

Federal tax plan would hurt Lower Hudson, particularly schools: View

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WARNING: SALT is currently on the table, and it will affect more than your health. The proposed federal tax changes to SALT — state and local taxes — and mortgage deductibility would significantly affect our region, and constrain school district revenues for years to come. This issue underscores the New York metro area's high cost of living, compared to other parts of New York State and the nation, and the reality of how public schools are funded in our area.

While local property taxes are currently fully deductible, the Senate proposes to eliminate this deduction in its entirety. The House bill, which could be voted on this week, caps the local property tax deduction at \$10,000. In most states, and even in most counties in New York, the House cap would exceed the local property tax and thus have no impact. However, our region, because of its high property values, receives much less state aid, and we are highly dependent on the local property tax for our school district revenue.

According to ATTOM Data Solutions' [2016 property tax analysis](#), Westchester residents had the highest average property tax bill in the nation last year at \$16,500. (Rockland was second at \$12,300.) Under the House bill's \$10,000 cap, for the average Westchester homeowner, \$6,500 in property tax would no longer be deductible. Under the Senate bill, not a penny of your property tax payments would be deductible.

Taxpayers in our region would be further impacted by the House bill, which caps the federal income tax mortgage deductibility at \$500,000. Again, this would be a realistic threshold in most states, and in most parts of New York State. But, given the high property values in our area, a \$500,000 maximum deduction would cover only a portion of home mortgages in our region. The proposed Senate bill would retain the current \$1 million mortgage deduction, which still disproportionately affects homeowners in our high property-value region.

The bottom line is that states like New York already subsidize federal spending, and these changes would further increase that imbalance. [A report from state Comptroller Thomas DiNapoli](#) states, "for every dollar New York generated in federal tax receipts, it received 84 cents back in federal spending—compared to a national average of \$1.18."

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Both bills expand the use of 529 college savings plans (which are deductible for state income taxes and grow tax free) to allow withdrawals of up to \$10,000 per year to pay for K-12 private and parochial tuition and expenses.

These changes to the federal tax code represent a direct attack on public education. The deductions allowed under the current tax law mitigate the effect of local property taxes for homeowners in high property-tax regions such as ours, and the net tax impact provides an incentive to pay taxes to support public education. Under the proposed reduction in deductibility, even with New York's tax-levy cap in place, there will be undue pressure to cut school district expenditures, and this will ultimately starve our schools of needed resources.

As an organization that focuses on public school governance issues in our region, the Westchester Putnam School Boards Association is greatly concerned about the impact this will have on our taxpayers, and on the ability of our school districts to raise the revenue needed to support an appropriate, well-rounded education for every student. At a time when student need is increasing, and there is clear understanding of the short- and long-term benefits of addressing students' mental health and other issues, we need more, not less, federal support for public school districts.

The writer is executive director of the Westchester Putnam School Boards Association.