

# 2008 ANNUAL REPORT

NEW YORK STATE ASSEMBLY

COMMITTEE ON  
REAL PROPERTY TAXATION



Sheldon Silver, Speaker

Sandra R. Galef, Chairperson



THE ASSEMBLY  
STATE OF NEW YORK  
ALBANY

CHAIR  
Real Property Taxation

COMMITTEES  
Corporations, Authorities and Commissions  
Election Law  
Governmental Operations  
Health

SANDRA R. GALEF  
Assemblywoman 90<sup>th</sup> District

December 15, 2008

The Honorable Sheldon Silver  
Speaker of the Assembly  
Room 932 – Legislative Office Building  
Albany, New York 12248

Dear Speaker Silver:

I am pleased to submit the 2008 Annual Report of the Assembly Standing Committee on Real Property Taxation. This was a busy year for the Committee, with a wide range of challenging issues and diverse legislation to consider.

In 2008 the Committee met fourteen times and reported sixty-seven bills. We reviewed and reported proposed legislation in a variety of areas including general administration, exemption administration, and jurisdiction specific (local) legislation. In addition to our daily legislative responsibilities, the Committee worked closely with the New York State Office of Real Property Services (NYSORPS) to promote informed and responsible legislation. The Committee also collaborated with the Senate Committee on Local Government to conduct a joint public hearing to discuss several pieces of legislation that would affect real property taxation. Notable issues that the Committee embarked on this year were related to:

- ❖ Real Property Tax Relief
- ❖ Residential Assessment Ratios
- ❖ Assessment Roll Disclosure
- ❖ Exemption Reporting

In 2009, the Committee will continue to focus on legislation that will provide real property tax relief, improve assessment practices, and examine the effects of real property tax exemptions.

I have greatly enjoyed working with the Real Property Tax Committee members. Their knowledge and enthusiasm were instrumental in making this a pleasant and productive year. I look forward to another productive year.

Sincerely,

Sandra R. Galef, Chairperson  
Real Property Taxation Committee

# **2008 STANDING COMMITTEE ON**

## **REAL PROPERTY TAXATION**

**SANDRA R. GALEF, CHAIRPERSON**

### **MEMBERS of the COMMITTEE**

#### **MAJORITY**

James F. Brennan  
Joan K. Christensen  
Aileen M. Gunther  
Ginny Fields  
Naomi Rivera  
Annette M. Robinson

#### **MINORITY**

Nancy Calhoun – Ranking Member  
Janet L. Duprey

#### **COMMITTEE STAFF**

Lauren M. Denison, Legislative Analyst  
Julia Mallalieu, Legislative Coordinator  
Christian A. Malanga, Legislative Counsel  
Rebecca Southard-Kreiger, Committee Clerk  
Judy Alfonso, Program and Counsel Secretary

# TABLE OF CONTENTS

## I. General Administrative

A. State-Wide Legislation	
a. Residential Assessment Ratios. . . . .	1
b. Exemption Reporting. . . . .	1
c. Board of Assessment Review Proceedings. . . . .	1
d. Assessment Roll Disclosure. . . . .	2
e. Assessment Petition Notification of Fire Districts. . . . .	2
B. Legislation of Local Significance	
a. Erie County Tax Act Amendment. . . . .	2
b. Base/Adjusted Base Proportion Limitations. . . . .	2
i. Suffolk County Assessing Units . . . . .	2
ii. Town of Colonie. . . . .	3
iii. City of Long Beach, City of Glen Cove, & Village of Lake Success . . .	3
c. W. Averell Harriman State Office Building PILOT. . . . .	3

## II. Real Property Tax Exemptions

A. Amendments to Existing Exemptions	
a. STAR Exemption and Middle Class STAR Rebate Program	
i. Changes in Budget Bill A.9807-C. . . . .	3
ii. Legislative Amendments. . . . .	4
b. RPT §480-a, Forest Land Exemption Amendment. . . . .	5
c. Agricultural and Horticultural Exemption Extender . . . . .	5
d. Municipal Water Collection and Treatment Exemption . . . . .	5
e. Empire Zone Exemption Amendment. . . . .	5
B. New Exemptions	
a. Multiple Dwelling Exemption. . . . .	5
b. Residential Investment Exemptions	
i. Certain Cities . . . . .	6
ii. Certain School Districts. . . . .	6
C. Not-For-Profit Retroactive Exemptions. . . . .	6

### **III. Special Assessing Units - New York City & Nassau County**

#### **A. New York City – Administrative Legislation**

- a. NYC – Base Proportional Limits . . . . .8
- b. Property Reclassification . . . . . 8
- c. City Assessor Verification Oath Requirement . . . . .8
- d. Disclosure of Assessing Methods in Assessment Review Proceedings. . . . . 8

#### **B. New York City – Exemptions/Tax Abatements**

- a. Partial Real Property Tax Abatement for Cooperatives & Condominiums. . . . . 9
- b. Solar Electric Generating System Tax Abatement. . . . . 9
- c. Green Roof Tax Abatement. . . . .9
- d. Multiple Dwelling Exemption Amendment. . . . . 10
- e. Private Dwelling Exemption Extender. . . . . 10
- f. Second Avenue Subway Project Commercial Property Tax Abatement. . . . . 10

#### **C. Nassau County – Administrative Legislation**

- a. Base Proportion Limitations. . . . . 10

### **IV. Public Hearings. . . . .11**

### **V. Outlook for 2009. . . . .12**

### **Appendices**

- Appendix A: 2008 Committee Summary. . . . . 13
- Appendix B: Enacted RPT Committee Bills. . . . .14
- Appendix C: RPT Committee Bills Passed Assembly. . . . . 17
- Appendix D: RPT Committee Bills Vetoed. . . . . 18

