report in the report. I just
6 wanted the Commission to see a copy of the
7 report that I based the comment upon.

8 MS. TYSON: I thought this was going to
9 be in the report.

10 DR. KAMER: So, you just want the
11 unfunded mandate coverage in the report?

12 MR. BERNARD: Yeah.

13 MR. LINDSAY: I think it's something
14 prospectively, if nothing. If the state
15 legislature was to pass a statute, and I think
16 it does have to be in a law that that states
17 their intention, no more mandates without the
18 proper funding.

19 DR. KAMER: But we are not including
20 the body of the report, just the cover page.

21 MR. LINDSAY: Right.

22 DR. KAMER: 5B1, bearing commercial
23 tax.

24 MR. BIXHORN: 5B1, I kind of went into
25 the Long Island Index Report, the one where

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2

everyone was leaving Long Island. It wasn't

3

the Index. It was their special report, "At

4

The Breaking Point Taxation and Government on

5

Long Island," and, basically, you know, what

6

they found as a result of their survey was

7

that 76 percent of Long Islanders were open to

8

a creative approach to, you know, sharing

9

wealth, such as, you know, regionalization of

10

the tax base. So, based on that, I put this

11

statement together.

12

The other thing that was kind of

13

interesting was that closing paragraph there,

14

which I took directly from the report, which,

15

basically, says that Long Islanders are

16

supportive of some sort of wealth equalization

17

efforts, or seem to at least verbalize it, I

18

guess, when the time comes to actually

19

implement it.

20

MR. LINDSAY: That could be one of the

21 most controversial, for the simple reason that
22 equalization would probably be fair and
23 benefit a lot of people but to certain groups
24 that have heavy industrialization in their
25 district, it's going to make a severe change

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2 in their taxable --

3 MR. BERNARD: I can tell you firsthand,
4 you're going to have some of the attorney
5 supervisors that are going to be very opposed
6 to this concept, kind of like the problem that
7 we touched on earlier with how the state is
8 using a lot of the income interest that comes
9 from Long Island and dispersing it to other
10 areas of the state and they call that equity.
11 The same problem on Long Island in the areas

12 that have a lot more industry than others.

13 I mentioned this when we talked about
14 this several months ago. I, personally, do
15 not support this, nor does the County
16 Assessor's Association support this concept.

17 DR. LIPP: The sentence, in fact, it
18 says that we, basically, do support it in the
19 first paragraph. We had actually spoken about
20 this and actually one of the changes the
21 Commission believed should be considered is
22 the regionalization of the commercial tax
23 base. What we had said is, no, we didn't want
24 to go there. Unless we are revisiting it
25 again, what we did say is that we were

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2 starting -- that regionalization would be a
3 good idea, but given the current system, that
4 there would be too many have's and have nots
5 and it would be very difficult to implement
6 such a difficult system, and, therefore, at
7 least at this time, the Commission does not
8 support it, at least that's how I thought we
9 had it.

10 DR. KAMER: That's how we went.

11 MR. BERNARD: That's what I remember
12 after the discussion, and I think it was maybe
13 before one of the public meetings we had in
14 Selden. I think it was at that meeting.

15 DR. KAMER: It was, and I think that's
16 the way we should leave it.

17 MR. LINDSAY: I think it's important
18 enough that it should be in the report. The
19 question is whether we would support it or
20 not.

21 MR. BIXHORN: One of the changes the

22 Commission believes should be considered is
23 the reason why I originally had it in there,
24 before I changed it to be considered, should
25 be subject to further study. That's a way to

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2 kind of get it in there but not necessarily
3 support it.

4 DR. LIPP: If I can make a suggestion.

5 Based upon what I said a minute ago, I revised
6 the wording. If you take umbrage with it, you
7 can change it afterwards.

8 MR. BERNARD: The other issue, that
9 would be a nightmare to try and administer it
10 and how that would happen with all the
11 different rates and, you know, between each of
12 the industrial areas throughout Suffolk

13 County.

14 MR. KOHLMANN: I think we talked about
15 it in some length, and what I'm hearing now is
16 because it's controversial, maybe we just
17 sweep it aside. I think it has to be in the
18 report and there are ways in which you can
19 lessen the immediate impact on commercially
20 rich districts, taxing districts, and you can
21 phase it in or something, but it's a
22 substantial thing, that 76 percent, if that
23 number is accurate, and I have no reason to
24 believe it's not.

25 76 percent of the people said that they

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2 would be interested in that, so why are we
3 ignoring that.

4 MS. NOWICK: I think it has to be in.

5 MR. LINDSAY: That was my point

6 before. I don't think it was a question of

7 ignoring. I think it has to be in the

8 report. The question is whether we are going

9 to recommend it and bring up something that's

10 certainly worthwhile discussing, you know,

11 maybe it should be mentioned in here, because

12 of the dramatic shift it would cause. Maybe

13 somebody should look at a phase-in period or a

14 sharing of the industrial wealth per district.

15 MR. KOHLMANN: I think this says it

16 should be considered. It doesn't say the

17 Commission is in favor of it. It says, it

18 should be considered. If you want to change

19 the wording --

20 DR. KAMER: I would leave it in. It's

21 important.

22 DR. LIPP: Wait a second.

23 MR. LINDSAY: The way it says now --

24 DR. LIPP: We had just spoken about why
25 we were not going to go with it. Everybody

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2 said they agreed. I don't mind if we change
3 your minds, but listen to what you said.

4 MR. KOHLMANN: Not everybody agreed.
5 That's why I said what I said. I don't agree
6 with it.

7 DR. LIPP: Fine, if everybody is
8 agreeing with you just because you made a
9 statement.

10 DR. KAMER: No. That's not what he is
11 saying this is.

12 MS. NOWICK: It's very important to put
13 it in because some us do think that this is a
14 way to make taxes -- the school taxes more

15 equitable, but we can't hurt these districts.
16 It would hurt them if this is something that
17 ever came to fruition. So, is there a way to
18 phase it in, keeping in mind that you don't
19 want to hurt those districts right up front --

20 MR. LINDSAY: Maybe another sentence is
21 needed, something after the first paragraph.

22 If you just would follow me, the last
23 sentence, "One of the changes the Commission
24 should consider" -- and maybe consider should
25 be underlined -- "Is the regionalization of

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2 commercial taxpayers, such a measure would
3 create a mechanism to sharing property wealth
4 between school districts."

5 DR. KAMER: I would eliminate that last
6 sentence and say, "Given the existing system
7 in place, there would be many have's and have
8 nots --"

9 MR. LINDSAY: And consideration should
10 be given to some type of phase-in formula.

11 DR. KAMER: " -- and, therefore, it
12 would be difficult to implement."

13 MS. TYSON: I want to look at more than
14 just a phase-in, maybe partial.

15 MR. LINDSAY: You can certainly make a
16 case if you lived in a school district and you
17 have a heavy concentration of industrial
18 property around your house.

19 DR. KAMER: Should you?

20 MR. LINDSAY: You should get some kind
21 of credit for being in that type of
22 neighborhood.

23 MS. NOWICK: You can have some of the
24 credit, not all of it.

25

DR. KAMER: Let's see what we can do

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with that first paragraph to change it. If we

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take out "Such a measure would create a

4

mechanism for sharing property," what you have

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to say is, "This would be difficult to

6

implement given the fact that the shift would

7

cause undo hardship in communities which have

8

a large commercial property tax base."

9

MR. LINDSAY: And maybe consideration

10

should be given to phase-in formulas or to

11

partial share.

12

DR. KAMER: We are not saying the

13

mechanism. We are saying it should be

14

considered, and we don't really have to go

15

beyond that.

16 MS. NOWICK: I think we do have to
17 mention partial --

18 MR. BAHR: It said we are not
19 recommending doing anything.

20 DR. KAMER: Are we recommending if you
21 don't want consideration, to study it
22 further?

23 MR. BAHR: I like that.

24 DR. KAMER: So, the sentence would
25 read, "Believes should be studied further is a

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2 regionalization of the commercial tax base,
3 however, it is recognized that this would
4 cause radical shifts."

5 DR. LIPP: I disagree.

6 DR. KAMER: What?

7 DR. LIPP: I'm going to go back to what
8 I said before, what we had originally agreed
9 on, and you can change your minds, and
10 everyone could think differently. We all have
11 our own voices that we think it's a good idea
12 if we are starting the system from scratch,
13 because it's more equitable. I don't have a
14 problem with that at all. However, we are --
15 it's too hard to implement because of the
16 have's and have not's. For that reason, we are
17 not going to recommend, period.

18 MR. KOHLMANN: You're coming to the
19 conclusion that it's too difficult to
20 implement. You haven't even looked at it yet.

21 DR. LIPP: Oh, yes, I've looked at it
22 for years and seen people for years make this
23 recommendation and see them fall on their
24 faces for a variety of reasons, including the
25 reason that Mike Bernard just mentioned.

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MS. TYSON: In Nassau, because I

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understand Nassau's tax system, it would make

4

sense because they would have one jurisdiction

5

and the tax is simply put out by the County.

6

If that was the case, would that be different

7

for you?

8

MR. BERNARD: It would be different

9

because it's still put out by separate school

10

tax bills in Nassau. So, again, the school

11

districts that have a heavy concentration of

12

commercial and industrial properties are going

13

to benefit. The resident taxpayers are going

14

to benefit from that.

