

Interim Report

**Governor's Panel on Real Property Tax Exemption
and Classification Issues**

December 1993

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EXECUTIVE SUMMARY

In his January 7, 1992 Message to the Legislature, Governor Mario M. Cuomo announced his intention to appoint "a panel of experts to study real property tax exemptions, their impact on local governments and their effectiveness in achieving statewide policy objectives." Governor Cuomo further indicated that the panel "will make recommendations regarding any exemptions that may be suitable for restricting or converting to local-option status, and it will develop a uniform classification tax rate system that could be adopted at local discretion."

Accordingly, the Governor's Panel on Property Tax Exemption and Classification Issues was formed in October, 1992. The Panel consists of 13 appointed members, with an additional 10 members serving in an ex-officio capacity. In addition to its members, representatives of various not-for-profit organizations and local governments participated in the Panel's meetings and those of its subcommittees, participated in information-gathering sessions devoted to special issues, and submitted written material germane to the Panel's work.

The process used by the Panel to develop its recommendations consisted of individual subcommittees working on their subject areas, with results presented to and discussed by the entire Panel. Staff support was provided to the Panel by the Division of Equalization and Assessment.

The Panel held four general meetings between October 1992 and September 1993. All were held at the offices of the Division of Equalization and Assessment in Albany, New York. Numerous subcommittee meetings were also held, at various times and locations, and a special meeting with local officials on condominium assessments was held in Scarsdale. The meetings were open to all interested persons, and information on the times and locations of the meetings was sent to non-Panel participants who expressed an interest in attending.

The Panel developed twenty recommendations which it believes would improve the real property tax and its administration. These recommendations follow. They are discussed in full detail, along with relevant background information, in the body of the report.

Recommendation #1 – Mandatory vs. Local Option Exemptions

All future exemptions and, wherever possible, exemptions that are now mandated by law, should be made local option. The option available to taxing jurisdictions should be in the form of an opt in — that is, the municipality would have to take positive action to allow the exemption. Duplicative exemption statutes should be consolidated.

Recommendation #2 – Clearer Laws and Better Taxpayer Information

Exemption laws should be amended where necessary to make them easier to understand and consistent.

Recommendation #3 – Fixed-Dollar vs. Percentage of Value

Fixed-dollar exemptions should be changed to exemptions based on a percentage of property value.

Recommendation #4 – Assessment of Condominiums

Existing restrictions on the assessment of condominiums should be repealed for all assessing units other than New York City and Nassau County.

Recommendation #5 – Tax Base Sharing

The concept of tax base sharing should be studied as a means of realigning the fiscal capacities of neighboring communities experiencing non-uniform patterns of growth.

Recommendation #6 – Availability of Data on Exempt Property

To increase the availability of accurate data on the value of exempt property, and to inform taxpayers, local governments, and State policymakers of the fiscal consequences of exemptions, both revaluation of all property and local tax expenditure reporting should be encouraged on a statewide basis.

Recommendation #7 – Undeveloped and Less-developed State Lands

Establish a threshold beyond which affected local governments will be compensated by the State government for the presence of exempt State land within their boundaries.

Recommendation #8 – Land No Longer Required for State Use

There should be more timely and efficient review of State land holdings, with sale of property no longer required for a State purpose. The disposition process should be more streamlined and incentives should be given to agencies to dispose of unneeded land.

Recommendation #9 – Exemptions for Consulates and Diplomat Residences

Municipalities having this type of exempt property should explore with the U.S. State Department the possibility of receiving compensation for services provided to foreign diplomats.

Recommendation #10 – Business Investment Exemption (RPTL §485-b)

Taxing units should be granted the right to: (1) grant the business investment exemption to certain types of business activity only; (2) grant the exemption only in specified geographic areas; and (3) change the project-cost threshold for qualification to a locally determined figure.

Recommendation #11 – State Reimbursement to Offset Local Tax Shifting

The State should provide financial assistance to those local governments most heavily impacted by the following exemptions: railroad ceilings (RPTL §§489-a – 489-ss); agricultural assessments (Agriculture and Markets Law, §§305, 306); and forest property (RPTL §§480, 480-a).

