



Association of Towns of the State of New York

# The New Property Tax Freeze Program

# Tax Freeze Guidance Document

- ▶ The following is the Association of Towns' initial analysis and interpretation of the Real Property Tax Freeze Credit, as enacted.
- ▶ The State will be publishing a guidance document that will further explain and interpret the Tax Freeze program. Please note that some provisions are subject to agency implementation and interpretation and therefore we recommend consulting the state guidance document when it becomes available.
- ▶ The Association will put a copy of the State guidance document on our web site (<http://www.nytowns.org>) once it becomes available.

# Tax Freeze PowerPoint Summary

- ▶ Participation in the 2015-2016 Tax Freeze program is voluntary; except that all towns must comply with two new reporting requirements regardless of the town's participation in the tax freeze rebate program:
- ▶ (1) All towns must submit their proposed and adopted budgets with the Comptroller's office (OSC). The OSC will determine timing and form. (GML, §3-d(2)(d)); and
- ▶ (2) All towns must file their tax data within 10 days after annexation of their warrant with Tax and Finance (Real Property Tax Law, §1590 (3)).



# Tax Freeze PowerPoint Summary

## Summary of Real Property Tax Freeze Credit

(Chapter 59 of the Laws of 2014 [S.6359-D/A.8559-D] Part FF)

- ▶ A two-year program with additional requirements in year two.
- ▶ **Year One:** STAR-eligible residential homeowners who live in a taxing jurisdiction that levied at or below the Tax Cap will receive a check from the state in the greater amount of (a) their property tax increase over the previous year, or (b) the amount of their property tax multiplied by the Allowable Levy Growth Factor, minus one.
- ▶ **Year Two:** Must meet all of the requirements of year 1, but the taxing jurisdictions must participate in either a joint or solo “Government Efficiency Plan” that will be expected to achieve certain savings.



# Real Property Tax Freeze Credit

- ▶ Changes from Governor's initial plan:
  - Expands the program to include rebate check to eligible homeowners residing in taxing jurisdictions that have flat levies or reduced levies;
  - Reduces the amount of mandated savings from 1%, 2% and 3% in years 2017, 2018 and 2019, respectively, to 1% in each of those years;
  - Directs the Division of the Budget to consider past efficiencies, shared services and reforms in their approval process (but the law is unspecific as to how far back in time the Division will consider);
  - Adds "efficiencies" as an eligible method to achieving the mandated savings in years 2017, 2018 and 2019;
  - Removes the loss of state aid for failure to achieve the mandated savings;
  - Allows Government Efficiency Plans from single taxing jurisdictions; and
  - Allows Government Efficiency Plans to cross county boundaries.



# Real Property Tax Freeze Credit

- ▶ The text of the measure can be found in the 2014-15 State Budget (Article VII Revenue Bill) Chapter 59; Part FF
- ▶ It can be found at either of these sites:
  - <http://www.budget.ny.gov>
  - <http://public.leginfo.state.ny.us>



# Real Property Tax Freeze Credit

## Part I: PIT Credit for 2015

- ▶ For 2015, the state will grant a Personal Income Tax (PIT) credit in the form of a rebate check for the greater amount of (a) the increase in property taxes from 2014 to 2015 if the 2015 levy does not exceed the Tax Cap or (b) the product of the property taxes for the 2014 fiscal year multiplied by the Allowable Levy Growth factor for the 2015 fiscal year, minus one.
  - This is a change from the Governor's proposal in that eligible residents can now receive a check when a town's levy decreases or stays flat, see (b) above, in addition to levies that increase but do not exceed the Tax Cap, see (a) above.



# Real Property Tax Freeze Credit

## Part I: PIT Credit for 2015 – What the town must do.

1. The town must pass a budget with a property tax levy that is at or below the allowable levy cap for 2015.
2. The town board must pass a resolution authorizing either the Supervisor or the Budget Officer to certify to the state Comptroller and the Commissioner of Taxation and Finance that:
  - a) the budget does not exceed the tax levy limit; and
  - b) the town did not enact a local law or ordinance to override the levy limit (or if it did, the override has been subsequently repealed).
3. This certification must be made no later than **January 21**.





# Real Property Tax Freeze Credit

## Part II: PIT Credit for 2016

- ▶ For 2016, the state will grant a PIT credit in the form of a rebate check for the increase in property taxes from 2014 to 2016 as long as both the 2015 and 2016 levies did not exceed their respective levy caps.
- ▶ However, if the 2015 levy exceeds the cap, but the 2016 levy does not, the state only will grant a PIT credit in the form of a rebate check for the increase from 2015 to 2016.

