

## **From the Mayor's Desk...September 26, 2011**

With an earthquake and a hurricane in our rear view mirror, we now look forward to the next challenge...the Village budget. And while I will resist using the words "disaster" and "budget" in the same sentence, I would like to discuss the property tax cap recently enacted by the New York State Legislature and how it might impact our Village.

On June 24, 2011, the NYS Legislature passed a bill and the Governor signed into law a tax cap on municipalities like the Village of Irvington. Starting in fiscal year 2012-13, the new law caps the total amount of new property taxes that the Village can collect from its taxpayers on a yearly basis. The tax levy cap is set at two percent or the rate of inflation, whichever is less, but in no event less than zero (no change in tax levy). There are a few exceptions to the tax cap and the Village Board can override the tax cap in any single year by the adoption of a local law with a 60% majority vote of the Board. I should also point out that there is no cap on the tax rate. That means that changes in the value of real estate in the Village could cause your tax bill to rise or fall at a rate that is different than the cap.

While I believe in the concept of a tax cap, I am concerned with exactly what this will mean to our Village. At a worksession held on July 13, 2011, Village staff presented a draft budget to the Village Board for the 2012-13 fiscal year. Without even considering increases in certain expenditures such as pension contributions and important capital improvements, the 2012-13 draft budget is projected to exceed the tax cap. Because certain cost drivers, such as health insurance premiums, pension contributions and fuel routinely increase at a rate that exceeds the tax cap, cost savings in other areas of the budget must be identified. And while we are continually looking for ways to deliver services more efficiently, I fear that eventually the Village will be forced to eliminate vital services that our residents have come to rely upon. Particularly alarming was a recent study by the New York Conference of Mayors which revealed that within 5 years of the enactment of a 2% tax cap coupled with no meaningful relief from pension and medical costs, the entire Village tax levy would be devoted to paying for pension and medical costs for its employees and retirees. Simply put, there would be no money left over to deliver the many services that you have come to rely on like our public library, recreation programs, and our emergency services.

The tax cap is a limit that must be met each year and the Village Board, Village staff and I will be working hard to stay within the cap. Ironically, the budgetary restraint that the Board has shown over the past several years makes it doubly difficult to reduce costs even more in the 2012-13 budget. However, the Board will be exploring many ideas to reduce costs to meet the requirements of the new tax cap law and to prioritize expenditures that are critically important to Village residents.

Brian Smith, Mayor  
bsmith@irvingtonny.gov  
(646) 265-3950 (Cell)