Recommendation #12 – Forest Exemption Program

The RPTL §480 forest exemption (Fisher Program) should be phased out, and participants should be given the option of transferring their lands to the RPTL §480-a program. Industrial forest owners should be given the option of enrolling under a less stringent management plan in exchange for receiving a lower level of exemption.

Recommendation #13 – Local Option Provisions Under §420-b

Change the local option in §420-b from opt out to opt in and allow municipalities to determine the extent of exemption. Include in the law a five-year sunset period for all existing §420-b exemptions, at the end of which time they will or will not once again become exempt, depending on the extent to which the taxing jurisdiction opts in to the exemption program. Specify that, once a municipality has opted in, that decision must be reviewed every five years and renewed, by new legislation, if the program is to continue.

Recommendation #14 – Property Used for “Moral and Mental Improvement”

Consider moving the moral and mental improvement exemption from §420-a to §420-b.

Recommendation #15 – Service Charges

Legislation should be enacted that would allow municipalities to impose charges on tax-exempt property for services provided by the municipalities or by special districts on their behalf.

Recommendation #16 – Definition of Eligible Purposes and Property Use

The State Legislature should define certain terms related to eligibility for exemption and should codify these definitions in exemption statutes.

Recommendation #17 – Acreage Limitations

There should be statutory limits on the amount of land owned by an organization, within a municipality, that is eligible for exemption, if such land is used infrequently for the purposes of the organization.

Recommendation #18 – Exemptions for Veterans

Rather than require municipalities to grant property tax exemptions to veterans, the State should administer any tax abatement for them through the personal income tax and should assume all costs associated with such abatements.

Recommendation #19 – Senior Citizens

Local taxing jurisdictions should be given more authority in determining certain key features of the senior citizens exemption.

Recommendation #20 – Income Tax Circuit Breaker

The State should review the personal income tax "circuit breaker" for property tax payments to determine whether changes should be made to make the program more effective.

PART I. INTRODUCTION

In his January 7, 1992 Message to the Legislature, Governor Mario M. Cuomo announced his intention to appoint "a panel of experts to study real property tax exemptions, their impact on local governments and their effectiveness in achieving statewide policy objectives." Governor Cuomo further indicated that the panel "will make recommendations regarding any exemptions that may be suitable for restricting or converting to local-option status, and it will develop a uniform classification tax rate system that could be adopted at local discretion."

Accordingly, the Governor's Panel on Property Tax Exemption and Classification Issues was formed in October, 1992. Chaired by Karen B. Johnson, former Mayor of Schenectady, the Panel consists of 13 appointed members, with an additional 10 members serving in an ex-officio capacity. In addition to its members, representatives of various not-for-profit organizations and local governments participated in the Panel's meetings and those of its subcommittees, participated in information-gathering sessions devoted to special issues, and submitted written material germane to the Panel's work. The Panel's membership is as follows:

Appointed Members

Karen B. Johnson, former Mayor of Schenectady, Chairperson
Lawrence Aaronson, Mayor, Village of East Hills
Sandra A. Aery, Sole Assessor, Town of Harrietstown
Gerald Benjamin, Chairman, Ulster County Legislature
The Honorable Charles D. Cook, Member of New York State Senate
Randy H. Deal, Director, Madison County Real Property Tax Services
Steven Gold, Director, Center for the Study of the States, Rockefeller Institute
Carol O'Cleireacain, Director, New York City Department of Management
and Budget (represented by Martha Stark and Simon Salas)
Raymond Paolino, Director, Bureau of Business Research, NYS Department of
Economic Development
The Honorable Francis J. Pordum, Member of New York State Assembly
Shirley Raffensperger, Supervisor, Town of Ithaca
Peter Swords, President, Nonprofit Coordinating Committee of New York
Lowell J. Tooley, Manager, Village of Scarsdale