15

MR. LINDSAY: In Nassau's industry

16

developed field, the Garden City School

17

District gets a huge tax break and the

18 Uniondale School District, Carle Place, gets
19 all the traffic.

20 MR. BERNARD: Similarly to the
21 homeowners that lie in the Hauppauge School
22 District because of the Hauppauge Industrial
23 Park here, and most of them who benefit are in
24 the town of Smithtown; is that right?

25 MS. NOWICK: Most of them benefit in

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2 the Town of Smithtown.

3 MR. BERNARD: Believe it or not,
4 there's a very small percentage in Islip that
5 get the benefit of the homestead,
6 non-homestead, because it's done throughout
7 the park, even though most of it is in

8 Smithtown because the original jurisdiction
9 was Islip.

10 MR. LINDSAY: How do we want to treat
11 this, people? There is a couple of
12 questions. Number one, do we want to leave it
13 in the report? I say we should absolutely
14 leave it in the report.

15 MR. KADEN: It should be looked at.

16 MR. LINDSAY: Number two, do we want to
17 recommend that it should be something that
18 should be studied further? Number three, do
19 we want to recommend that it be implemented
20 and put on our page of recommendations?

21 DR. KAMER: I cannot recommend that it
22 be implemented, but it could be studied.

23 DR. LIPP: This is an issue that has
24 been studied at nauseam for years and years,
25 so to study it further is a meaningless lie.

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2 It has been studied.

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MR. KOHLMANN: Isn't it our responsibility to operate under our own charter in terms of this Commission, and even though it has been brought up before, maybe there is something said in the fact that it's a perennial issue.

DR. LIPP: We should leave it in here, and I'm suggesting some language, but to say that it should be studied further, I think is off the point, personally, and to say that, you know, we're just looking at it for the first time is, clearly, not the case.

MS. NOWICK: Robert, you said you have been studying it for years and years and it's absolutely impossible to implement.

DR. LIPP: That's the point. I think

19 it's more equitable. There is no
20 disagreement.

21 MS. NOWICK: But you say it's
22 impossible.

23 DR. LIPP: It's not going to happen.

24 MR. BERNARD: Ester mentioned to me
25 Northport, as a perfect example, with a big

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2 LIPA power plant in Northport. They pay a big
3 portion of school taxes there.

4 MR. KADEN: Perhaps we can take a page
5 from labor negotiations and make a
6 recommendation that future commercial property
7 be put in the pool that you're going to
8 equitably distribute. Now, you hold onto what
9 you have and in the future you will understand

10 that if it's built there, you won't make --
11 the only people that would pay that price,
12 would probably be the taxpayers of the Town of
13 Brookhaven, because that's the only place
14 they're doing any development. The rest of
15 the county is frozen either by open space,
16 preservation or developed.

17 Honestly, Pearl, you can only do that
18 when you're at the beginning of your
19 development process.

20 MR. BERNARD: Not at the end.

21 MS. TYSON: Like in the Nassau hub,
22 that would make a lot of sense to do it in
23 that situation.

24 DR. KAMER: Let's look at the language
25 and see if we can agree.

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One of the changes that the Commission

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believes should be studied further is the

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regionalization of the commercial tax base.

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However, the Commission recognizes that given

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the current system, implementation would be

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difficult, if not impossible, and that's it.

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MR. FARKAS: It would be difficult.

9

DR. KAMER: It would be difficult.

10

MR. KOHLMANN: I'd leave out the

11

impossible part.

12

DR. KAMER: Okay, would be difficult.

13

However, the Commission recognizes that given

14

the current system, implementation would be

15

difficult.

16

MS. TYSON: Do you want to mention why.

17

DR. LIPP: Yeah, leave it to me. I

18

will add some language. The have's and have

19

nots are starting to lose -- if we started

20

from a new system, it would be a great idea

21 from the equity point of view, but because of
22 the have's and have nots --

23 MS. GAZES: I think winners and losers
24 is better.

25 DR. LIPP: Winners and losers, this

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2 issue has been proposed for many years and --

3 MR. BAHR: I object to that. I don't
4 know that it has been studied. I take your
5 word for it. We haven't seen it. We haven't
6 seen any studies. We haven't examined any
7 studies. I trust you, but I can't agree to
8 base a recommendation on something I haven't
9 seen or studied in this Commission.

10 DR. LIPP: I think you're missing my
11 point anyhow.

12 MR. BAHR: Probably.

13 DR. LIPP: The point is that we are
14 actually saying that from an equity point of
15 view, it would be a good idea. The point that
16 we are trying to make is from an
17 implementation point of view, it has been
18 tried many times and it hasn't happened.

19 MR. LINDSAY: We don't know that.

20 MR. KOHLMANN: Just don't reach a
21 conclusion however you phrase it. Don't reach
22 a conclusion.

23 DR. LIPP: I'm going to suggest
24 somebody else write that.

25 MR. BIXHORN: I think you should go

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2 with Pearl's wording.

3 DR. KAMER: Let's go over it now. We
4 will dictate it to you.

5 DR. LIPP: No. Let somebody else
6 figure it out. You're wrong.

7 MR. BIXHORN: I have it studied
8 further.

9 DR. KAMER: Let's go over it. "One of
10 the changes that the Commission believes
11 should be studied further is a regionalization
12 of the commercial tax base. However, the
13 Commission recognizes that given the current
14 system, implementation would be difficult."

15 MR. BIXHORN: That's what I got.

16 MR. BAHR: I think that's perfect.

17 MR. KADEN: Do we want to take out the
18 rest of it, overall people's support?

19 MR. BIXHORN: I think we should leave
20 that in.

21 DR. KAMER: The rest is fine.

22 MS. GAZES: The other thing is why
23 implementation would be difficult.

24 DR. KAMER: No, because then we will
25 get in a lot of disagreements.

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2 MR. LINDSAY: The only thing that I
3 might want to add to what you said, Pearl, is
4 that if -- I mean, do you want to talk
5 about -- do you want to mention anything about
6 phase-ins or partial?

7 MS. TYSON: I think the partial is
8 important to mention.

9 MR. KOHLMANN: That's further study.

10 MS. TYSON: I disagree on the partial
11 piece, because I think when people read it
12 this way, you're thinking 100 percent of it

13 and that you're going to totally eliminate
14 from the people being effected by it right
15 now, and they might not fully understand what
16 we're saying, that there is options out
17 there. So, I think we need the options
18 language to be in there to say it's not just
19 one way.

20 MR. KOHLMANN: Isn't that captured by
21 further study?

22 DR. KAMER: It is.

23 MS. NOWICK: The only thing is if we
24 don't get specific at all, if somebody else is
25 reading this report, if it was me and I wasn't

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2 sitting here, I would read it and say, what?

3 Can you put in anything to give them

4 any guidance?

5 DR. KAMER: On this particular point,
6 if you get specific, just as we had
7 disagreements on this committee, the public is
8 going to jump all over you, pick it apart and
9 they're going to trash the report, and we
10 would like to avoid that.

11 Can we go onto 5B2?

12 MR. LINDSAY: Before we do that, just
13 give me that sentence again, the last
14 sentence, the last sentence in that first
15 paragraph.

16 DR. KAMER: Do you want to read it
17 back?

18 MR. BIXHORN: We are going to change --
19 "One of the changes that the Commission
20 believes should be studied further is
21 regionalization of the commercial tax base.
22 However, the Commission recognizes that given
23 the current system implementation could be

24 difficult."

25 MR. KADEN: Will be difficult.

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2 MR. BIXHORN: Will be difficult.

3 MS. GAZES: We are getting rid of that

4 last sentence and the rest is staying as is?

5 DR. KAMER: Yes.

6 Where did you get the assessment reform

7 piece from?

8 MR. BIXHORN: From Mike.

9 MR. BERNARD: That's from my e-mail on

10 the second page. I thought everybody got it.

11 Obviously, they didn't.

12 MR. FARKAS: It was word for word.

13 We already agreed to the change to be

14 the start of third paragraph titled,

15 "Commercial assessment ratios," that would
16 look similar to Annual Assessment County-wide.

17 DR. KAMER: The second page e-mail,
18 it's not included.

19 MR. BIXHORN: Right. That's backup.

20 MR. LINDSAY: What was the title,
21 Commercial Assessment Ratio?

22 MR. LINDSAY: It was just a footnote
23 for --

24 MR. BERNARD: That's right.

25 Do you want to go into specifics with

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2 it or we have to talk about the --

3 MR. KADEN: It's more than specific
4 enough right now.

5 DR. KAMER: It's fine.

6 DR. LIPP: I don't think it's specific
7 enough. It makes it sound like the commercial
8 property is a loser here and we are trying to
9 make them the bigger loser. I think the
10 wording needs to be altered, and Mike and I
11 will talk --

12 MR. BERNARD: We will talk.

13 Are you going to be in tomorrow?

14 DR. LIPP: I will be.

15 One question about the Assessment
16 Reform Options, the last sentence, first
17 paragraph.

18 MR. LINDSAY: Strict --

19 DR. LIPP: It is strict.

20 DR. KAMER: We are moving onto section
21 six, the local Income Tax.

22 MR. LINDSAY: The local Income Tax was
23 the same as what you saw the last time.

24 DR. LIPP: The last sentence in the

25 first paragraph.

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MR. BIXHORN: Most importantly, that's

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gone.

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MR. LINDSAY: Are you caught up?

5

DR. KAMER: You started to say --

6

MR. LINDSAY: Yes. The local Income

7

Tax portion was, for the most part, left since

8

the last time we met, with the exception of

9

about four paragraphs that have been added at

10

the end, I think, making it clear that it

11

isn't something that we would be

12

recommending.

13

DR. KAMER: I have some comments on

14

that.

