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NEWS RELEASE

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Another Valentine's Day Massacre for Property Taxpayers

Local Governments Mandated to Pay a $387 Million Increase in Pension Bills

If your local government – like the vast majority – is raising property taxes, cutting jobs, slashing services and/or running out of rainy day reserves, you can thank out-of-control pension bills. Municipalities and school districts this month completed their state-mandated annual payments to the state retirement system.

- The government employer (that is, property taxpayer) contribution rate for public safety employees for 2013 is 25.8% of payroll, an increase of 19% compared to 2012 rates, and a 71% increase over the last three years.

- For non-uniformed employees, employers/taxpayers are now mandated to pay 18.9% of payroll, a 16% increase over 2012 rates, and a 155% increase compared to 2010 rates.

- In 2013, local governments and school districts are mandated to pay approximately $387 million more in pension costs than they did last year.

- For the average city, this year's increase in pension costs is the equivalent of a 2.1% increase in property taxes, more than that allowed under the 2% tax cap.

- For the average city, 33% of city property taxes now go toward paying their annual pension bill.

"At a time when municipal budgets are blood-red from reduced state aid, eroded property tax bases, and smothering state mandates, these pension costs are a dagger to the fiscal hearts of local governments," observed NYCOM Executive Director Peter A. Baynes.

NYCOM supported the Tier VI pension reforms that Governor Cuomo championed and the State Legislature enacted in 2012. However, since state constitutional protections limit the application of such pension benefit reforms to employees hired after the date of the reforms, the vast majority of Tier VI savings will not benefit taxpayers for at least twenty years. Consequently, NYCOM also supports the "Stable Rate Pension Contribution Option" included in the Governor's 2013-14 Executive Budget as a sensible, long-term approach to funding the pension system, while generating short-term savings and protecting property taxpayers from the vagaries of Wall Street.

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