Ex-Officio Members

Robert Fleury, Associate Attorney, New York State Office of General Services
 Peter Baynes, Director of Intergovernmental Finance, New York State Conference
 of Mayors and other Municipal Officials
 Mary Hanak, Executive Director, New York State Association of Supervisors and
 County Legislators
 George Robertson, President, Schenectady Economic Development Corporation
 Anthony Giardina, General Counsel, New York State Office of Rural Affairs
 Jay Halfon, Executive Director, New York Public Interest Research
 Murray M. Jaros, Special Counsel, New York Association of Towns
 Linda Gibbs, Special Advisor, Financial Division, City Council, City of New York
 Patricia Salkin, Director, Government Law Center, Albany Law School
 Philip Wardwell, Assistant Director, Division of Legal Affairs, New York State
 Department of Environmental Conservation

At the Panel's first meeting (October 29, 1992), a decision was reached to work first on that portion of the Governor's charge relating to exemptions, postponing the portion relating to classification until recommendations relative to exemptions had been developed. To accomplish the work, four subcommittees were organized, by type of exemption, as follows:

Intergovernmental Exemptions — (Chairperson: Gerald Benjamin)
 Economic Development Exemptions — (Chairperson: Raymond G. Paolino)
 Organizational Social Purpose Exemptions — (Chairperson: Shirley Raffensperger)
 Individual Social Purpose Exemptions — (Chairperson: Martha Stark*)

This four-way classification in large part reflects the underlying reasons for the granting of exemptions. Intergovernmental exemptions hinge on the "immunity" principle, by which lower levels of government may not tax the property of higher levels, and the realization that taxing their own property is fiscally illogical ("intra-municipal economy" principle). Economic development exemptions reflect government policy decisions to provide economic incentives in the form of property tax reductions, to certain types of businesses and/or industrial sectors. Organizational social purposes exemptions reflect the principle of public benefit: they are granted to organizations rendering services to the public, on a not-for-profit basis, which otherwise might have to be provided by

* Representing Carol O'Cleiracain.

government itself. Individual social purpose exemptions, all of them partial, are granted to individual taxpayers in response to financial need or other special merit.

A complete listing of the 180 property tax exemptions available in New York, showing the four classes established by the Panel and assigned to its subcommittees, is given in Appendix II. It should be noted that these exemptions are provided under a wide variety of statutes other than the New York State Real Property Tax Law (RPTL), ranging from the Agriculture and Markets Law, to the Transportation Law, to international treaties.

The process used by the Panel to develop its recommendations consisted of individual subcommittees working on their subject areas, with results presented to and discussed by the entire Panel. Staff support was provided to the Panel by the Division of Equalization and Assessment.

The Panel held four general meetings between October 1992 and September 1993. All were held at the offices of the Division of Equalization and Assessment in Albany, New York. Numerous subcommittee meetings were also held, at various times and locations, and a special meeting with local officials on condominium assessments was held in Scarsdale. The meetings were open to all interested persons, and information on the times and locations of the meetings was sent to non-Panel participants who expressed an interest in attending.

The remainder of this report is organized as follows. Part II presents an overview of exemptions in New York, showing the current composition of exempt property value and its relationship to taxable value. Part III outlines the Panel's recommendations, which are organized according to the same four broad exemption categories discussed above. The last section of the report, Part IV, discusses the Panel's plans for completing its work relative to classification of real property for tax purposes and the issue of taxation of possessory interests in exempt government-owned property.

PART II. PROPERTY TAX EXEMPTIONS IN NEW YORK

A. Introduction

The primary motivation for re-examining property tax exemption policy is the critical fiscal situation facing many of the State's local governments at the present time. Due to the poor performance of other revenue sources, especially during the recession of the early 1990s, local governments have increased the share of their revenues which is derived from property taxes. The shares derived from other sources, such as non-property taxes, have fallen, while the federal aid share of local funds accounts for about half as much as it did two decades ago (Figure 1).