15

The first sentence, "If we cannot

16 reform the existing funding system," I would
17 like that out, because I don't even want to
18 take a defeatist attitude. I want to take a
19 positive attitude that says we will reform the
20 existing funding system. So, I'd rather start
21 with the most obvious and I would put a word
22 in there, "The most obvious alternative source
23 of school tax revenue, and the source that was
24 repeatedly suggested to the Commission by
25 those who testified before it was in Income

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2 Tax."

3 DR. LIPP: Say it one more time.

4 DR. KAMER: "The most obvious
5 alternative source of school tax revenue and
6 the source that was repeatedly suggested to

7 the Commission by those who testified before
8 it was in Income Tax," and then in the next
9 paragraph change the, "To its proponents."
10 Say, "It is a fairer way to tax our citizens,"
11 and the next few paragraphs -- the rest of
12 this paragraph looks okay to me.

13 DR. LIPP: The proponent what?

14 DR. KAMER: Its proponents.

15 MS. TYSON: He would like something
16 added to this, maybe in the paragraph where it
17 brings up all of the questions, you know, how
18 do we do it, where it says, "Most popular
19 suggestions." There are numerous problems.
20 We go into that problem.

21 When Frank Murrow testified what he
22 really stated was the biggest problem of the
23 local Income Tax was distributing it fairly,
24 and I don't see that in here, and that was
25 really the big question of who gets what and

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so, you know, all of the other problems or the

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other pieces of how you collect is, but the

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question is how do you distribute it, and that

5

was the biggest problem because, you know, to

6

him that was really why we couldn't do it

7

locally was, you know, how do you fairly do

8

that?

9

MS. GAZES: Because you're taking away

10

the school district's cost of budget.

11

MS. TYSON: How do you decide what

12

school district gets that money, so the state

13

has this whole, you know, state shares thing

14

and it has a whole formula. We would have to

15

recreate that so the problem with the Income

16

Tax is: Number one, you have to recreate the

17

formula to raise the tax and have either your

18 own system or go with the state taxes, and the
19 other question is --

20 DR. LIPP: Distribute the money.

21 MS. TYSON: Thank you.

22 MR. LINDSAY: I wouldn't have a problem
23 if you wanted to add another phrase to that
24 paragraph, but in the last two paragraphs, at
25 the end, one of the things that was added

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2 talks about how do you use a regional tax to
3 give -- you know, to fund a specific school
4 district? How do you take a county-wide tax,
5 you know, so it's to your distribution point.
6 If you want to add something else to the
7 beginning, I don't have a problem with that,

8 but it doesn't go into it at the end.

9 MS. TYSON: Right, because it's saying
10 between districts. I see that. I guess I
11 just want it a little simpler put. That's
12 what really the biggest challenge is with us.
13 You have this pot of money. Who gets it?

14 MR. KADEN: Just add for starters, how
15 will it be, comma what will --

16 MS. TYSON: Right there.

17 MR. KADEN: Why not?

18 DR. LIPP: What was that?

19 MR. KADEN: Right after "For starters,
20 how would it be distributed? What would we do
21 with industrial commercial properties?"

22 DR. LIPP: What paragraph?

23 MR. KADEN: Page 1, the bottom
24 paragraph, like most popular suggestions, and
25 the sentence that starts, "For starters," I

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2 would put, "How will it be distributed and
3 what would we do with industrial and
4 commercial properties."

5 MS. TYSON: There you go.

6 DR. KAMER: I have another comment on
7 section six, page 1, the next to last
8 paragraph. "Additionally, it would help to
9 equalize the huge difference between school
10 taxing districts. For example, in Smithtown,
11 when they pay double the school tax than an
12 Islip resident --" Pays, put in pays. " --
13 for a comparable house." And then, "The tax
14 bill --" I would put in the current property
15 tax bill -- "from district to district doesn't
16 necessarily correlate to --" is it property
17 wealth or ability to pay that you want in
18 there? I think its ability to pay.

19 MR. LINDSAY: No. I think property
20 wealth.

21 MR. BAHR: Property value is really --

22 DR. KAMER: Property values.

23 MR. LINDSAY: Property wealth, property
24 values, whatever you want to use. That's the
25 essence of what I've been talking about. The

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2 wealthy communities have relatively low taxes.

3 MR. BIXHORN: In the Times this weekend
4 there was a great article on the inequities of
5 the property tax.

6 DR. KAMER: Yes.

7 MR. BIXHORN: On the Long Island
8 Fashion.

9 DR. KAMER: The question is will it

10 spark anything.

11 MR. BIXHORN: It's really very well
12 done.

13 DR. KAMER: Where are we now?

14 MR. KADEN: Section six.

15 MR. KADEN: I have a problem with the
16 additional Income Tax paid, the last sentence,
17 number two, "The additional income tax paid
18 would go back to the school district where the
19 taxpayer lives."

20 One of the purposes of making it a
21 statewide solution would be so you can
22 equitably distribute the money, having it go
23 back to the districts.

24 MR. LINDSAY: What page are you on?

25 MR. KADEN Page 4.

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DR. KAMER: Page 4, section 6.

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4

I would eliminate that whole last paragraph because then you're speculating on how a statewide Income Tax --

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6

MR. KADEN: Would work.

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DR. KAMER: -- and I don't think that's the function of the Commission. Leave that to the new administration. They're going to have their hands full anyway.

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MR. LINDSAY: This is something we haven't discussed at all but it was derived from the flavor of the conversation last time around, and I will express two points: Number one, that if you're going to have an Income Tax to fund education, it should be done on a state level.

18

MR. KADEN: We heard that.

19

DR. KAMER: We all agree with that.

20

MR. LINDSAY: And the strong suspicion

21 among the Commission is that Suffolk County is
22 getting shortchanged by the state's
23 distribution, and, you know, it's just an idea
24 that struck me, if the State Income Tax was to
25 be raised, if two guarantees were put in,

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2 number one, that it would be used to fund
3 education, and number two, it would come back
4 to -- I said the school district, but it could
5 be the region.

6 MR. KADEN: The region would be better
7 than the school district. Right now all you
8 would be doing with this is making the rich
9 richer and the poor poorer.

10 MR. LINDSAY: Okay, but what would
11 prevent the state saying we will adopt that

12 and add a surcharge of one percent and
13 distribute it to pay off the lawsuits in New
14 York City or to fund school districts Upstate
15 that would not be very popular with our
16 taxpayers that we are trying to figure out
17 some way will get relief.

18 DR. KAMER: That's why I don't want you
19 to open that kind of Pandora's box. I doubt
20 the state will adopt the statewide Income Tax,
21 because they wouldn't have a lot of problems
22 with it as well.

23 MR. LINDSAY: But, see, I disagree. I
24 think that the new administration has a huge
25 problem in trying to resolve the real estate

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2 problem in light of the lawsuit as well as the
3 outcry from a lot of different areas, mostly,
4 Downstate areas, about the burden, and he has
5 to come up with additional revenues.

6 DR. KAMER: He already said he will.

7 DR. LIPP: It settled.

8 DR. KAMER: He is going to eliminate
9 Medicaid stores and close down hospitals and
10 his numbers show that this is going to settle
11 the CFE case campaign for fiscal equity in New
12 York City as well as give other school
13 districts throughout the state a better
14 disadvantage, additional aid. So, he is not
15 going to go the Income Tax route.

16 MR. LINDSAY: But when all is said and
17 done, do you really think that's possible? I
18 don't.

19 DR. KAMER: I have my skepticism.

20 MR. LINDSAY: And the state Income Tax
21 has been decreasing over the last 10, 20

22 years.

23 I think someone, if they want to solve
24 the problem, is eventually going to have to
25 bite the bullet.

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2 DR. KAMER: We don't have to bite the
3 bullet. We have to show that we fully vented
4 the Income Tax, that we have considered it,
5 that we looked at its advantages, that we
6 looked at its disadvantages, and we cannot
7 recommend it on a County or Bi-County basis at
8 this time.

9 If you want to put in a sentence that
10 it may be a workable solution at the state
11 level, as a surcharge or a surcharge on the
12 existing Income Tax, yes, but you don't have

13 to go into how it would work in the state
14 level. That's not within our purview.

15 MR. KADEN: That's covered in the prior
16 paragraph.

17 If they can significantly increase aid
18 to school districts without increasing income
19 tax, why would I care?

20 DR. KAMER: Right. I would take out --

21 MR. LINDSAY: You wouldn't care, but in
22 reality, do you think that's really going to
23 happen?

24 MR. LINDSAY: I don't know, but this
25 section is a local Income Tax. I think we

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2 have to rap it up by saying, "We're asking

3 permission to have an additional County Income

4 Tax." We are letting the state off the hook.
5 That's it. You don't want a legislative
6 problem. Let the state solve it.

7 There is a lot problems with the County
8 tax, and after that, it's not a good thing for
9 us on a County basis. Let the state figure it
10 out. And we have the other section. We told
11 the state what we thought were their answers.
12 Let them figure it out.

13 DR. KAMER: I would just eliminate --

14 MR. LINDSAY: Does everybody feel that
15 way?

16 (Whereupon, everyone was in agreement.)

17 DR. KAMER: Otherwise, it's good. It
18 let's us know what the problems are, that it
19 was brought up and that we studied it. So, we
20 did our duty.

21 MR. LINDSAY: I still think that
22 raising the state Income Tax, I think if it
23 was dedicated towards education and property

24 tax relief, it would be a lot more acceptable.

