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Heats and Animosities: What Rural New Yorkers Think about Local Taxes and Services

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“Taxes, after all, are dues that we pay for the privileges of membership in an organized society.” Franklin D. Roosevelt
“Collecting more taxes than is absolutely necessary is legalized robbery.” Calvin Coolidge

What is the Issue?

Local taxes have been of great interest to New Yorkers since at least 1683. In that year the Colonial Assembly passed an innovative “Act for the Defraying of the publique & necessary Charge of each respective Citty, Towne, and County throughout this Province & for maintaining the poore & preventing vagabonds”. By 1697, this legislation had been partially repealed because, “the Act hath been by Experience found to be very inconvenient and burthensome to the Inhabitants of this Province, and hath occasioned many heats, animosities, Strifes and Debates...”

In 2007, the “heat” goes on. According to CaRDI’s Rural Survey of the Empire State Poll (ESP), an annual survey of NYS residents conducted by Cornell University, one quarter of rural New Yorkers identified taxation as the most important issue facing their communities. Of these, almost half directed their concern at “local”, and more specifically “property”, taxes. Scathing editorials about high local taxes are routine. It is widely acknowledged that in NYS, property taxes are, by some measures, the highest in the nation.

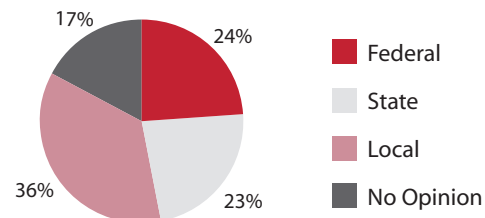
As noted on an IRS website, “When it comes to taxes, everyone has an opinion.” However, the all too common focus on taxes alone ignores the public services for which taxes pay. What does the public actually feel about the *balance* of costs and benefits? Using the ESP, we explore the opinions held by rural New Yorkers about their taxes weighed against the public services the taxes enable. We focus in particular on the increasing, and increasingly controversial, burden of *local* taxes. The public’s mix of opinion is more nuanced than politicians and newspaper editors often presume.*

Which level of government provides the most value?

We asked residents in rural New York State “from which level of government do you feel you get the most for your money: federal, state, or local?” Although the unpopular

local property tax is considered by more than half of New Yorkers to be the “least fair” of all major government taxes, it is also true that a plurality of people feel they get the “most for their money” from local rather than state or federal government (see Figure 1). In rural New York, more than a third of respondents (36%) cited local government in this context. This contrasts with the roughly one quarter of respondents who picked the federal (24%) or state (23%) governments, and the 17% who expressed no opinion on the issue.

Figure 1: From which level of local government do you get the most for your money?



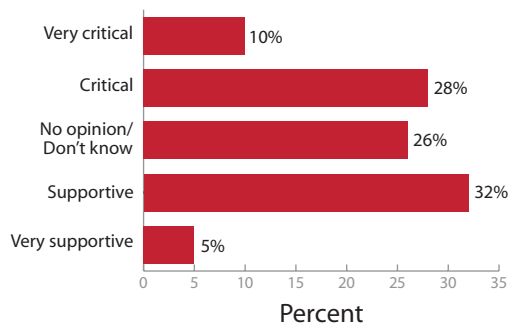
Source: 2007 Empire State Poll, Rural Survey (CaRDI, Cornell University)

The distaste for the property tax and the comparatively good marks accorded local government are not necessarily contradictory. Two obvious reasons are that 1) local governments have increasingly turned to alternative revenue sources like the sales tax, and 2) many taxpayers know that the greatest part of the property tax burden they carry is levied by school districts rather than towns, villages, counties or even cities.

How critical are rural New Yorkers of their local government?

We also asked respondents “how would you describe your own opinion regarding your local government’s mix of taxes and services?” According to 2007 ESP results, rural New Yorkers are evenly divided in their opinions of the efforts of their local government to balance taxes and services. As shown in Figure 2, while 38% are critical or very critical, 37% are supportive or very supportive. Just 15% express strong opinions one way or another (very supportive or very critical).

Figure 2: How would you describe your own opinion regarding your local government’s mix of taxes and services?



Source: 2007 Empire State Poll, Rural Survey (CaRDI, Cornell University)

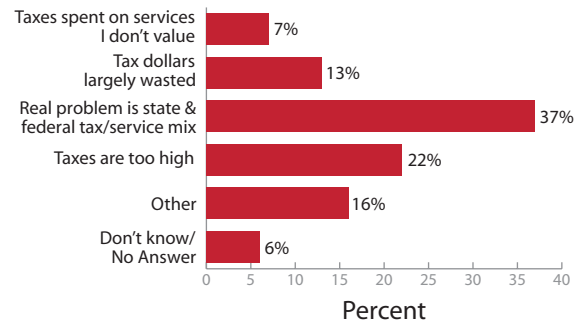
What are the criticisms of local government’s mix of taxes and services?

Why might some rural respondents be disaffected with their local government’s mix of taxes and services? Just about one fifth (22%) gave the common headline answer: “My local government taxes are too high, regardless of the services provided”, while another 13% focused on “waste” in spending (see Figure 3). Even when prompted for reasons the respondent might be “at all critical” about local government taxes and services, the largest group, however, was the 37% who agreed that, “Local taxes and services are not the problem, it’s really the mix of federal and state taxes and services.” Moreover, within the 16% who fell into the “other” category, the largest subgroup stated that they were simply “not critical.” Taken together, these results underscore the reluctance of a surprisingly large segment of rural New Yorkers to focus criticism on local government taxes and services.

What are the Policy Implications?

Politicians continue to debate the extent to which varied factors, including state and federal government policies,

Figure 3: Why are you critical of your local government’s mix of taxes and services?



Source: 2007 Empire State Poll, Rural Survey (CaRDI, Cornell University)

are to be blamed for high local taxes. However, a consensus has developed about the need for tax relief. The State offers a variety of tax reductions for property owners.** The STAR property tax relief program, while disparaged by many analysts, is nonetheless politically popular. A Spitzer Administration commission has been recently created to address taxpayer burdens associated with “duplicative services”, though it views the problem primarily through the lens of only one theory of the reason for high taxes: “The sheer number of taxing jurisdictions has led to a significant degree of overlap in public services, which has had a devastating affect on local tax burdens.”***

Our survey results underscore the complexity of rural public opinion about this tangle of issues. Local government is more widely seen as providing the “most for your money” compared to state or federal government, but the bedrock of local funding, property taxes, are seen by many to be too high and unfair. Rural residents are divided over the extent to which they are supportive of, indifferent to, or critical of their own local government’s mix of services and taxes. While a substantial number of rural residents feel that local taxes are too high, wasted or misspent, an even greater number sees no problem or directs their criticisms at higher levels of government. Efficiency gains aside, in the larger picture, services or political values cherished by important and perhaps even majority constituencies will probably have to be compromised if local taxes are to be significantly reduced. The question that has not been well addressed by researchers, politicians, or indeed the public is in some sense simple: what are we collectively willing to give up? ♦

*Please check our website for an upcoming *CaRDI Report* where these findings are paired with related pieces about a) statewide and national trends in opinion about which specific kinds of taxes are considered least fair, and b) policy options for property tax reform in New York state.

** see http://www.nyc.gov/html/dof/html/property/property_tax_reduc_individual.shtml

*** see more at <http://www.nyslocalgov.org/>