Moreover, exemptions do not fall evenly on all of New York's local governments. The State Board of Equalization and Assessment has determined that exempt property comprises over three-quarters of the tax bases in a few municipalities, and over fifty percent in many more.* Such municipalities are at a decided disadvantage during shortfalls in other revenue sources: if they increase their reliance on the property tax, disproportionately large tax rate increases will result. As one recent study concluded, exemptions are now "a significant source of fiscal stress for (local) taxing units" in New York.**

The need for local revenue is not the only reason for considering changes in exemption policy. The considerations of equity and accountability also argue for finetuning New York's current exemption programs:

- Is it fair for properties to receive services for which they do not pay?
- Does it undermine accountability when the State grants exemptions, the cost of which must be borne by local governments and local taxpayers?

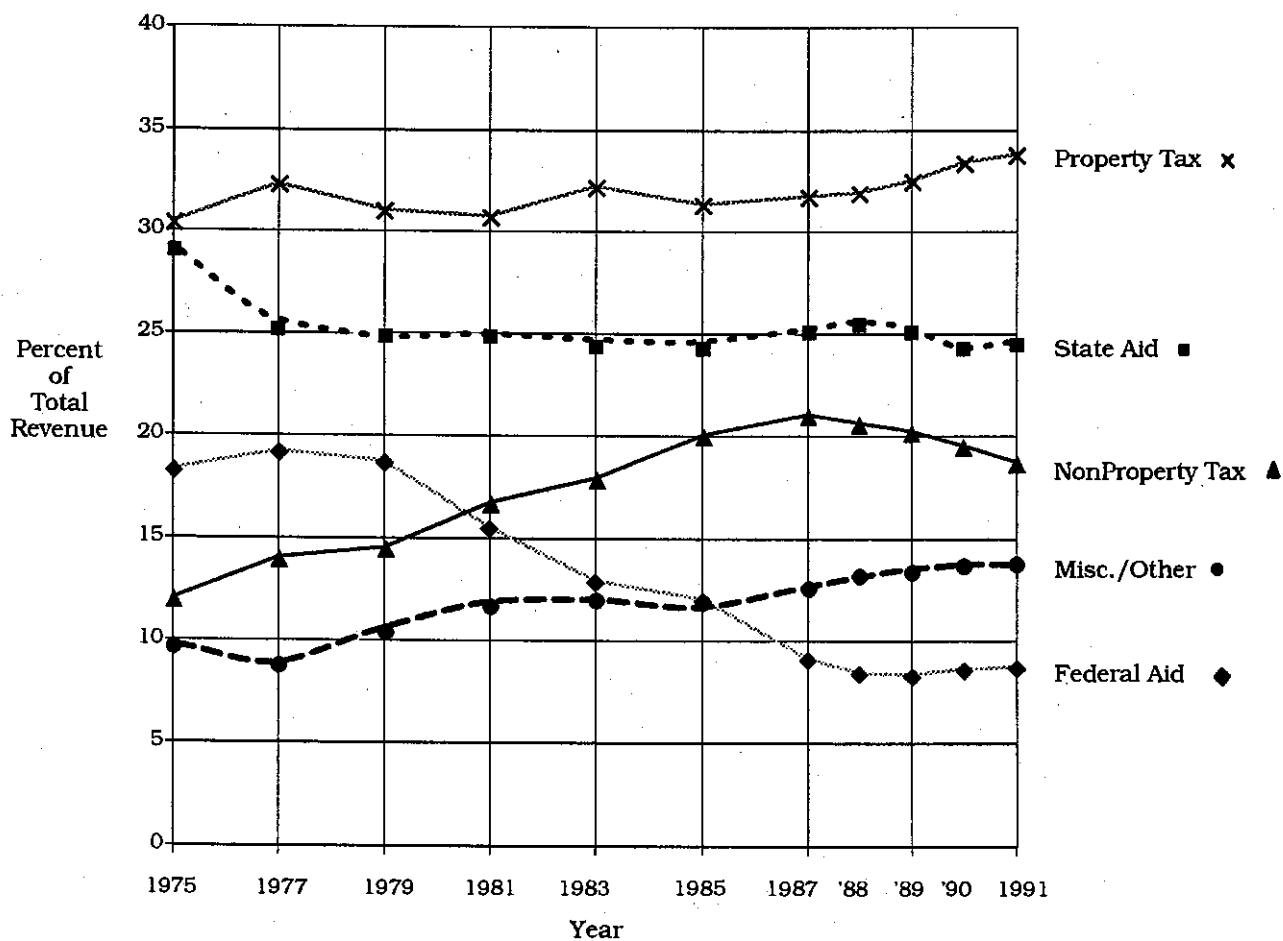
A review of exemptions is even more pressing in New York than elsewhere because of the relatively large number of separate exemption provisions (180) found in our laws. In