25 DR. KAMER: I think it would be, too.

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2 MR. KADEN: I don't disagree with
3 that. That's how the lottery was sold. A lot
4 of people voted for that because it was going
5 to go to education. They thought it was a
6 good thing.

7 MR. LINDSAY: Raising the income tax,
8 without it being designated education, I would
9 be opposed to it.

10 DR. KAMER: No one is going to do that.

11 DR. LIPP: The money is fungible.

12 DR. KAMER: You would be crucified.

13 What he is saying is I'm not going to
14 raise income taxes, property taxes. He has

15 got a way of doing it.

16 MR. LINDSAY: He is still on the
17 campaign trail.

18 DR. KAMER: That's probably true, but
19 reality sets in on the 1st.

20 MR. LINDSAY: Yes, it does.

21 DR. KAMER: Seven.

22 DR. LIPP: That's the hard one.

23 DR. KAMER: That's hard?

24 DR. LIPP: We have to make some sort of
25 a decision on do we want to be explicit about

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2 supporting anything.

3 MR. LINDSAY: Folks, we got to get
4 explicit about something. You can't

5 generalize everything.

6 MS. NOWICK: This is where we can get
7 explicit.

8 DR. LIPP: This is the hard one.

9 DR. KAMER: Let's go over it paragraph
10 by paragraph.

11 MS. NOWICK: The beginning, basically,
12 is to try to say okay with other alternative
13 sources of revenue. Here's a way we can
14 attempt to make it such that it wouldn't just
15 mean supplementing and, therefore, continuing
16 high property taxes.

17 The question is whether or not one
18 thing in the store approach will be effective.

19 MR. LINDSAY: I think there is two
20 issues here: Number one, is there a way of
21 raising a local pool to offset some of the
22 burden of the taxpayers, and if there is a way
23 of raising money, how do you distribute it?

24 MR. BAHR: Is this the title? Are

25 these sources supposed to replace the portion

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2 of the property as it says or simply to
3 supplement or stabilize it?

4 MS. NOWICK: In order to lower --

5 DR. KAMER: I think we talked about it
6 as a supplement.

7 MR. BAHR: That's what I thought this
8 is. You simply have to change the wording.

9 DR. KAMER: "Alternative local sources
10 of revenue to stabilize property tax, to
11 stabilize school property taxes," okay.

12 Then, the second paragraph, in this
13 section of the report we will discuss several
14 alternative local sources of revenue that
15 could potentially -- instead of provide some

16 property tax relief, stabilize school property
17 taxes, and then we have to take out the next
18 sentence. Because the next sentence says, "In
19 considering one or more second local sources
20 of revenue for school districts it was felt
21 that some mechanism was needed so that these
22 funds would not merely supplement the property
23 tax, but to the extent possible, would replace
24 at least a portion of the property tax."

25 We don't want to say that because then

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2 you're misleading the public. You're saying
3 you don't want to cap it and that thought
4 should be given to a formula to restrict or
5 cap property tax. I want that out, so just
6 the first sentence, and that's it.

7 DR. LIPP: We can change the replace to
8 stabilize as you suggested earlier.

9 DR. KAMER: We don't need it.

10 DR. LIPP: The point -- the whole idea
11 behind this particular sentence and the rest
12 of this page, is to discuss a mechanism of
13 distribution that largely would try to keep
14 property taxes from going up.

15 DR. KAMER: Do we want to discuss a
16 distribution mechanism or do we want to
17 discuss just potential sources of additional
18 revenue. You get into a distribution
19 mechanism and you're going to have the world
20 come down at your throat.

21 MR. LINDSAY: I think it's really two
22 issues. Number one is, is it realistic that
23 we could raise a sizeable pool locally to give
24 some tax relief, and if the answer to the
25 first part is yes, then the second part is,

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2 how do you do it.

3 DR. KAMER: We didn't study this.

4 MR. LINDSAY: That's what we are
5 talking about now.

6 DR. LIPP: We spoke, specifically,
7 about the local STAR and we also noted one
8 problem we had in the additional local source
9 of revenue is that it would be reviewed as a
10 supplement, as Dan said, which was, basically,
11 a four letter word to the public.

12 DR. KAMER: So, we don't use it. We
13 use --

14 MR. KADEN: Stabilize.

15 DR. LIPP: So, the point is, I think,
16 this sentence, the whole idea behind the
17 sentence is to introduce what remains on the

18 page.

19 MR. KADEN: But we did talk about the
20 use of local STAR to make it equitable, and we
21 could provide benefits to senior citizens.

22 DR. LIPP: One would be the impact
23 equity issue and the other would be to
24 stabilize and to keep, therefore, property
25 taxes from just free-floating, as they would

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2 anyhow, even though you would have this second
3 source.

4 DR. KAMER: Why don't we word it this
5 way, "In this section of the report we will
6 discuss several alternative local sources of
7 revenue that could potentially provide help,

8 help stabilize school property taxes," and
9 then go to the next paragraph right away. "To
10 this end, the Commission supports setting up a
11 STAR type program where taxpayers would be
12 compensated, but the school tax would remain
13 the same. This would create more of an
14 incentive for schools to control costs."

15 DR. LIPP: I think the sentence stands,
16 because, once again, one of the major concerns
17 that the public has is that if you, and it's
18 obvious, too, if you add another source of
19 revenue, they're just going to spend more.

20 MR. KADEN: This was the same argument
21 the state used with the original STAR. That's
22 how STAR works.

23 Now, you present your budget, whatever
24 it was, the tax rate is on this, and they
25 offer part of this in state money, guess who

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2 would be the hero?

3

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MR. BIXHORN: The STAR, as it's set up right now, is, basically, a tax subsidy program. In essence, they're directing income taxes to people that qualify to help offset high property taxes.

This past year the governor proposed, in his budget, what he called enhanced STAR, where it was, basically, schools that were able to hold their expenditures to an unrealistically lower increase. We're going to be rewarded with some sort of enhanced amount of STAR, not common knowledge in the District. All of the education groups and, basically, all of the government groups came out against that. In essence, they called it a nay bounty on no votes.

19 Basically, if you're going to pay
20 people to defeat a sound bonnet proposal or
21 give incentives to make an irresponsible
22 decision, the legislature took it up and they
23 rejected the Governor's proposal, so I think
24 the way this reads, as it was written, it,
25 basically, looks like a spin-off of that kind

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2 of proposal. I think we want to stay away
3 from that.

4 I think a local STAR program set up the
5 way the existing STAR program is is a subsidy
6 for overtaxed property taxpayers. It makes a
7 lot of sense in terms of using it as a lever
8 for school districts against school districts
9 or putting on some kind of a cap on school

10 budgets.

11 DR. LIPP: I think you're missing part
12 of the point. I think, as a school official,
13 you're being overly hypersensitive in the
14 point that you made.

15 MR. BIXHORN: That's what it says here.

16 DR. LIPP: We can change the wording,
17 but the point to be made is the majority of
18 people out there are concerned that if you
19 have a second source of local revenue, it's
20 just going to be additional revenue on top of
21 whatever the property tax would be.

22 So, the point here is that we are
23 addressing that particular issue. That's all.

24 MR. KADEN: I have a suggestion.

25 Suppose one thing -- it's the way it's phrased

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I think. I don't think the school people have

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an obligation to say it will operate outside

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the school budget process. I have an

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objection with the state using STAR that way,

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because the state has a rightful obligation to

7

pay for education.

8

The County is really setting up this

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fund to help its taxpayers, and to me it

10

should operate outside of the school budget

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process. The school board people have a right

12

to complain about the state's STAR program

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because that money should aid the County, but

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I wouldn't say it should be used to control

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school costs. It will be operated outside the

16

school process.

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MR. LINDSAY: Why don't we get

18

specific?

19

MR. KADEN: That's what it should say I

20

think.

21 MR. BIXHORN: Wouldn't it be used to
22 supplement the existing school budget?

23 MR. LINDSAY: No.

24 MR. KADEN: It's used for property tax
25 relief.

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2 MR. LINDSAY: It goes directly to the
3 taxpayer.

4 MR. BERNARD: How is this going to be
5 administered?

6 MR. BIXHORN: Through the assessor's
7 office, the tax assessor's office.

8 MR. BERNARD: Good, because there is no
9 such person.

10 MR. KADEN: How else would it be
11 administered?

12 MR. BERNARD: I don't know. You give
13 us the budgets.

14 DR. KAMER: Gary, can you give us some
15 language?

16 DR. LIPP: How about if we just take
17 away the piece -- the second to last line in
18 the second paragraph, instead of saying,
19 "Would replace at least a portion of the
20 property tax." You would say, "To stabilize
21 the school property tax."

22 MR. BIXHORN: I think it really
23 provides property tax relief to qualified
24 individuals.

25 DR. KAMER: Yeah. Why don't we use

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2 that language, "To provide property tax relief
3 to qualified individuals".

4 MR. BERNARD: To qualified homeowners.

5 MR. KADEN: Potentially, stabilize
6 property tax to provide relief to qualified
7 individuals.

8 DR. KAMER: Homeowners.

9 MR. BAHR: Do we want to say
10 stabilize?

11 DR. LIPP: The point here, and I'm not
12 saying this will really work well, but it has
13 a chance, the incentive and the motivation and
14 the idea, and it's okay for you to disagree
15 with me, but understand the whole idea is the
16 following: If you're letting -- as I stated
17 in the next paragraph, if you're letting the
18 property tax, school property tax, to free
19 float, depending upon, you know, the decision
20 of the school board and the school district,
21 then all this does is provide some relief to

22 select homeowners, so that it doesn't -- so,
23 yes, from the equity point of view, but in
24 addition, because it does not lower the
25 overall property tax itself, it, in itself,

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2 provides a mechanism to stabilize because the
3 schools can't say, well, we can use this to
4 increase our budget. Instead, we have to show
5 it in all its glory that because of the
6 programs that we have, we believe that the
7 property tax should be this high or this high
8 and that this particular source of revenue is
9 not going lower what the property tax, school
10 tax, is going to be putting up for a vote.