## **I. GENERAL ADMINISTRATIVE**

### **A. STATE-WIDE LEGISLATION**

#### **a. Residential Assessment Ratios**

**(A.7700-A Galef; Chapter 78 of the Laws of 2008)**

This legislation changes the formula used to calculate Residential Assessment Ratios (RAR). The legislation provides that RAR shall be based on the level of assessment of residential properties, as determined by market value surveys conducted by the New York State Office of Real Property Services (ORPS). This replaces the old method of calculating the RAR, which used the median ratio of the residential sales in an assessing unit occurring within a specified one-year period. In municipalities that did not have many sales, the old RAR was prone to inaccuracies and volatility from one year to the next. A major benefit to the new definition is its reliance upon the market value survey, which provides a more accurate calculation in assessing units where few sales occur.

#### **b. Exemption Reporting**

**(A. 10613 Galef; Chapter 258 of the Laws of 2008)**

This legislation requires an official who prepares a tentative or preliminary version of an annual budget within a county, city, town, village or school district, to also provide an exemption report. The report is to be submitted on a form prescribed by the State Board of Real Property Services and shows the following:

- how much of the total assessed value on the final assessment roll or rolls is exempt from taxation;
- every type of exemption granted, identified by statutory authority;
- the cumulative impact of each type of exemption expressed either as a dollar amount or as a percentage of the total assessed value on the roll;
- the cumulative amount expected to be received from recipients of each type of exemption as payments in lieu of taxes (PILOTs) or other payments for municipal services; and
- the cumulative impact of all exemptions granted.

Individual exemption recipients cannot be named in the report. Exemptions that result in an impact of less than one percent may be represented aggregately as a single entry. This legislation requires that the report be included in following:

- any notice of preparation of the budget that is required by law;
- any budgeting authority bulletin board maintained for public notices;
- any website maintained by the budgeting authority;
- as an annex to any tentative or preliminary budget; and
- as part of a final budget.

This legislation creates greater transparency and accountability by providing taxpayers the ability to see how much real property is wholly or partially exempt from taxation in their community. Because the amount of exempt property in each municipality affects the overall tax base, and ultimately individual property owners' tax liability, it is important that taxpayers have access to this information.

#### **c. Board of Assessment Review Proceedings**

**(A.7969 Parment; Chapter 606 of the Laws of 2008)**

This legislation authorizes assessors employed by more than one assessing unit to designate a staff member to act on his or her behalf before any board of assessment review. Designated staff members have all powers and authority of the assessor. Prior to this legislation, an assessor was required to be present at all grievance hearings, which was not logistically possible for those responsible for multiple municipalities with grievance hearings held on the same day.

**d. Assessment Roll Disclosure**  
**(A.11150-A Paulin; Chapter 479 of the Laws of 2008)**

This legislation requires assessors to maintain an inventory of all real property inventory data including the names of owners and physical characteristics of the property and complete an annual update on or before the first day of March. Under this legislation the inventory data constitutes a public record and shall be available for inspection and copying in accordance with § 87.2 (B) of the Public Officers Law, except as provided in § 87.2 (D) & (F) of the Public Officers Law. It requires the same inventory to be maintained by village assessors who are required to complete an annual update on or before the first of January.

This legislation intends to provide greater access to inventory data so that property owners can review and compare their assessments to those of other properties. For many years there was a general understanding that assessment inventory was a public record that should be available for public access. However, in the case Matter of Comps, Inc. v. Town of Islip, 33 A.D.3d 796 (2d Dept, 2006), the court sided with a town's decision to deny a FOIL request for such data thereby setting a precedent that such data should be excepted from disclosure. This legislation clears up any ambiguity in the law by explicitly stating that assessment inventory data is a public record and is accessible through FOIL.

**e. Assessment Petition Notification of Fire Districts**  
**(A.3555 Magee, Passed the Assembly)**

This legislation would require a notice be sent to the Chair of the Board of Fire Commissioners when there is a challenge to a real property tax assessment. This legislation would allow fire districts, which receive funding through real property taxation, to receive the same notification received by other affected parties.

**B. LEGISLATION OF LOCAL SIGNIFICANCE**

**a. Erie County Tax Act Amendment**  
**(A.10167 Schimminger; Chapter 413 of the Laws of 2008)**

This legislation amends the assessment calendar applicable to real property situated in Erie County in the following manner:

- the taxable status date is changed from of May 1 to March 1;
- the final assessment roll completion date is changed from May 24 to May 1; and
- the assessment review/hearing dates are changed from early June to late May.

This amendment was made at the request of Erie County, which found that for many of its taxpayers early June was an inconvenient time to hold grievance day. The new schedule places Erie County municipalities on the most common assessment calendar.

**b. Base/Adjusted Base Proportion Limitations**

Several municipalities that have opted into the Homestead Tax Option, as authorized by Article 19 of the Real Property Tax Law, have requested special legislation limiting the amount by which their base or adjusted base proportions can increase in a class of properties in a given year. By limiting base and adjusted base proportional shifts, which are used for calculating tax shares and tax rates, large changes in tax liabilities between the two classes of properties are avoided. The following municipalities had legislation enacted to limit class tax liability shifts for 2009:

**i. Suffolk County Assessing Units**  
**(A.10318 Fields; Chapter 145 of the Laws of 2008)**

**ii. Town of Colonie**  
(A.9648 Reilly, Passed Assembly)

**iii. City of Long Beach, City of Glen Cove, and Village of Lake Success (Nassau County)**  
(A.10283 Weisenberg; Chapter 123 of the Laws of 2008)

**c. W. Averell Harriman State Office Building PILOT**  
(A.7058-D McEneny; Passed Assembly and Senate, Vetoed by Governor – Veto Memo 68)

The bill would have required the State of New York to make a payment in lieu of real property taxes in the amount of 2% of the 2008 assessed value for two parcels of land commonly known as the W. Averell Harriman State Office Building.