* New York State Board of Equalization and Assessment, Exemptions from Real Property Taxation in New York State: 1991 Assessment Rolls.

** John K. Mullen, "Property Tax Exemptions and Local Fiscal Stress," National Tax Journal, December 1990.

addition to reducing local tax bases, this large number of exemptions significantly complicates real property tax administration, imposing undue processing burdens on local governments.

Figure 1.
Revenue by Source: NYS Local Governments 1975-1991



Source: New York State Comptroller

B. Current Exemption Levels

On the county, city and town assessment rolls prepared in 1991, approximately 26 percent of all real property value in New York was exempt from taxation. This figure, based as it is on locally recorded valuations, may be conservative, for the municipalities which have not updated assessments in many years have little incentive to keep values on wholly exempt property current with those on taxable property.

More than one million parcels, or approximately one in every five, have some type of exemption. Of these, the overwhelming majority (some 85 percent) are partial exemptions, with the largest number of these (over three-quarters of all partial exemptions) being granted to veterans. Virtually all the remaining partial exemptions are those granted to low-income persons aged sixty-five or more, with significantly smaller numbers comprising those granted to farmers, owners of forest land, and businesses making certain real estate improvements.

Table 1 shows a breakdown of exemptions and exempt value according to eight broad categories. As is evident from the table, the partial exemptions (primarily those in Group A) comprise the lion's share in terms of exemption numbers but represent a relatively small share of the total value exempt (about 10 percent). On the other hand, more than sixty percent of the value exempt is accounted for by property of governments and subsidized housing. Substantial shares are also accounted for by charitable and community service property (16 percent) and industrial and commercial property (11 percent). Appendix III gives a more detailed breakdown of the eight broad groups in Table 1, showing the incidence of exemptions granted under each individual statute. It is important to note that the figures cited reflect the statewide situation; obviously, the situations of individual municipalities depend on their particular property mixes.

Table 1. Real Property Tax Exemptions by Property Group, 1991 Assessment Rolls

<u>Group</u>	<u>No. of Exemptions</u>	<u>Equalized Exempt Value (000)</u>
A. Residential Property other than Multiple Dwellings and Non-Residential Property Owned by Certain Individuals	799,089	\$ 30,156,544
B. Property of New York State Government and Agencies	16,196	38,031,556
C. Property of Municipal Governments and Agencies, School Districts, BOCES, and Special Districts	79,841	117,654,271
D. Property of U.S. and Foreign Governments and Agencies, International or Interstate Agencies, and Indian Tribes	2,766	29,670,301
E. Property of Private Community Service Organizations, Social Organizations, and Professional Societies	53,978	57,114,929
F. Industrial, Commercial, and Public Service Property	25,005	38,027,801
G. Urban Renewal Property, Public Housing, and Private Subsidized Housing (Multiple Dwellings)	55,105	35,558,662
H. Agricultural and Forest Property	<u>56,960</u>	<u>2,383,465</u>
Total, Valid Exemption Codes	1,088,940	\$ 348,597,529
Invalid/Incomplete Codes	<u>1,073</u>	<u>369,570</u>
TOTAL	1,090,013	\$ 348,967,099

Source: New York State Board of Equalization and Assessment.

Some of the State's municipalities are dramatically affected by exempt property (Table 2). In eight towns and four cities, over two-thirds of the real property value has been removed from the tax base through exemptions. Some twelve cities and twenty-five towns lost more than half their tax bases to exemptions. Counties, with their typically greater variety of property types, showed less extreme concentrations of exempt property, but between 40 and 50 percent of property value was exempt in seven of them.