# Real Property Tax Freeze Credit

## Part II: PIT Credit for 2016 – What the town must do.

- ▶ The town must do everything it did for the PIT credit in 2015
  1. Levy at or below the cap.
  2. Certify that:
    - a) The levy limit is not exceeded; and
    - b) No override local law was enacted (or it was subsequently repealed).
  
- ▶ Additionally, the town must adopt and forward to the state a solo Government Efficiency Plan or participate in a joint Plan to reduce its levy for the next 3 years:
  - in 2017, 1% of the amount levied in 2014,
  - in 2018, 1% of the amount levied in 2014, and
  - in 2019, 1% of the amount levied in 2014.



# Real Property Tax Freeze Credit

## Part II: PIT Credit for 2016

- ▶ A “Government Efficiency Plan” is “a plan that identifies cooperation agreements, shared services and/or mergers or efficiencies.” (GML, §3-d (1)(d))
- ▶ The 3-year Government Efficiency Plan may be either a joint plan with two or more taxing jurisdictions that are subject to the General Municipal Law §3-c tax cap or a plan for a single taxing jurisdiction.
- ▶ If submitting a joint plan, a lead local government will aggregate Government Efficiency Plans from municipal corporations or independent special districts that are subject to the Tax Cap under General Municipal Law §3-c and willing to participate in a three-year joint savings plan.
- ▶ Joint Government Efficiency Plans are no longer restricted to taxing jurisdictions located in the same county, but still may not be submitted with a school district.\*

\*It is possible, however, to include efficiencies attributable to agreements with school districts in the plan – look for further guidance from the state.



# Real Property Tax Freeze Credit

## Part II: PIT Credit for 2016

- ▶ A Government Efficiency Plan should identify the past\*, present and/or future shared services, cooperation agreements, mergers and/or efficiencies that will be implemented by the individual town (or the various signatories) to achieve savings either individually or in the aggregate by:
  - a) in 2017, by at least 1% of what was levied in 2014;
  - b) in 2018, by at least 1% of what was levied in 2014; and
  - c) in 2019, by at least 1% of what was levied in 2014.

\*At this point, it is unclear how far back in time the Division of the Budget will accept in such plans.



# Real Property Tax Freeze Credit

## Part II: PIT Credit for 2016

- ▶ There are 5 submissions that must be made for joint Government Efficiency Plans. There are 3 submissions that must be made for solo Plans.
  
- ▶ For joint Government Efficiency Plans:
  1. By June 1, 2015, the chief executive officer or budget officer of each lead local government unit must submit the joint Plan to the director of the Division of the Budget.
  
  2. By May 15, 2015, the chief executive officer or budget officer of each signatory must submit to the lead local government unit a written certification that the signatory agrees to undertake its best efforts to fully implement by the end of the local 2017 fiscal year the shared service and/or consolidation actions specified in the joint Plan.

# Real Property Tax Freeze Credit

## Part II: PIT Credit for 2016

- ▶ The term “efficiencies” is not defined. Presumably efficiencies will include savings realized by a single municipality, such as reducing health care costs, internal consolidations or energy saving measures and savings realized from shared service agreements with school districts but we will not know until more guidance from the State is received.

# Real Property Tax Freeze Credit

## Part II: PIT Credit for 2016

3. By **May 15, 2015**, the chief financial officer of each signatory must submit a written certification to the lead local government unit that in his or her professional opinion, full implementation by the end of the 2017 local fiscal year of the joint Government Efficiency Plan by his or her local government unit will result in the savings spelled out in their Plan.
  
4. By **May 15, 2015**, the chief financial officer of each signatory must submit a written certification to the lead local government unit that in his or her professional opinion, full implementation of the joint Government Efficiency Plan **FOR ALL SIGNATORIES** will result in savings over the aggregate tax levies (a) in 2017, at least 1% of the amount levied in 2014; (b) in 2018, at least 1% of the amount levied in 2014; and in 2019, at least 1% of the amount levied in 2014.

# Real Property Tax Freeze Credit

## Part II: PIT Credit for 2016

5. Finally, on or before **June 1, 2015**, the chief financial officer of each lead local government unit must submit the following to the director of the Division of the Budget:
  - a) the joint Government Efficiency Plan ;
  - b) a list of all signatories to the Plan;
  - c) the 3 certifications required of each signatory to such Plan, as detailed above; and
  - d) an analysis of the aggregate amount of savings in such plan attributable to each signatory that will be achieved if the shared service, efficiencies, mergers and/or consolidation actions identified in the Plan are fully implemented by the end of the local 2017 fiscal year.