The State would have been required to make annual payments for a total of 30 years. The first payment of 5.5 million dollars would have been due on June 1, 2008. Future payments could not have exceeded 11 million dollars per annum. In the event that sections of the parcels were sold, the portions appeared as fully taxable property on the assessment roll, and taxes have been paid, the annual PILOT payment would be reduced to reflect the decrease in assessed value.

This legislation passed both the Assembly and Senate but was vetoed by the Governor who cited the State's current economic condition as a reason the bill could not be chaptered. The veto message further stated that the existence of the Harriman Campus brings many workers and residents to the City of Albany, and therefore, the city is already benefiting from it economically.

## **II. REAL PROPERTY TAX EXEMPTIONS:**

### **A. AMENDMENTS TO EXISTING EXEMPTIONS**

#### **a. STAR Exemption and Middle Class STAR Rebate Program**

##### **i. Changes in Budget Bill A.9807-C**

Chapter 57 (Budget Bill A.9807-c, Parts Q, S and W) makes the following changes to the STAR Exemption and the Middle Class STAR Rebate program for the 2008-2009 fiscal year:

- **Use of Middle Class STAR Rebate to Offset Debts**

This year, the state budget authorized the Department of Tax and Finance to capture STAR Middle Class Rebates to offset debts owed to the State, which includes delinquent child support payments.

- **Middle Class STAR Rebate Increase Delay**

The Middle Class STAR Rebates were scheduled to increase for the 2008-2009 school year. This increase was delayed for one year. The schedule increase for Enhanced STAR Rebate recipients was unaffected by this change.

- **Change to "Floor"**

The STAR Exemption calculation includes a "floor" which stipulates the maximum amount by which the exemption can decrease from one year to the next. This amount had formerly been 5%, but has been changed to 10% for the 2008-2009 school year, and to 11% for the 2009-2010 school year and thereafter.



- **Extension of Eligibility to Limited Partnerships**

Limited Partnerships, which were formerly excluded from receiving the STAR exemption, are now eligible for it if the following criteria are met:

- the property serves as a primary residence of one or more of the partners provided that the limited partnership does not engage in commercial activity;
- the limited partnership was lawfully created to hold title solely for estate planning and asset protection purposes; and
- the partner or partners who primarily reside thereon personally pay all the property and other costs associated with the property's ownership.

- **Definition of Ownership**

For the purposes of the STAR Exemption and Middle Class STAR Rebate program, certain parties who have been granted the exemption and are owners of a present interest in the parcel (such as under a life estate, as a vendee in possession, a beneficial owner under a trust, or a primary resident under a limited partnership) shall be considered the owner or owners. As the owners, they will be the recipients of the tax bills and rebate checks; however the remaindermen can receive copies of the tax bills upon request.

- **Parcel Eligibility Notification Deadline**

The deadline by which an assessor must notify the State Board of Real Property Services of a change of ownership or a change of a parcel's STAR eligibility was changed from May 1 to August 1.

- **STAR Savings Notification Change**

School districts are now required to provide estimates to property owners of their actual STAR tax savings as it relates to the proposed school budget versus the former requirement of providing a hypothetical comparison using an eligible residential unit valued at \$100,000.

**ii. Legislative Amendments**

In addition to changes implemented in the 2008 budget, the following two additional proposed changes passed the Assembly this year:

**STAR Application Receipt Confirmation**  
**(A.291 Morelle, Ortiz, Galef, Koon; Passed the Assembly)**

This legislation would require an assessor to provide, upon request by the applicant, a receipt for submission of a STAR application. If a request is made other than in person, the applicant must provide a self-addressed postage paid envelope in which the assessor would be required to send the receipt.

**STAR Eligibility Change**  
**(A.819 Englebright; Passed the Assembly)**

This legislation would extend the eligibility provisions for the enhanced STAR provisions to property owned jointly by siblings. The eligibility requirements would be the same as those for married persons. The current law only authorizes the enhanced STAR exemption to property owned by a husband and wife, one of whom is 65 years of age or older.

**b. RPT §480-a, Forest Land Exemption Amendment**  
**(A.872 Destito; Chapter 396 of the Laws of 2008)**

This legislation extends eligibility for the RPTL 480-a forest exemption to include land that is participating in a forest certification program, such as forest stewardship council certification, sustainable forestry initiative, American Tree Farm Program, or other program recognized in the regulations of the Department of Environmental Conservation. This legislation eliminates the need for lands that are already under an approved certified management plan to obtain an additional management plan from the DEC.

**c. Agricultural and Horticultural Exemption Extender**  
**(A.9863 Magee; Chapter 544 of the Laws of 2008)**

This legislation amends Real Property Tax Law section 483 by changing the date by which structures and buildings can be constructed or reconstructed to qualify for a real property tax exemption from January 1, 2009 to January 1, 2019. The exemption is for structures and buildings essential to the operation of agricultural or horticulture of lands actively developed for such use and actually used and occupied to carry out such operation.