Table 2. Geographic Areas with Highest Incidence of Exempt Value, 1991 Assessment Rolls*

Counties		Cities		Towns	
	Percent Exempt		Percent Exempt		Percent Exempt
1. St. Lawrence	49.7	Watervliet (Alb.)	75.8	Ashford (Catt.)	90.6
2. Albany	48.1	Albany (Alb.)	73.0	LeRay (Jef.)	85.3
3. Clinton	45.6	Ogdensburg (St. L.)	71.6	Waddington (St. L.)	82.0
4. Oneida	45.6	Rome (One.)	67.5	Lewiston (Nia.)	81.0
5. Niagara	43.1	Hudson (Col.)	63.3	Alfred (All.)	75.0
6. Jefferson	42.6	Utica (One.)	59.1	Massena (St. L.)	74.4
7. Tompkins	42.0	Syracuse (Ono.)	58.5	Marcy (One.)	66.9
8. Cattaraugus	36.9	Ithaca (Tom.)	57.8	Waverly (Fra.)	67.8
9. Allegany	34.7	Plattsburgh (Cli.)	53.9	Belfast (All.)	66.5
10. Onondaga	33.2	Fulton (Osw.)	52.1	Plattsburgh (Cli.)	64.6

Source: New York State Board of Equalization and Assessment.

* The figures in Table 2 do not consider "payments in lieu of taxes," often paid on exempt property owned by entities such as industrial development agencies and public authorities. The payments in question may be significant in many instances but are typically lesser amounts than the taxes which would be levied were the property taxable.

C. The Issue of Local Option

Many of New York's exemption statutes require that local governments grant the exemptions in question to all qualified applicants; these exemptions, which comprise approximately 84 percent of all exempt property value, are generally referred to as the State-mandated exemptions. The remainder may be authorized by local taxing jurisdictions at their option. The major local option exemptions are those which can be awarded to low-income persons aged sixty-five or more, those granted to the not-for-profit community service organizations which are not eligible for constitutionally mandated exemptions (RPTL §420-b), and certain types of exemptions granted to veterans.

Some local options, such as that provided in RPTL §420-b, are so-called "opt-out" arrangements, whereby taxing units authorize the exemption by default unless they pass a law or resolution explicitly denying it. Others, such as the exemption for low-income taxpayers aged sixty-five or more (RPTL §467), are "opt-in" arrangements. Generally, local

governments express a preference for opt-in, indicating that opt-out creates the feeling of "entitlement" on behalf of the benefiting taxpayers. They note that once this entitlement is established in State law, it is politically difficult to deny the exemptions through local laws.

Table 3 shows that the great majority of local county, city, and town governments authorize local option exemptions, even when the option is based on the opt-in principle (e.g. exemption for low-income persons aged sixty-five or more; business investment exemption). School districts, while virtually unanimous in authorizing the exemption for the low-income senior citizens, are more likely than not to deny the exemption for business investments in real property improvements. In the case of RPTL §420-b exemptions for not-for-profits, State officials believe that relatively few local governments appear to have opted out, and some of those doing so have denied the exemptions in question to only certain types of organizations (formal reporting of §420-b opt-outs to the State government is not required).

Table 3. Taxing Units Authorizing Certain Local-Option Exemptions, 1991				
<u>Exemption</u>	<u>Percent of Taxing Units Authorized</u>			
	<u>Counties</u>	<u>Cities</u>	<u>Towns</u>	<u>School Districts</u>
Low-Income Persons Aged 65 or More (RPTL §467)	96.5%	98.4%	93.9%	96.7%
"Alternative" Veterans (RPTL §458-a)	77.2%	74.2%	69.7%	(not applicable)
Business Investment (RPTL §485-b)	86.0%	83.6%	74.9%	44.3%

Source: Assessors' Annual Reports, as submitted to the Division of Equalization and Assessment.