11 In that sense, it would act as
12 stabilizer.

13 MR. BIXHORN: I don't think that it
14 acts to subsidize. It would act to subsidize
15 high property taxes for people that receive
16 it. It's the same as the state's STAR
17 program. The state STAR program has no
18 bearing on the school property tax or school
19 expenditures, but it does help people who are
20 having difficulty, low income people, who
21 qualify, who are having difficulty or who
22 might have difficulty paying those taxes.

23 MR. LINDSAY: The current STAR program,
24 besides the general stash that everybody can
25 apply for, is for seniors. What we are

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2 talking about is maybe an income based STAR.

3

MR. BIXHORN: The Governor elect has

4 already proposed it.

5 MR. BERNARD: Just go to income
6 derived, not age.

7 MR. LINDSAY: Should somebody else
8 agree with what we're we are saying --

9 MR. BERNARD: I'm meeting --

10 MR. BIXHORN: I think a local income
11 based STAR makes a lot sense. I think it's
12 hard to sell that as a property tax
13 stabilizer. It's property tax relief, but I
14 don't know that it's accurate to say it's a
15 stabilizer.

16 DR. LIPP: What you're doing there,
17 because you have to pass your budget with the
18 gross property tax, without the benefit of the
19 STAR, you, as the property owner in the
20 district, would say well, either if I don't
21 qualify or even if I do, I can see what the
22 tax rate is going to be, and, therefore, I see
23 that you're raising it by that higher

24 percentage and then it's up to me to determine
25 whether or not the extra school service you're

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2 providing is worth it or not, and that in
3 itself stabilizes it as opposed to just giving
4 the money to the school district. It allows
5 them to --

6 MR. KADEN: I don't think we have a
7 problem with doing it outside the budget
8 process.

9 MR. BIXHORN: I don't know. The use of
10 the word stabilize, it's not sinking into my
11 head. Maybe it's me. It's not, but I agree
12 with everything you said right up to the point
13 where you said it acts as a stabilizer. I
14 think it acts as a relief.

15 MS. NOWICK: It would be a relief to
16 some but not a stabilizer to all.

17 DR. KAMER: The second paragraph on
18 this page, "In this section of the report we
19 will discuss several alternative local sources
20 of revenue that could potentially provide some
21 property tax relief." Take out the rest of
22 the paragraph, and then say, "To this end, the
23 Commission supports setting up an income based
24 STAR type program, period."

25 MS. GAZES: Do we want to say a local?

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2 DR. KAMER: Local income based STAR
3 type program.

4 MR. LINDSAY: You don't want to say the

5 gross school tax will remain the same?

6 DR. KAMER: We don't know that it
7 would. We haven't studied it. You're making
8 a statement which can't be proven and people
9 could take you to task for it.

10 MR. BERNARD: We could say, well, the
11 budget, the school budget, how much of it is
12 derived based on the property tax.

13 DR. LIPP: Well, the statement here, I
14 don't understand what needs to be proved.
15 It's a very simple statement and that is that
16 whatever these secondary sources of local
17 revenue are, they will not go to lower the
18 overall school property tax. In that
19 sentence, it will not reduce the --

20 MR. KADEN: Why don't we say the
21 benefit will be provided to the taxpayer.

22 MR. BIXHORN: Overburdened taxpayers
23 will get relief.

24 DR. KAMER: That's all you need.

25 That's it.

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DR. LIPP: Obviously, I disagree.

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MR. KADEN: You could say it operates the same way as the current STAR program in that relief is provided to the taxpayer. The current STAR doesn't do anything.

7

8

MR. BERNARD: There aren't three people outside this room who know how it works.

9

10

11

12

DR. LIPP: Can we say it does not -- that these sources of revenue will not go to lower the non-local source of the school district.

13

14

15

DR. KAMER: Why say what it's not going to go to? Why don't you say what it is going to go to?

16 DR. LIPP: The whole point here is not
17 just the equity issue, to provide tax relief
18 to some people, but to address the concern
19 people have over the fact that, normally, a
20 local source, a secondary local source of
21 revenue, will just wind up being added monies
22 that will be spent by school districts.

23 MS. GAZES: That's why we are telling
24 them it's going to go to taxpayers, not
25 schools.

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2 DR. LIPP: That statement needs to be
3 explicitly made. That's my point.

4 MR. BIXHORN: The next paragraph says
5 exactly what it is I think. "Alternative
6 local sources of --"

7 DR. KAMER: "Alternative local sources
8 of revenue should be distributed through a
9 local enhanced STAR program."

10 Why don't we say through a local income
11 based STAR program?

12 MR. BAHR: Why don't you be specific?

13 MS. NOWICK: Don't use enhanced again,
14 because --

15 DR. KAMER: Local income based STAR
16 program. This would allow homeowners a break
17 on their property taxes based on income. It
18 would be a more equitable distribution of
19 revenues collected than under the current
20 system, and that's it.

21 MS. NOWICK: Would this STAR be an
22 alternate local source of revenue? It's under
23 that title as a source.

24 MR. KADEN: It's money coming in.

25 DR. LIPP: It's the distribution

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mechanism of alternative --

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MR. LINDSAY: We didn't get to the

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income yet. That's on the next page.

5

MS. NOWICK: Maybe this should be after

6

that. That particular paragraph does not

7

address the statement we made. We didn't

8

discuss it yet.

9

MS. GAZES: How is this being funded?

10

I think we need to have the funding first

11

before we distribute it.

12

MS. NOWICK: I think we might have to

13

raise some revenue before we distribute in a

14

STAR like program.

15

DR. KAMER: We are going to raise it

16

from cigarette tax and sales tax through

17

mortgage tax.

18 MR. BERNARD: There was an editorial in
19 today's --

20 MS. NOWICK: An increase in the excess
21 tax on cigarettes.

22 MR. LINDSAY: If you want to put it
23 first, before the distribution, I mean --

24 DR. KAMER: Yes. You don't want to
25 distribute what we haven't got yet. So, let's

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2 take the first paragraph, the first paragraph,
3 okay, in this section of the report. "We will
4 discuss several alternative local sources of
5 revenue that could potentially provide
6 property tax relief." We stop there and we go
7 right to A, "Local excise tax on cigarettes,"

8 B, "Sales tax," C, "Mortgage tax," D, "Deed
9 tax," E, "Local lottery," F, "Video lottery
10 terminals." We are not doing G, "Local estate
11 tax," and then we are going to have an aside
12 title on the report that says, "The potential
13 distribution mechanism" and then we start.

14 MR. LINDSAY: I don't know if it should
15 be an aside title. I think it should go there
16 after the income sources aid.

17 MR. KADEN: For distribution purposes,
18 the Commission supports a local income based
19 STAR program.

20 DR. KAMER: And then you can put all
21 that in.

22 MS. NOWICK: We are saying in this
23 section of the report we will discuss -- what
24 we say on the first page in this report, we
25 will discuss several alternative local sources

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2 of revenue, blah, blah, blah. Then, we go
3 onto, "List the alternative source," but do
4 we, at any point, say we support or we don't
5 support.

6 DR. LIPP: That's what we are here for
7 now.

8 MR. LINDSAY: That's --

9 DR. KAMER: I would like to present
10 these alternative sources as options. I don't
11 think we have to support or not support these
12 options that we have.

13 DR. LIPP: Why don't we see if we have
14 some unanimity or not.

15 MS. NOWICK: We have to come out a
16 little stronger than lukewarm on this.

17 MR. LINDSAY: First of all, the
18 cigarette tax, I read it this morning, that's

19 a real thing, the editorial. I didn't attend
20 the meeting, but my staff attended the meeting
21 and there is a major push for all the
22 Downstate areas to come up with the same tax
23 on cigarettes as New York City.

24 If that was to happen, it would mean
25 maybe as much as \$100 million for Suffolk

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2 County.

3 DR. KAMER: And you save a lot of
4 lives.

5 MR. LINDSAY: Save a lot of lives and
6 it certainly isn't raising taxes, per se. You
7 can make a case for the sin tax. Up until
8 now, it has never been entertained by the
9 state to give a county the ability to assess

10 this, but New York City is driving the bus
11 with all of their weight and power.

12 DR. KAMER: Let's support them.

13 MR. LINDSAY: And they're trying to do
14 something regionally, which is something
15 unusual for them. Usually, they do something
16 to take care of themselves, but they failed in
17 their effort to raise their excise tax and
18 they are getting killed. Nobody is buying
19 cigarettes in the City.

20 DR. KAMER: Let's support it.

21 MR. LINDSAY: \$100 million is not
22 something that is chump change. If it came
23 about, you could create some real relief for
24 people that are really hurt.

25 MR. BAHR: That would be if the

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2 counties could give it back to the schools.

3

4 MR. LINDSAY: The only way I would
5 support it would be if it was dedicated to
6 education.

6

7

8 DR. KAMER: Do you want to put a
9 sentence like that in here?

8

9

10 MR. BERNARD: Absolutely, it should be
11 in the report.

10

11

12

13 DR. KAMER: "The Commission supports
14 the initiative providing the initial tax
15 revenue were dedicated to schools."