**d. Municipally Owned Water Collection and Treatment Exemption; Certain Municipalities**  
**(A.2835 Magnarelli; Passed the Assembly)**

This legislation would allow real property owned by a municipal corporation having a population greater than one hundred thirty thousand but less than one hundred fifty thousand that is used for water collection and water treatment to be wholly or partially exempt from taxation, special ad valorem levies and special assessments, by any municipal corporation in which it is located, provided the governing board thereof agrees so in writing.

**e. Empire Zone Exemption Amendment**  
**(A.9500 Schroeder; Passed the Assembly and Senate, Vetoed by Governor – Veto Memo 61)**

This legislation would have removed a loop hole that currently exists in an empire zone exemption that allows a property to qualify for an empire zone exemption if it is located in an empire zone but is not a qualified empire zone corporation. It was vetoed by the Governor because of the perceived impact the amendment would have had on currently planned residential projects as well as those already under construction.

**B. NEW EXEMPTIONS**

**a. Multiple Dwelling Exemption; Certain Cities**  
**(A.9274-A Bradley; Passed the Assembly)**

This legislation would authorize certain cities having a population of more than fifty-three thousand seventy but less than fifty-three thousand one hundred, as determined by the two thousand federal decennial census, to adopt local legislation that would provide a partial real property tax exemption for a residential multiple dwelling that consists of not less than four units. The exemption would apply only to any increase in value due to construction/renovations to the dwelling. The exemption would commence at the start of construction and continue for the length of the construction, or for a three-year period, whichever period ends soonest. During that period, and for the subsequent eleven years, the exemption is 100% of the increase in value due to construction. The exemption would then decrease by 20% each year until it expires. The city would be authorized to make certain modifications to the exemption through the enactment of a law.

## **b. Residential Investment Exemptions**

### **i. Certain Cities**

**(A.10835-a Christensen; Chapter 340 of the Laws of 2008)**

This legislation creates a residential real property tax exemption for the construction of qualified new residential structures or the total rehabilitation of qualified vacant residential structures determined to be unoccupied hazards. To qualify, a new residential structure has to be a one or two-family home. New residential structures that are LEED certified would receive an exemption for a total twelve, thirteen or fourteen years based on their level of certification. The properties would be wholly exempt for between the first eight to eleven years, depending on the level of certification, and partially exempt for the last four years. New residential structures that are not LEED certified and the total rehabilitation of pre-approved qualified residential structures determined to be an unoccupied hazards would receive a full exemption for seven years and a partial exemption for three years.

This legislation was introduced at the request of the Syracuse Common Counsel and the Syracuse Department of Assessment to tackle the high vacancy problem within the city and to promote green development.

### **ii. Certain School Districts**

**(A.11145 Destito; Chapter 635 of the Laws of 2008)**

This legislation, requested by the City of Rome and the Rome City School district, allows school districts that serve a city with a population of not less than thirty-four thousand and not more than thirty-five thousand based upon the two thousand federal census, to pass a resolution to provide a partial real property tax exemption from school tax levies for owner-occupied residential structures constructed after January 1, 2008.

The exemption is for fifty percent of the increase in assessed value attributed to the construction for the first year; thereafter, the exemption will decrease by 5% annually. To be eligible, the cost of the construction must exceed \$70,000 or a greater amount as may be specified in the resolution. The school district can also, by resolution, reduce the per centum of exemption offered and increase the minimum construction value, but not to exceed \$350,000. It also authorizes the school district to create a Residential Incentive Board which would present a plan with a recommendation as to whether the exemption should be calculated as is provided in the legislation. The Residential Incentive Board can recommend limiting the exemption to specific geographic areas within the school district. Such limits may be adopted by the school district in its resolution.

## **C. NOT-FOR-PROFIT RETROACTIVE EXEMPTIONS**

Assessors in several jurisdictions were authorized to accept exemption applications after the applicable taxable status date on specific properties (18 in all) owned by religious organizations, municipalities, educational institutions, and other nonprofit entities. In most cases, the property was purchased and/or acquired after the taxable status date. In some instances, the property owners were either unaware of the need to file annual exemption applications. The following is a list, by chapter number, of the organization name and taxing jurisdiction that are affected by this legislation. The assessor is granted the authority to review the application and determine if the entity qualifies for the nonprofit real property tax exemption. If the assessor determines the nonprofit entity is eligible, the governing body or tax department may, in its sole discretion, provide for the refund of those taxes paid and cancel fines, penalties, or interest remaining unpaid.

<b>Chapter #</b>	<b>ORGANIZATION NAME</b>	<b>ASSESSMENT JURISDICTION(S)</b>
142	Mosdos Torah, Inc.	Town of Ramapo
409	Northeastern Conference Corporation of Seventh Day Adventists	Town of Ramapo
417	Sullivan Free Library	Town of Sullivan
457	Camp Venture, Inc.	Town of Ramapo
488	Home Furnishings Program, Inc.	City of Schenectady
542	Village of Amityville	Town of Babylon
556	Faith Deliverance Tabernacle	City of Schenectady
557	Carver Community Center, Inc.	City of Schenectady
558	Calvary Orthodox Presbyterian Church	City of Schenectady
559	Ancient Order of Hibernians	City of Schenectady
560	Mount Olivet Missionary Baptist Church	City of Schenectady
581	Khal Zichron Mordechai	New York City
608	New York Gospel Assembly, Inc.	Town of Babylon
610	Redeemed Christian Church of God, International Chapel, HHH Parish	Town of Babylon
620	Hands Across Long Island, Inc.	Town of Islip
621	Moleston Fire District	Town of Ramapo
624	Suffolk Jewish Center	Town of Babylon
626	Adelante of Suffolk County, Inc.	Town of Islip