PART III. RECOMMENDATIONS

A. General Exemption Issues

A number of issues were identified by the Panel which relate to exemptions in general rather than to a particular exemption or type of exemption. These include broad questions of exemption policy such as the appropriate level of government for vesting of decision-making, public information, and the quasi-exemption granted to certain properties through assessment restrictions. Recommendations on matters of this nature are outlined in the current section and recommendations relating to the four broad exemption types studied by the Panel's subcommittees are presented in subsequent sections.

Recommendation #1 - Mandatory vs. Local Option Exemptions

All future exemptions and, wherever possible, exemptions that are now mandated by law, should be made local option. The option available to taxing jurisdictions should be in the form of an opt in — that is, the municipality would have to take positive action to allow the exemption. Duplicative exemption statutes should be consolidated.

The Panel finds little logic or rationale in New York statutes regarding the matter of mandatory vs. local option exemptions. The mandatory exemptions seem to share no particular attribute which would be sufficient to deny local governments the option of deciding whether to grant them or not. Examples of obvious inconsistency, with a given exemption mandatory and a similar one optional, are common in the statutes.

For example, Real Property Tax Law §420-b authorizes exemption for 15 different types of social purpose organizations, and it is a local option exemption. However, there are a number of organizations similar to these whose exemptions, under separate sections of the Real Property Tax Law, are mandated. Examples are: institutes of arts and sciences (§424), opera houses (§426), performing arts buildings (§427), fraternal organizations (§428), interdenominational centers (§430), theatrical corporations (§432), historical societies (§444), cemeteries (§446), agricultural societies (§450), veterans organizations (§452), associations of volunteer firemen (§464), and nonprofit health maintenance organizations (§486-a). This inconsistency should be corrected: all of these exemptions should be local option. In addition, to simplify exemption administration and facilitate

public understanding, duplicative exemptions under Article 4 of the Real Property Tax Law, such as the ones cited above, should be consolidated. Perhaps, once their eligibility requirements are made consistent, they could all be grouped under §420-b.

All local option exemption statutes should require that taxing jurisdictions opt in to exemption programs rather than opt out. A requirement to opt in gives the taxing jurisdiction time to evaluate the potential impact of the exemption, thereby allowing it to make an informed judgment about whether or not the exemption should be allowed.

Recommendation #2 – Clearer Laws and Better Taxpayer Information

Exemption laws should be amended where necessary to make them easier to understand and consistent.

The language of some exemption statutes is extremely difficult to understand, probably discouraging participation in exemption programs and certainly making administration of these programs very troublesome for assessment officials. There is also a need for exemption information which is more understandable to taxpayers. Particularly confusing is the language of the senior citizen and veterans exemptions, as shown by the need for the State to issue lengthy instruction manuals and large numbers of legal opinions to help assessors administer the law. It is recommended that all exemption statutes be reviewed and, wherever possible, language simplified so that eligibility requirements are clear.

The issue of consistency in exemption statutes goes beyond consistency of provisions within a single exemption law: an even more important consideration is consistency among exemptions in terms of exemption policy. The following are examples of the kinds of inconsistencies that are to be found among exemption programs:

- There are two tax abatements for senior citizens — the property tax exemption and the income tax circuit breaker. While both abatements are based on income, eligibility for the circuit breaker requires that one's property taxes be "excessive" (that is, more than some percentage of income), whereas eligibility for the property tax exemption depends merely on meeting the income requirements. Despite this, the dollar benefits of the property tax exemption are larger than those under the circuit breaker program.

- A very basic problem here is that there are two abatement programs for the same class of taxpayers. If there is to be a tax abatement for senior citizens, there should be only one program, and that should be one that combines the features of both in a way that is consistent with government policy.
- Perhaps the most glaring inconsistency is the existence of two different property tax exemptions for veterans. The requirements of these exemptions differ so much that it is impossible to see what, if any, public policy is being advanced. If the abatement for veterans is to continue as a property tax exemption (which the Panel believes it should not [see Section D]), the two existing exemptions should be consolidated to produce a program that truly reflects the State's intentions with respect to veterans benefits.