13

14

16 DR. LIPP: The last paragraph sort of
17 says that, the last sentence.

15

18 MR. KADEN: That's fine.

16

19 MS. GAZES: Okay.

17

18

20 MR. LINDSAY: Going onto the second
one, sales tax --

19

DR. LIPP: A voice vote.

20

All those in favor.

21 (Whereupon, everyone was in favor of
22 the vote.)

23 MR. LINDSAY: Did I die and you become
24 the chair?

25 MR. KADEN: The Commission supports

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2 this and recommends it.

3 MS. GAZES: Should we make that the
4 last sentence?

5 DR. KAMER: The last sentence of the
6 paragraph, Bill?

7 DR. LIPP: The Commission recommends.

8 MR. BERNARD: Should we expand it to
9 include alcohol if we get our foot in the door
10 with cigarettes? If it's going to be a sin
11 tax, I mean, beer and booze would be next.

12 DR. KAMER: Everything in moderation.
13 Some say it's good for the heart.

14 MR. BERNARD: Not wine.

15 MR. LINDSAY: The only thing is I view
16 this as a reality and I do not want to dilute
17 it.

18 DR. KAMER: I agree with Bill. I also
19 want to put another sentence in to show we
20 have some heart. The last sentence is going
21 to be, "The Commission recommends that should
22 this tax be exacted, the revenue be earmarked
23 for schools."

24 MR. KADEN: It should also say the
25 Commission supports this tax and recommends --

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2 DR. KAMER: "The Commission supports
3 this tax, and should this tax be exacted that
4 the revenues be earmarked for school
5 districts. Not only would this be a --"

6 MR. LINDSAY: Aid to education.

7 DR. KAMER: "Not only would this be an
8 additional source of revenue, but it will save
9 countless lives." I think that should be in
10 there.

11 MS. NOWICK: Definitely, and in the
12 lives that it will save, are these young kids
13 going to these high schools.

14 DR. KAMER: Countless lives and reduced
15 medical costs, because do you know how much --

16 MR. LINDSAY: Are we all right with
17 that?

18 DR. KAMER: Sales tax.

19 MR. LINDSAY: I think that we should
20 make a recommendation that it's too high now
21 to raise it anymore.

22 DR. KAMER: It would drive out
23 retailers and harm the tax base, so we don't
24 do sales tax.
25 Mortgage tax.

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2 MR. BERNARD: From the declining real
3 estate, we missed the boat. We should have
4 raised it six years ago.

5 DR. LIPP: It goes in cycles.

6 MS. GAZES: Part of the reason we are
7 looking for property tax relief is because
8 young people can't buy houses. This is going
9 to make it even harder.

10 DR. KAMER: I don't think it's going to
11 solve our affordable housing problem.

12 MR. FARKAS: It does the opposite.

13 DR. LIPP: How about the luxury deed
14 tax?

15 MS. GAZES: For housing in excess of a
16 certain dollar amount.

17 MR. LINDSAY: I wouldn't mind raising
18 the mortgage tax on houses selling for more
19 than a million. We will do that.

20 MR. KADEN: That would be a luxury
21 tax.

22 MR. FARKAS: A million dollars, that
23 was --

24 DR. KAMER: You want to make it a
25 million five?

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2 MR. BERNARD: The median in Suffolk is
3 about 400,000, now 390, 400, so --

4 DR. LIPP: A million is still high.

5 DR. KAMER: A million is not chump
6 change.

7 MR. LINDSAY: The point of the matter
8 is it's something that, you know, most people
9 would pay two or three times in their lifetime
10 and it perpetuates with sales to bring down
11 local expenses.

12 MS. GAZES: You can always play with
13 the numbers later on.

14 MS. NOWICK: It has got to be more than
15 a million. I would say a million five.

16 DR. KAMER: I think a million. If
17 you're willing to pay a million for a house,
18 you can pay a little more for a deed tax.

19 MR. LINDSAY: Do you think it would
20 have an effect on the real estate market?

21 DR. LIPP: At the high end.

22 MR. KADEN: If you can afford a million
23 dollar house, you can afford it.

24 MR. LINDSAY: What kind of revenue
25 would that produce?

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2 DR. LIPP: Good question. That one, I
3 don't have the numbers. I will see if I can
4 find them.

5 MR. BERNARD: Can you get it from the
6 property.

7 MR. LINDSAY: So, the mortgage tax, we
8 are in agreement, we are not going to
9 recommend.

10 DR. KAMER: Right.

11 MR. LINDSAY: But we recommend the deed
12 tax on houses above a million dollars.

13 DR. KAMER: Right.

14 MR. LINDSAY: Do you want to put

15 indexing in.

16 DR. KAMER: Not at this point.

17 MS. GAZES: It wouldn't have to be
18 built-in. We could leave it out.

19 DR. KAMER: You want to say what you
20 got from it, because if it didn't bring you in
21 that much, eventually, you might want to drop
22 it, but right now it can stay in.

23 DR. LIPP: Finally, in Suffolk County,
24 the five eastend towns also have a community
25 preservation fund. It's a two percent tax.

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2 MR. BERNARD: I think that's probably
3 where the majority of the single-family homes
4 over a million dollars would be sought,

5 Hampton, East Hampton.

6 MR. KADEN: Pretty much all along the
7 water, you have million dollar houses.

8 MR. FARKAS: Oceanside.

9 MR. BERNARD: We are talking Suffolk
10 County now.

11 MR. FARKAS: In West Islip, there are
12 some million dollar homes. Once you're up
13 along the water --

14 DR. KAMER: Local lottery, I don't
15 think we should recommend because I don't
16 think there is any revenue there. I don't
17 think you could compete against the state
18 lottery, but it's something that had been
19 suggested to us and I think has to be in the
20 report as a potential revenue.

21 MS. GAZES: But we don't recommend it.

22 DR. KAMER: Video lottery terminals?

23 MS. CAPOBIANCO: Wait a second.

24 MR. LINDSAY: I don't necessarily agree

25 with what you have written here. Why do we

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2 have to go by OTB's formula that so much goes
3 to the state. I think that --

4 MS. GAZES: That's how it's working now
5 with the ones at the tracks.

6 MR. LINDSAY: But it's tied in to horse
7 racing. We don't have a racetrack. There is
8 no reason why we have to tie it into horse
9 racing.

10 I mean, if OTB wants to be the vender
11 of a video lottery terminal facility in
12 Suffolk County, I mean, they should really bid
13 on it. RFP gambling is such a big thing.
14 It's a publicly traded business. If you have
15 the authorization to do this in Suffolk

16 County, you could put out an RFP and probably
17 have ten nationally renowned vendors bidding
18 on running this for you. It wouldn't be a
19 popular thing with --

20 MS. CAPOBIANCO: But, Bill --

21 MR. LINDSAY: -- the OTB group, but if
22 you're going to do this, I'm very reluctant to
23 only take 27 percent of the revenue.

24 MS. CAPOBIANCO: But, Bill, if I can,
25 this has to pass state legislation, and the

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2 way the state legislation is currently
3 written, the race tracks, this is the formula,
4 so you could have the state legislation
5 written differently so that more of the
6 revenue came back locally.

7 MS. CAPOBIANCO: But you couldn't go
8 out and just say any vendor in the nation come
9 to Suffolk County. You need the state to
10 approve it first.

11 MR. LINDSAY: Everything we are talking
12 about here we need state approval, but we
13 would need --

14 MS. GAZES: The vendor is going to keep
15 the profits.

16 MS. CAPOBIANCO: All the profits come
17 back to us.

18 MR. LINDSAY: You're missing my point.
19 First, we need state legislation to do this
20 because we don't have a racetrack. Any of the
21 approvals have been tied to racetracks, and I
22 want to roll the dice.

23 If you're going to ask for this,
24 separate it from the racing industry
25 altogether, and if they can do that and OTB

1

2

can run it without giving so much of the money

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back to the state, let's go that route.

4

MR. FARKAS: I also think the figures

5

are low. The 250 at 16 hundred times 16

6

hundred machines -- that means you're talking

7

about like Saratoga Race Track. We are not

8

talking about a freestanding building where

9

you would probably have at least double those

10

terminals.

11

MR. LINDSAY: Well, I think you took

12

these numbers from Jeff Casale's

13

presentation.

14

MR. FARKAS: That was based on Saratoga

15

Raceways and that's only 16 hundred, and we

16

have way more income to support more machines

17

down here. I don't think it's comparable at

18 all.

19 DR. LIPP: I put the number right in
20 here. There is no way I would have an idea.
21 Anything with racing -- I don't know
22 anything. I just know numbers.

23 MR. FARKAS: When he said the
24 presentation, he said it was Saratoga Raceway,
25 and New York would need --

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2 MS. GAZES: These are conservative
3 estimates.

4 MR. FARKAS: He quoted 100,000 square
5 foot with over 3,000 terminals.

6 MR. KADEN: 3,400.

7 He is giving you the price of the

8 machine. We could say we accept a
9 freestanding facility.

10 DR. LIPP: I can double the number if
11 that's what you're saying.

12 MR. KADEN: His thing was 3,400 I
13 thought he gave to us.

14 MR. LINDSAY: I mean, if someone in
15 Albany is serious about trying to give us some
16 tax relief here, without it costing anything
17 out of their pocket, this is one way of doing
18 it.