### **III. SPECIAL ASSESSING UNITS – NEW YORK CITY AND NASSAU COUNTY**

#### **A. NEW YORK CITY – ADMINISTRATIVE LEGISLATION**

##### **a. NYC – Base Proportion Limits**

**(A.11510 Rules (Request of Farrell); Chapter 118 of the Laws of 2008)**

This legislation limits the allowable increase for each class tax share in special assessing units which are cities to zero percent for the 2009 fiscal year. In other words, the fiscal 2008 base proportions will be used for calculating the class shares and tax rates for fiscal year 2009. Similar legislation has been passed since 1994 (*see* L. 2002, c. 93; L. 2003, c. 400; L. 2004, c. 413; L. 2005, c. 178; L. 2006, c. 419; L.2007, c. 79).

##### **b. Property Reclassification**

**(A.8666-a Farrell; Chapter 332 of the Laws of 2008)**

This legislation removes an exception that allows certain vacant land north of 110th street in the Borough of Manhattan to be classified as Class 1 Residential property. Thus these vacant properties will be taxed at the higher Class 4 rate. This legislation was at the request of the City of New York in an attempt to eliminate tax benefits to those holding real estate for speculative purposes. It is anticipated that this change will increase local revenue by as much as \$76.4 million annually.

##### **c. City Assessor Verification Oath Requirement**

**(A.10389 Brennan; Passed Assembly and Senate, Vetoed by Governor – Veto Memo 33)**

This legislation would have amended Real Property Tax Law sections 505 and 514 to add city assessors to the list of those required to take the following oaths, which verify their assessment rolls:

- Tentative Verification Oaths
  - The estimates of value of the real property, with the exception of assessments made by the State Board of Real Property Services, have been determined in accordance with the provisions of Real Property Tax Law section 305
  - If a list of corrections was prepared pursuant to Real Property Tax Law section 504, subdivision 5, all changes made to the assessment roll appear on the list.
- Final Verification Oath
  - The final assessment roll conforms in all respects to the tentative assessment roll with the exception of changes made by the Board of Assessment Review and assessments made by the State Board of Real Property Services.

This bill was vetoed by the Governor, who stated it would “impose an inordinate burden on New York City without any showing that doing so would improve the accuracy of the City’s assessment process.”

##### **d. Disclosure of Assessing Methods in Assessment Review Proceedings**

**(A.791 Wright, Lopez V.; Passed the Assembly)**

This legislation would require New York City, in a proceeding to review an assessment of real property, to disclose the assessment method used to determine the value of the real property. Specifically, the proposal would require the respondent (the taxing jurisdiction) to provide the petitioner (the property owner) with the assessing method, including any capitalization rate, data base, or formula used in the determination of the value of property.

## **B. NEW YORK CITY – EXEMPTIONS/TAX ABATEMENTS:**

### **a. Partial Real Property Tax Abatement for Cooperatives and Condominiums (A.10688 Silver; Chapter 109 of the Laws of 2008)**

This legislation amends Real Property Tax Law section 467-a to extend for four years a real property tax abatement for cooperative and condominium units located in the city of New York. The current abatement would have sunset in June of this year. Because cooperative and condominium units in New York City are classified as Class II properties, they are taxed at a higher rate than other comparable valued one, two and three-family homes. This abatement attempts to alleviate some of this inconsistency by providing for a 25% partial real property tax abatement for cooperative and condominium units assessed at \$15,000 or less and a 17.5% partial property tax abatement for cooperative and condominium units assessed at greater than \$15,000. It also requires the city of New York to present a plan to the Legislature, no later than February 1, 2011, containing recommendations addressing the disparity in real property taxation between residential real property in Class 1 and residential real property in Class 2, which is held in the cooperative condominium form of ownership.

### **b. Solar Electric Generating System Tax Abatement (A.11202 Farrell; Chapter 473 of the Laws of 2008)**

This legislation establishes a real property tax abatement for eligible buildings with solar electric generating systems in a city with a population of one million or more. If the solar electric generating system was put in place after the effective date of the legislation (August 8, 2008) and before January 1, 2011, the abatement would be for each year of the compliance period, the lesser of 8¾% of the eligible solar electric generating system expenditures, the amount of taxes paid in such year, or \$62,500. Solar electric generating systems put in service on or after January 1, 2011, and before January 1, 2013, would receive an abatement for each year of the compliance period for the lesser of 5% of the of the eligible solar electric generating system expenditures, the amount of taxes paid in such year, or \$62,500. The abatement would begin on July 1 following the approval of the application by a designated agency, and would continue for three subsequent tax periods if compliance requirements are met.

To receive the abatement, the solar electric generating system must undergo an initial inspection by a designated agency, architect, engineer or other certified licensed professional and must undergo continuing compliance inspections during the compliance period to ensure its proper maintenance. The abatement would be terminated if the system fails the compliance inspection and the property owner would be required to pay back any part of the tax abatement received during a non-compliance period.

### **c. Green Roof Tax Abatement (A.11226 Diaz; Chapter 461 of the Laws of 2008)**

This legislation creates a tax abatement for the construction of a green roof on class one, two and four buildings in New York City in the amount of \$4.50 per square foot, not to exceed the lesser of \$100,000 or the tax liability for the eligible building in the respective tax year. The abatement would begin on July 1 following the approval of the application and can not exceed one year. To qualify, the green roof is required to cover at least fifty percent of the building's eligible roof-top space. The roof must meet specific construction criteria, which needs to be certified by an engineer or architect or other certified or licensed professional whom a designated agency designates by rule. The applicant is required to submit, with the application, a maintenance plan to maintain the green roof during the compliance period and for a minimum of three years thereafter.