# Real Property Tax Freeze Credit

## Part II: PIT Credit for 2016

- ▶ The 3 submissions for solo Government Efficiency Plans:
  1. By **June 1, 2015**, the chief executive officer or budget officer must submit their solo Plan to the director of the Division of the Budget.
  2. By **June 1, 2015**, the chief executive officer or budget officer must submit a written certification that the town agrees to undertake its best efforts to fully implement by the end of the local 2017 fiscal year the shared services, efficiencies, mergers and/or consolidation actions specified in the solo Plan.
  3. By **June 1, 2015**, the chief financial officer must submit an analysis of the amount of savings that will be achieved if the shared services, efficiencies, mergers and/or consolidation actions identified in the solo Plan are fully implemented by the end of the local 2017 fiscal year.



# Real Property Tax Freeze Credit

## Administration

- ▶ The director of the Division of the Budget will review all of these submissions to determine whether or not the individual requirements have been met and notify the Commissioner of Taxation and Finance of his or her determinations no later than **July 31, 2015**.
- ▶ The director is required to consider past shared service agreements, efficiencies, mergers, and/or consolidations when reviewing Government Efficiency Plans for approval. But again, how far back in time the director will look is unspecified.

# Real Property Tax Freeze Credit

## Eligibility

- ▶ Who's eligible to participate? Those whose properties are eligible for Basic STAR exemption, even if not currently receiving the exemption.
- ▶ The combined income of all the owners and their spouses who reside on the parcel must be \$500,000 or less.
- ▶ Homeowners whose primary residence is a 1-, 2-, or 3-family residence, farm dwelling, mixed-use property, condominium or co-op.
- ▶ Under certain conditions, residences owned by trusts, corporately- or partnership-owned farm dwellings and dwellings owned by limited partnerships also can be eligible.

# Real Property Tax Freeze Credit

## Eligibility

- ▶ The property owners cannot have had their School Tax Relief (STAR) exemption suspended due to past-due state tax liabilities.
- ▶ For 2014 taxable year, the taxpayer must have met these requirements for the 2014-2015 school year.
- ▶ For 2015, the taxpayer must have met these requirements for the 2015-2016 school year.
- ▶ And for 2016, the taxpayer must have met these requirements for the 2016-2017 school year.



# Real Property Tax Freeze Credit

## Miscellaneous

- ▶ Relieved taxes or other taxes previously billed but not paid will not be included in the calculation of individual rebate amounts.
- ▶ Usage charges, unit charges or other charges that are based on the consumption of a service will not be included in the calculation of individual rebate amounts.
- ▶ Assessment increases attributable to physical improvements, the removal or reduction of a property tax exemption, and/or revaluations will not be included in the calculation of individual rebate amounts.

# Real Property Tax Freeze Credit

## Miscellaneous

- ▶ Depending on how the STAR exemption treats individual **co-operative apartments**, eligible owners will receive either 20% or 60% of the average rebate amount for their eligible taxing jurisdictions.
- ▶ Eligible **mobile home** owners will receive 25% of the average rebate amount for their eligible taxing jurisdictions.
- ▶ There is no rebate in New York City.

# Real Property Tax Freeze Credit

## And finally, Part III: Two new mandates

1. Every municipal corporation or independent special district that is subject to the Tax Cap must report both its “proposed budget and its adopted budget” to the state Comptroller, irrespective of whether or not a municipality is participating in the Real Property Tax Freeze.
2. Every municipal corporation must submit to the Commissioner of Taxation and Finance the data files used to prepare its tax rolls and tax bills no later than 10 days after the annexation of the tax warrant, or if no tax warrant is annexed, no later than 10 days after the last date prescribed by law for the levy of taxes. If its tax rolls or tax bills are prepared by a different governmental entity, that entity is jointly responsible for submitting the data files.

# Enhanced Real Property Tax Circuit Breaker Credit

- ▶ The Enhanced Real Property Tax Circuit Breaker Credit was originally seen in the 2014-15 Executive Budget (Article VII Revenue Bill) S.6359 / A.8559; Part K
- ▶ Now, the Enhanced Real Property Tax Circuit Breaker program applies only to New York City.





Please call with any questions or concerns.

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