19 MS. NOWICK: We have to support it I
20 think.

21 MS. CAPOBIANCO: I think that on page
22 6, the second paragraph that starts with, "On
23 the one hand," this paragraph kind of has a
24 negative flavor to it with the words tempting
25 proposition and also that the considerable

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2 share of \$146 million in surplus revenue would
3 be leakage out of Suffolk County's economy.

4 This is all new money. Even if Suffolk can't
5 keep a hundred percent, it's new money, and if
6 it does go to the state, it only helps the
7 state finances, which means maybe they could
8 give us more state aid.

9 MS. NOWICK: Ten percent is better than
10 nothing.

11 MS. CAPOBIANCO: I don't agree with the
12 leakage word and I don't agree with the words,
13 "At the expense of Suffolk." I think any new
14 revenue is not at our expense. It's at our
15 benefit, and if it does help the state, it's a
16 good thing.

17 DR. LIPP: The point here is that there
18 are a couple of things, number one, you have a

19 certain number of dollars at your discretion
20 that you can spend. If you spend it on -- the
21 money would leak out is the point to be made
22 here, as opposed to if you spend it on other
23 things that would perhaps have a higher
24 retention in the County.

25 Another thing is negative connotations,

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2 because my view is would the government
3 support this kind of thing?

4 MS. CAPOBIANCO: That's my point.

5 That's your view, but I think it was the
6 consensus of the Commission that we liked the
7 presentation that Jeff Casale made with the
8 video because they're coming. They just
9 opened up a new one in Pennsylvania. They are

10 coming.

11 MS. GAZES: Yonkers just opened
12 theirs.

13 DR. LIPP: My view is two wrongs don't
14 make a right, but, obviously, I'm outvoted.

15 MR. BAHR: I respect your response but
16 if, in fact, the Commission is going to
17 support it, I think the whole section has to
18 appear more positive than not. We can point
19 out drawbacks, which we should where they
20 exist, but language is everything.

21 MR. LINDSAY: Going back to my initial
22 point, if we are going to make a pitch for
23 this, I would like to make a pitch it be
24 separated from the racing industry and the
25 formula be thrown out if you're going to give

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us permission to do this.

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MR. BERNARD: Maybe we shouldn't even include the formula, just mention the fact that we had the presentation, you know. It's something that we want to go forward with after the income and not leave the percentage out.

MR. LINDSAY: Because rather than 42 million, you're looking at \$146 million dollars.

MS. GAZES: The state will never go for that. It wouldn't happen.

MR. BERNARD: Maybe half, maybe 50/50.

DR. LIPP: Why would the state be willing to do that?

MS. GAZES: The state will never go for that.

MR. LINDSAY: Why would they be willing to do it? Because Suffolk County, if you fix

21 your own school problems, we will give you
22 permission to do this, and I don't have to go
23 in my pocket to do it.

24 MR. FARKAS: We are asking them to
25 increase state aid. That's coming out of

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2 their pocket. This isn't coming out of their
3 pocket.

4 DR. KAMER: There is a problem here.

5 If we are asking for an increased state
6 aid and saying we can take care of our own
7 problem, they're going to say, take care of
8 your own problem and we are not going to give
9 you a penny.

10 MS. CAPOBIANCO: This wouldn't solve
11 the problem, supplement the revenue.

12 DR. KAMER: They might interpret it
13 that way.

14 MS. CAPOBIANCO: That's kind of pie in
15 the sky. It's theoretical. You don't know.

16 MS. NOWICK: We can't depend on them to
17 give us more state aid. We have to be
18 aggressive and find it.

19 DR. KAMER: Gary?

20 MR. BIXHORN: I thought that these are
21 revenue sources. That's why just going
22 through were linked to the earlier discussion
23 about the local STAR program.

24 MS. NOWICK: They are.

25 MR. BIXHORN: We are talking about

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2 these various revenue sources as coming --
3 staying in Suffolk County, creating a pot of
4 money that will, ultimately, become local tax
5 relief for Suffolk County property taxpayers.

6 MR. LINDSAY: Right.

7 MR. BIXHORN: Good. I just wanted to
8 get that clear.

9 DR. LIPP: The question is here the
10 peeks of this money will be coming into that
11 pot, though.

12 MR. BIXHORN: This has nothing to do
13 with state aid. That is property tax relief
14 money.

15 MR. LINDSAY: Right.

16 MR. KADEN: The state controls it now.

17 MS. NOWICK: You can't increase the
18 formula. You're still getting something
19 rather than nothing at all. I don't know. It
20 makes sense to me.

21 MR. BIXHORN: I agree with Bill,

22 though.

23 MS. GAZES: The money that goes to the
24 state is earmarked for education because it's
25 lottery money.

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2 MR. BIXHORN: I think we should, if the
3 real new idea here is this idea of a local
4 STAR program, and I think what we are really
5 talking about here is something different than
6 anything that has happened in other parts of
7 the state, so we might not have to be as
8 concerned about precedent as we would be if we
9 were setting up video terminals like they have
10 in Saratoga. We are talking about something
11 different. We want to set up these terminals
12 to fund a local Suffolk County STAR program.

13 MR. KADEN: We don't have a racetrack.

14 We are not cutting anybody out.

15 MR. BIXHORN: It's really a different
16 type of an idea. It's new, completely
17 different.

18 DR. KAMER: Maybe we shouldn't get into
19 numbers at all or formulas at all. Just
20 advance the concept of video terminals.

21 DR. LIPP: I think it's useful if you
22 kind of down play the specifics about how the
23 formulas are connected or may be put in a
24 footnote and say that one proposal would give
25 X-dollars, and if you like, I could double the

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2 number or whatever. It's not a big deal.

3 MR. LINDSAY: We could talk about

4 potential gross revenue of \$146 million.

5 DR. LIPP: It would be a lot more than
6 that if Mel is right, that these are --

7 MR. FARKAS: Also, if we can get a
8 higher increase --

9 DR. LIPP: Bill had stated that we
10 could say that we are basing our estimates on
11 1,600 machines, but I'm saying that Mel felt
12 that 1,600 is way too conservative for Suffolk
13 County and perhaps -- what did he say --
14 3,400.

15 MR. FARKAS: 3,400.

16 DR. LIPP: I will look at the
17 transcript and see.

18 MR. LINDSAY: Whatever number, you
19 mention there in gross revenue should be
20 footnoted based on X-number of machines

21 DR. LIPP: Instead of going into
22 specifics.

23 MS. CAPOBIANCO: Do you remember this

24 (Indicating)?

25 DR. LIPP: I have the transcript.

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2 MR. KADEN: How many was --

3 MS. CAPOBIANCO: 2,000 and 3,000

4 machines.

5 DR. LIPP: Could you repeat that?

6 MS. CAPOBIANCO: He had three different

7 protections. Saratoga was 1,324 machines. He

8 also gave the figures for 2,000 machines and

9 3,000 machines. You know, have the 2,000

10 STAR'd, so I think that's what they thought

11 they could do.

12 DR. LIPP: 2,000, Chris, 2,000

13 machines. Your gross revenue of 181.5

14 million.

15 MR. LINDSAY: On how many machines?

16 MS. CAPOBIANCO: 2,000 machines.

17 MR. LINDSAY: 2,000.

18 MS. CAPOBIANCO: That's how much they
19 thought they could fit into a structure now.

20 MR. LINDSAY: So, you want to just
21 leave that and not go into the share formula.
22 Treat it as gross, and if someone really
23 thinks this is serious --

24 DR. KAMER: Right, leave it all.

25 MS. GAZES: We couldn't do it without

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2 the state's permission anyway.

3 DR. LIPP: Based upon the current state
4 formula, we would get X-dollars, however, our

5 recommendation is that we should have a
6 formula that's more generous to Suffolk
7 County.

8 DR. KAMER: When it comes to
9 negotiating with the state, you can negotiate
10 that.

11 MR. BERNARD: That's what they set
12 forth, because they didn't want to overburden
13 the racetracks which these VLT's, right, they
14 would deny that they were down or they had
15 /SAOEUPL cast go. They didn't want to take
16 away from the wagering.

17 DR. LIPP: I think that you're going to
18 have to state a gross dollar amount. You need
19 to put it into context that we are not going
20 to get a hundred cents on the dollars. That
21 based upon the current formula that we feel
22 could be altered, we would get, approximately,
23 X-dollars and we could get significantly more
24 than that, depending upon negotiations.

25 That's all.

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If you just state the gross dollar

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amount, you would think that it would be the

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amount that we would, actually, get.

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DR. KAMER: The last thing we have to

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look at is the local and state tax.

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MR. LINDSAY: This is something that we

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discussed very briefly. It was something that

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Pat brought up, Pat Byrne.

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DR. LIPP: I shrugged my shoulders and

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wrote this, and I did this part this morning.

12

I'm not sure. I don't know what to say.

13

MR. BYRNE: You haven't heard anything

14

yet, have you, with the County attorney?

15

MR. LINDSAY: No, I haven't.

16 DR. LIPP: I would say, based upon what
17 I wrote here, if it's not altered, we just
18 strap it as part of the report based upon the
19 way it was written up here.

20 DR. KAMER: I vote to strap it.

21 MR. LINDSAY: I don't want to mention
22 it at all. It's something we talked about.

23 DR. KAMER: No. I have a hunch you're
24 not getting much from it and I have hunch you
25 will get a lot of people's back's up.