**d. Multiple Dwelling Exemption Amendment**

**(A.11480 Rules (Request of Gottfried); Chapter 383 of the Laws of 2008)**

This legislation provides that any multiple dwelling, building or structure owned and operated by a redevelopment company established pursuant to Article Five of the Private Housing Finance Law shall not be restricted from receiving an abatement, known in the City of New York as the J-51 program, based upon its assessed value provided the redevelopment company meets the following criteria:

- is organized and operating as a mutual redevelopment company;
- continues to be organized and operated as a mutual redevelopment company and to own and operate the multiple dwelling; and
- has entered into a binding, irrevocable agreement with the Commissioner of Housing and Community Renewal, The Supervising Agency, the New York City Housing Development Corporation. Or the New York State Housing Finance Agency prohibiting the dissolution or reconstitution of such redevelopment company pursuant to section 133 of the Private Housing Finance Law until the earlier of 15 years from the commencement of such benefits or the expiration of any tax exemption granted to the redevelopment company.

This legislation allows for Penn South, a 2,802 unit development located in Manhattan, to benefit from the J-51 program, which provides an exemption for increases in assessed value resulting from certain alterations certified by the HPD such as the installation or replacement of heating systems, plumbing, wiring, elevators, windows and a range of other major renovations. This building had previously been excluded from receiving benefits because its assessed value excluded it from eligibility.

**e. Private Dwelling Exemption Extender**

**(A.11621 Rules (Request of V. Lopez); Chapter 347 of the Laws of 2008)**

This legislation extends for one year the date by which a residence must be constructed to be eligible for tax benefits under the 421-b program. The 421-b program, which provides an exemption within a city having a population of one million or more to certain newly constructed, reconstructed and converted private dwellings, was to sunset on July 1, 2008. It will now sunset on July 1, 2009.

**f. Second Avenue Subway Project Commercial Property Tax Abatement**

**(A.10924 Kellner; Passed the Assembly)**

This legislation would create a real property tax abatement for certain commercial properties located within the Second Avenue Subway project. The purpose of this bill is to encourage business to sign or renew leases in the area that is disturbed by the second avenue subway project. The abatement would be for a maximum of five years. To be eligible, the leases would have to commence between January 1, 2007 and June 1, 2015. The abatement would be based on the square footage of the rental space. Years one through three is the lesser of \$2.50 or 50% of the tax liability per square foot. Year four would be for 2/3 of the amount granted in the first year; year five would be for 1/3 the amount granted in the first year.

**C. NASSAU COUNTY – ADMINISTRATIVE LEGISLATION**

**a. Base Proportion Limitations**

**(A.10284 Weisenberg; Chapter 84 of the Laws of 2008)**

This legislation provides that, in a special assessing unit that is not a city (Nassau County), for the 2009 assessment roll, the current base proportion of any class shall not exceed the adjusted base proportion or adjusted proportion, whichever is appropriate, of the immediately preceding year by more than 1%.

## IV. PUBLIC HEARINGS

This year the Real Property Taxation Committee will have held two public hearings. The first hearing addressed specific legislative proposals, while the second will review the merits of The New York State's School Tax Relief (STAR) exemption and the Middle Class STAR Rebate program, satisfying the budget implementation hearing as mandated by Assembly Rule IV, §4.

- June 2nd, 2008– Public Hearing Examining Proposed Legislation Addressing Real Property Taxation Issues.

During the last several years, efforts have been made to alleviate high property taxes through the adoption and implementation of various exemptions and rebate programs on the state and local level. Despite these attempts, many taxpayers still do not receive the relief they need.

Several new pieces of legislation were introduced in the 2007/2008 Legislative Session that sought to provide tax relief to those most in need, and address areas of assessment inequity and inefficiency. This hearing was a forum by which the public, local officials and experts could discuss the current assessment process and the merits of the legislative proposals designed to eradicate deficiencies in the assessment process. This public hearing was a joint hearing with the New York State Senate Standing Committee on Local Government. It specifically focused on the following bills:

S.1053-a / A.1575-a (Little/Galef)

This proposal, known as the “Circuit Breaker Bill” would establish a personal income tax credit for a portion of a taxpayer's residential real property taxes which exceeds a certain percentage of the taxpayer's household gross income for taxpayers that have resided in such residential real property for not less than 5 years.

S.2683 / A.1572 (Little/Galef)

This proposal would amend the State Constitution to provide that real property assessments shall be (1) based on a single statewide standard of assessment; (2) made pursuant to a uniform three year assessment cycle; and (3) determined on a county-wide basis. A statewide real property tax assessment standard would be developed by the State Office of Real Property Services, which would be used by every county to determine assessments within such county.

S.7538 / A.10613 (Little/Galef)

This proposal would require local governments to prepare exemption impact reports to be posted with annual proposed budgets. Subsequent to the hearing it was signed into law as chapter 258 of the Laws of 2008.

S.7727 / A.10730 (Little/Galef)

This proposal would allow municipal corporations to remove limitations on assessments on condominiums and cooperatives converted or constructed on and after January 1, 2010 for municipalities subject to the provisions of section 581 of the Real Property Tax Law. (This does not apply to condominiums and cooperatives in New York City.)

Testimony was delivered from Lee Kyriacou, the Executive Director of the Office of Real Property Services, as well as from representatives of several not-for-profit organizations and advocacy groups including the New York State Association of Counties, Association of Towns of the State of New York, New York State Conference of Mayors and Municipal Officials, New York State Assessors Association, Coalition for Property Tax Reform, Citizens Budget Commission, and Fiscal Policy Institute.

- December 10th, 2008 - Real Property Tax Budget Implementation Hearing focusing on The New York State's School Tax Relief (STAR) program and the Middle Class STAR Rebate program.



This public hearing focused on the effectiveness and sustainability of the STAR program and the Middle Class STAR Rebate Program. It provided an opportunity to discuss alternatives to these programs such as the adoption of a circuit breaker property tax relief plan.

## **V. OUTLOOK FOR 2009**

Real property tax assessments and exemptions determine the distribution of tax liability that local governments and school districts impose on residential, commercial and industrial real property. Not only is the Committee responsible for bills that set policies for equity and fairness in the way assessors determine real property tax assessments, but it is also responsible for developing ways to reduce the overall tax burden.

In 2009, the Committee will continue its obligation to review and propose legislation that will improve the real property taxation and assessment process. Our focus will be on real property tax relief, assessment practices, and real property tax exemptions.

**Real Property Tax Relief:** with some of the highest real property taxes in the country, real property taxation has been gaining increasing attention and public scrutiny as many people find living in the State of New York to be increasingly unaffordable. In response to this, The Assembly passed A.11838 Rules (Canestrari), which would provide a personal income tax credit to certain real property tax residents whose property taxes are over a certain percentage of their income. This is one of many proposed initiatives that attempts to provide property tax relief to those property owners who are most in need. In 2009, the Real Property Taxation Committee plans to continue its efforts to address the effectiveness and sustainability of current tax relief methods including the STAR exemption and Middle Class STAR Rebate program, as well as the use of various exemptions in providing real property tax relief. It will also strive to find alternatives to the programs that are identified as being inadequate or unsuccessful and examine the merits of alternatives, such as a circuit breaker program.

**Assessment Practices:** as the foundation of the real property tax system is based on the assessment process, it is imperative that assessments be based on accurate and up-to-date information. The committee will continue to push forward with proposals that will promote taxing jurisdictions to use up-to-date, full value assessment practices. It will also continue to promote transparent assessment practices, thus ensuring that taxpayers have access to assessment information so that they may be active participants in the assessment process.

**Exemptions:** there are over 100 real property tax exemptions applicable to private property. While these exemptions provide savings for certain property owners, they in turn shift the burden onto other parties. As more properties become partially or wholly exempt from taxation in a community, the tax base becomes eroded and those property owners that do not receive exemptions experience tax increases. Because of this, the Real Property Taxation Committee has made it a priority to scrutinize new exemption proposals and will continue to examine the fairness of preexisting exemptions in order to avoid unduly compromising the tax base.

**APPENDIX A**  
**2008 SUMMARY OF ACTION ON ALL BILLS REFERRED TO THE**  
**REAL PROPERTY TAXATION COMMITTEE**

<b>FINAL DISPOSITION OF BILLS</b>	<b>ASSEMBLY</b>	<b>SENATE</b>	<b>TOTAL</b>
<b>Bills Reported:</b>	<b>67</b>		<b>67</b>
To the Floor	0	0	0
To Ways & Means	61	0	61
To Codes	6	0	6
<b>Bills Having Enacting Clause Stricken</b>	<b>3</b>	<b>0</b>	<b>3</b>
<b>Bills Having Committee Reference Change</b>	<b>3</b>	<b>1</b>	<b>4</b>
To Governmental Employees	1	0	1
To Judiciary	2	0	2
To Veterans Affairs	0	1	1
<b>Senate Bills Substituted or Recalled</b>		<b>7</b>	<b>7</b>
<b>Bills Never Reported, Held In Committee</b>	<b>112</b>	<b>0</b>	<b>112</b>
<b>TOTAL Number of Bills in Committee</b>	<b>377</b>	<b>40</b>	<b>417</b>

**Number of Bills Signed Into Law: 39**

**Number of Real Property Committee Meetings: 14**

**APPENDIX B**  
**2008 ENACTED REAL PROPERTY TAXATION LEGISLATION**

<b>CHAPTER</b>	<b>BILL #</b>	<b>SPONSOR</b>	<b>DESCRIPTION</b>
16	A10835A	Christensen	Establishes a new residential property exemption in certain cities
78	A7700A	Galef	Provides that the State Board of Real Property Services shall determine the residential assessment ratio based on a market value survey
84	A10284	Weisenberg	Allows special assessing units besides cities to adjust their current base proportions based on such special assessing unit's 2008 assessment roll
109	A10688	Silver	Relates to the partial abatement of real property taxes
123	A10283	Weisenberg	Provides for adjusted homestead and non-homestead adjusted base proportions in assessing real estate taxes in the County of Nassau
142	A9306	Jaffee	Authorizes Mosdos Torah, Inc., to file an application for a real property tax exemption
145	A10318	Fields	Provides for limiting base proportions for the 2008-2009 assessment roll in the county of Suffolk
258	A10613	Galef	Requires municipality when preparing a budget to attach an exemption report showing how much of assessed valuation is exempt from taxation
332	A8666A	Farrell	Excludes certain real property in the Borough of Manhattan from the class one classification in special assessing units which are cities
347	A11621	Rules (Lopez V)	Extends the timeframe within which owners of certain private dwellings may be eligible to receive real property exemptions
396	A872	Destito	Grants the 80% real property tax exemption to forest lands subject to a recognized forest certification program
409	A9092	Jaffee	Authorizes Northeastern Conference Corporation of Seventh Day Adventists to file an application for a real property tax exemption
413	A10167	Schimminger	Amends the Erie County Tax Act to change the dates of the assessment calendar applicable to real property situated in the towns in the county of Erie
417	A10771	Magee	Authorizes the town of Sullivan to accept an application for real property tax exemption from the Sullivan Free Library