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2 MR. LINDSAY: Well, if you want to say
3 we talked about it and then we are not
4 recommending it, that I --

5 MR. BYRNE: I don't know if you get --
6 where is our CPA now? The unified credit,

7 anybody know where that is now? It's going to
8 double the amount, so even it's going to
9 essentially double so --

10 DR. LIPP: I wrote it down as best as I
11 could.

12 MR. BYRNE: You did a great job, but I
13 mean, first of all, it needs to be a little
14 bit of a sale. You're telling people that
15 they're getting a break from the federal
16 level. If we don't give them back that entire
17 break, would they know that we are going to be
18 able to apply it locally to the schools.

19 MS. GAZES: What happens if the Feds
20 take that away, which, you know, is going to
21 happen.

22 DR. KAMER: It is going to happen.

23 MR. BYRNE: It looks like they built
24 certain things in so it might pass. They
25 built legislative raises in that for

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congress. They linked it to minimum wage, you

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know, so both parties are kind of looking at

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this now. This thing may pass.

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MS. NOWICK: We can say that we

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discussed it only so the report is completely

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inclusive and not go into it in detail, but --

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DR. LIPP: The problem I mentioned here

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from an economics point of view, if you have a

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federal state tax, it's one thing, but if you

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just Suffolk County, it's going to have an

12

adverse impact. Why should I live here? It's

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the only place that has something like this?

14

It's a very difficult thing.

15

DR. KAMER: You know, you are on your

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last leg.

17

MR. BERNARD: Move to Yonkers.

18 DR. KAMER: Say we discussed it and
19 it's not recommended.

20 MR. KADEN: Instead of this would not
21 seem like a good idea. It was discussed by
22 the Commission and was decided not to use it.

23 DR. LIPP: If we don't say why, why
24 bother?

25 MR. KADEN: I would say, instead of

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2 saying, it's not a good idea, the Commission
3 has decided to recommend against it, you
4 explain why it's a bad idea.

5 DR. KAMER: It's location.

6 MR. BIXHORN: Can we go back to one
7 thing, because I need it clear in my head,

8 number seven, we are calling number seven, we
9 call the craft, a combination of alternative
10 fact sources, to replace a portion of the
11 school property tax or to fund whatever we are
12 going to call it. It sounds to me like what
13 we are really talking about here is
14 identifying local revenue sources, a craft, a
15 combination of alternative tax sources, to
16 establish a local STAR program.

17 DR. KAMER: Yes.

18 MR. KADEN: Now, we need to go back
19 to -- after we insert those things -- back to
20 where we were and start talking about it
21 again.

22 MR. BIXHORN: I think that would be a
23 significant recommendation from this
24 Commission. That's something new. It's
25 different. It's important, and I think it

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2 would be real appealing.

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MS. NOWICK: These revenues are not just for the STAR program. That STAR program is for people making a certain amount of money. Aren't we talking about the revenues also to stabilize for everybody?

DR. KAMER: No, we are not.

MS. NOWICK: Just for the STAR?

MR. LINDSAY: STAR has two provisions, one, the general STAR program, everybody applies for it and then --

MR. BERNARD: They got to own it and live in it. It can't be a second home.

MR. LINDSAY: Owner occupied home, and the second one is enhanced STAR.

DR. KAMER: No.

MR. BERNARD: No. This is what is

19 existing.

20 MR. LINDSAY: Existing now. It's for
21 seniors.

22 MR. BERNARD: 65 with incomes.

23 MR. LINDSAY: What we are talking about
24 is coming up with a new hybrid to address the
25 affordability problem, and we are suggesting

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2 that it can be linked to income. Nobody is
3 saying what that income level is yet.

4 MS. NOWICK: That's the thing.

5 MR. BERNARD: Just for the purposes of
6 confusion, I think we should call it maybe the
7 Suffolk STAR program so that people don't get
8 it confused with the existing STAR program.

9 MR. LINDSAY: I mean, for example, if

10 you were able to raise enough revenue to give
11 everybody that has a reported income of less
12 than \$100,000, \$500 or \$1,000 off their tax
13 bill, I mean, you're providing some definite
14 relief.

15 MS. NOWICK: If you said you have to
16 think of the income because it's a household
17 income, it would be a household income.

18 MR. BERNARD: Adjusted gross income
19 based on the federal tax return this
20 year '07. It's based on the '05 adjusted
21 gross income.

22 MR. LINDSAY: I made up a number. I
23 mean, it could be \$70,000. It could be
24 \$35,000, but if you're really concerned about
25 helping the young people, starting out, and

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the older people that seem to be the two

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target groups that really need help here,

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that's one way of doing it.

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MR. BERNARD: Well, there is a program

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now and you got some press on it a few weeks

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ago for the first-time home buyers. The state

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had enacted a legislation. It was enacted

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about six years ago. It's for first-time home

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buyers of newly constructed homes, but they

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use Sonnie Mae guidelines for the amount of

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the home and the income of the prospective

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buyers, and that's based on regional numbers

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and maybe we should look to use an income

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level like that, so it would be available.

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They could -- people could maybe buy a new

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home, get the exemption, plus be eligible for

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that extra tax.

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MR. LINDSAY: I wouldn't want to get

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into specifics too much. I think to call it

21 the Suffolk STAR program to delineate between
22 that and the state STAR program is important.

23 MS. GAZES: Do we have to call it STAR
24 at all?

25 MR. FARKAS: Yeah.

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2 MR. LINDSAY: The only advantage of
3 calling it STAR is that STAR is a popular
4 program.

5 MR. BERNARD: People recognize it as
6 school tax relief.

7 MR. LINDSAY: Put in that it's income
8 based.

9 DR. KAMER: Income based STAR program.

10 MR. LINDSAY: Right.

11 DR. KAMER: Okay, Gary, did you have

12 any other points on that?

13 MR. BERNARD: I think it's important to
14 put in a number, a number, what would that
15 income be, what are we looking at?

16 MR. BAHR: One of the problems with
17 putting a number is we don't know how much
18 money we are going to raise, so I don't know
19 how you would put in a number at this point.

20 DR. KAMER: You advance the concept
21 right now.

22 MR. LINDSAY: I will give you a perfect
23 example. A couple of years ago Suffolk County
24 was doing public financing of legislation and
25 we raised \$42,000 that is still sitting there

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2 because nobody ever applied for it.

3 MS. NOWICK: We raised \$42,000 but it
4 cost us 236,000 to raise the 42,000 thousand.

5 MR. LINDSAY: So, to pass all these
6 rules and rights without knowing what kind of
7 revenue you have --

8 MR. KADEN: Can we go back to this last
9 section now?

10 DR. LIPP: The beginning of the section
11 indicated -- now we're going to put this at
12 the end. I recommend we get rid of the third
13 paragraph entirely and start the fourth
14 paragraph with "These alternative local
15 sources of revenue should be distributed
16 through a local income based STAR program."
17 Leave the rest of that paragraph alone. Then
18 say, "A STAR-type program also has the benefit
19 of providing property tax relief directed to
20 the taxpayer." Get rid of the rest of that
21 sentence, and an alternative approach not

22 recommended by the Commissioner would be
23 the --

24 MR. KADEN: Or potential local revenue
25 sources directly to the school districts.

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2 DR. KAMER: Then, skip to the next
3 paragraph and go, "Another alternative would
4 be a hard cap on the amount of funding
5 received by the school districts," and we say,
6 why we didn't want that, and then I would
7 delete the next paragraph on the next page
8 because I agree.

9 The only question I have at the top, it
10 says, "Alternative local sources of revenue to
11 stabilize school property tax," so --

12 MR. KADEN: I would say to relieve

13 then.

14 DR. KAMER: Why don't you just say
15 alternative sources of revenue.

16 DR. LIPP: To establish a local income
17 based Suffolk STAR program.

18 MR. KADEN: There you go.

19 MS. NOWICK: It's not going to
20 stabilize everybody. If you're not making
21 that much money, you're not getting anything.

22 DR. KAMER: To establish a Suffolk
23 income based STAR program.

24 Bill, how soon can you get us this?

25 MR. LINDSAY: I will try to have it to

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2 you within a week.

3 MS. GAZES: I thought it had to be in

4 the printer's in a week.

5 DR. KAMER: Lets delay the printers.

6 We want to get it.

7 MR. LINDSAY: That's easier said than
8 done. I will try my best.

9 DR. KAMER: I'm going on vacation next
10 Thursday, so if you don't get it to me by --

11 MR. BERNARD: By the 7th.

12 MR. LINDSAY: It should be in
13 everybody's hands within a week.

14 DR. KAMER: By Monday, next Monday.

15 MR. LINDSAY: Then, it's up to you
16 guys. We will try and establish a date based
17 on the printer's schedule, because I really
18 don't want to pay for this. I want to use the
19 County print shop, and that isn't as easily
20 said than done.

21 We will establish a date that any
22 comments or corrections can get back to us by
23 a certain date.

24 MR. LINDSAY: Thank you.

25 The other thing is I have been talking

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2 to Assemblywoman Fields. I think we have a
3 definitive date of January 11th, and she did
4 identify the people she was bringing down from
5 Albany, and it must be a staff up there that
6 writes tax bills and stuff, but we will get
7 that confirmed on who is coming so you'll have
8 that.

9 MR. KADEN: Before the Committee parts,
10 I would like to thank Gary and Robert for
11 doing the extensive corrections. Job well
12 done. MS. GAZES: I suggest we get the draft
13 electronically

14 DR. LIPP: Yes. I'll get it out

15 electronically.

16 (Whereupon, at 4:25 p.m., the above
17 matter concluded.)

18

19 I, KRISTINE O'DEA, a Notary Public for
20 and within the State of New York, do hereby
21 certify that the above is a correct
22 transcription of my stenographic notes.

23

24

KRISTINE O'DEA

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