**2008 ENACTED REAL PROPERTY TAXATION LEGISLATION  
(Continued)**

<b>CHAPTER</b>	<b>BILL #</b>	<b>SPONSOR</b>	<b>DESCRIPTION</b>
457	A9852	Jaffee	Authorizes Camp Venture, Inc., to file an application for a real property tax exemption
479	A11150A	Paulin	Relates to public access to assessment inventories prepared by a city, town or village
488	A11246	Tedisco	Authorizes Home Furnishings Program, Inc. to file an application for a real property tax exemption
503	A4262A	Gianaris	Authorizes the spouse and unremarried surviving spouse of a veteran entitled to alternative real property tax exemption to transfer the exemption to another property
512	A10273A	Lopez V	Exempts real property leased to the Unified Court System for the New York State Court Officer Academy from real property taxes
542	A9721	Sweeney	Authorizes the Village of Amityville to file applications for real property tax exemptions on certain parcels acquired in 2006
544	A9863	Magee	Extends the real property tax exemption for structures and buildings essential to agricultural and horticultural use to buildings built prior to January 1, 2019
556	A11666	Rules (Tedisco)	Authorizes Faith Deliverance Tabernacle in the City of Schenectady to file an application for a real property tax exemption
557	A11668	Rules (Tedisco)	Authorizes Carver Community Center, Inc. in the City of Schenectady to file an application for a real property tax exemption
558	A11667	Rules (Tedisco)	Authorizes Calvary Orthodox Presbyterian Church in the City of Schenectady to file an application for a real property tax exemption
559	A11669	Rules (Tedisco)	Authorizes the Ancient Order of Hibernians in the City of Schenectady to file an application for a real property tax exemption
560	A11670	Rules (Tedisco)	Authorizes Mount Olivet Missionary Baptist Church in the city of Schenectady to file an application for a real property tax exemption
581	A10089A	Weinstein	Authorizes Khal Zichron Mordechai to apply to the City of New York for a real property tax exemption on a parcel purchased for a synagogue
606	A7969	Parment	Authorizes assessor employed by more than one assessing unit to designate a staff member to act on his or her behalf before any board of assessment review
608	A9405A	Raia	Authorizes the New York Gospel Assembly, Inc. to file an application for a real property tax exemption with the Town of Babylon

**2008 ENACTED REAL PROPERTY TAXATION LEGISLATION  
(Continued)**

<b>CHAPTER</b>	<b>BILL #</b>	<b>SPONSOR</b>	<b>DESCRIPTION</b>
610	A9722A	Sweeney	Authorizes the Redeemed Christian Church of God, International Chapel, HHH Parish, Long Island, NY, Inc. to file an application for real property tax exemption
621	A9851B	Jaffee	Authorizes the Moleston Fire District to file an application for real property tax exemption with the Town of Ramapo
624	A10520	Raia	Authorizes the Suffolk Jewish Center to file an application for a real property tax exemption
626	A10911	Ramos	Authorizes the assessor of the Town of Islip, Suffolk County to accept an application for real property tax exemption from Adelante of Suffolk County

**APPENDIX C**  
**2008 REAL PROPERTY TAX LEGISLATION - PASSED ASSEMBLY ONLY**

<b>BILL #</b>	<b>SPONSOR</b>	<b>DESCRIPTION</b>
A291	Morelle	Provides for the issuance by an assessor of a receipt for the submission of an application for the STAR exemption, and for provision of a postpaid envelope
A791	Wright	Provides that in proceedings to review real property assessments in the City of New York assessing method, capitalization rate, etc. must be disclosed
A819	Englebright	Prohibits rescinding certain real property tax exemptions on real property owned by siblings
A1249	Bing	Relates to the definition of income for purposes of the senior citizen rent increase exemptions (SCRIE) program
A2835	Magnarelli	Provides an exemption for certain property used for water collection and treatment and owned by certain municipal corporations
A3545	Kirwan	Provides that the determination upon an application for a real property tax exemption made by Johnes Home shall be made by the Town of Newburgh
A3555	Magee	Makes provisions with respect to service of real property assessment challenges upon fire districts
A3668	Kirwan	Authorizes Civic Properties, Inc. to file an application for a real property tax exemption
A6753A	Sweeney	Requires the establishment of a commercial assessment ratio for certain counties
A9274A	Bradley	Authorizes real property tax exemptions for certain construction and improvements to multiple dwellings in certain cities
A9648	Reilly	Provides for adjusted homestead and non-homestead adjusted base proportions in assessing real estate taxes in the Town of Colonie
A10924	Kellner	Creates real property tax abatement for certain commercial properties located within the Second Avenue Subway Project

**APPENDIX D**  
**2008 REAL PROPERTY TAX LEGISLATION VETOED BY GOVERNOR**

<b>Veto #</b>	<b>Bill #</b>	<b>Sponsor</b>	<b>Description</b>
33	A10389	Brennan	Relates to the verification of tentative and final assessment rolls by city assessors
61	A9500A	Schroeder	Relates to Empire Zone enterprises and the Empire Zone exemption
68	A7058D	McEneny	Provides for payments in lieu of taxes for property on which there is constructed the W. Averill Harriman State Office Building Campus