Recommendation #3 – Fixed-Dollar vs. Percentage of Value

Fixed-dollar exemptions should be changed to exemptions based on a percentage of property value.

There are currently three exemptions which grant a fixed-dollar amount of tax-free value: the "eligible funds" veterans exemption granted under RPTL §458, the exemption for clergy residences granted under RPTL §460, and the exemption granted to volunteer firefighters living in villages under RPTL §446. Because the level of assessment varies dramatically throughout New York's assessing units, the value of these fixed-dollar partial exemptions can also vary dramatically, even for two taxpayers who are similarly situated. In the Panel's view, calculation of the exemption based on a percentage of assessed value would be a more equitable alternative to the current fixed-dollar approach. This change would also remove a potential obstacle faced by municipalities considering reassessing to full (market) value.

Recommendation #4 – Assessment of Condominiums

Existing restrictions on the assessment of condominiums should be repealed for all assessing units other than New York City and Nassau County.

Under §581 of the Real Property Tax Law and §339-y of the Real Property Law, condominiums must be assessed as if such properties were not owned on a condominium basis, i.e., as if they were rental units. This requirement results in underassessment of the condominium properties in question. Certain smaller condominium buildings in New York City and Nassau County are excepted from this rule, as are all condominiums located in

“approved assessing units” employing dual tax rate systems permitted under RPTL Article 19. The requirement is technically classified as an assessment restriction, not an exemption, but it has essentially the same effect on local tax bases as an exemption. No public purpose for this restriction has been identified by the Panel.

The Panel finds the restriction on condominium assessments to be both inequitable and administratively burdensome. For all other property, the property tax is an ad valorem tax: market value indicates what the assessment should be. There is no reason to expect that the prices willing and informed buyers pay willing and informed sellers are less indicative of value for condominiums than they are of the values of single-family homes. There is also no reason why one type of ownership arrangement should be subsidized (typically by as much as one-quarter to one-third) at the expense of another.

Furthermore, unreasonable burdens are imposed on assessors who must determine and defend somewhat fictional values in those cases where the condominium property is wholly owner-occupied. The absence of rental information for comparable properties means that condominium assessments must be determined essentially without data. This means they can not be explained very well to property owners, or defended effectively when appealed. The existing arrangement seems conducive to arbitrary assessment determinations and disagreements over assessed value.

Accordingly, the Panel recommends that the restrictions should be removed for virtually all assessing units in New York. However, in New York City and Nassau County, most condominium properties are currently placed in Class 2, which is otherwise comprised of apartments. The effective tax rates imposed on Class 2 properties in these assessing units are several times higher than the rates imposed on other residential property (Class 1). Thus, to remove the condominium assessment restriction in these assessing units would be to increase further the discrepancy in tax treatment of residential properties. The Panel thus recommends that the restriction be continued in New York City and Nassau County until such time as the classification system employed there is subjected to a thorough review.

Recommendation #5 – Tax Base Sharing

The concept of tax base sharing should be studied as a means of realigning the fiscal capacities of neighboring communities experiencing non-uniform patterns of growth.

Many localities have exempt property that is being used to benefit a population extending far beyond the boundaries of the municipality in which the property is located. Examples of such property are: almost all federal and state-owned property, industrial and commercial establishments that provide jobs for residents of surrounding municipalities, and private institutions such as colleges, hospitals, and social service agencies.

A possible way of alleviating the fiscal pressure on municipal taxing jurisdictions caused by the exemption of such property is to spread the exemption burden over the entire area benefited by the services provided by that property. This could be done through tax base sharing, a program used successfully in Minnesota, for example, to counteract the impact of uneven distribution of the tax base among municipalities.

In the Minnesota program, each taxing jurisdiction in the seven-county metropolitan area is required to contribute 40 percent of the growth in its commercial/industrial tax base since 1971 to an area-wide pool. The value in the pool is then distributed among all jurisdictions in the area according to a formula that evens out the fiscal capacity (market value per capita) of the municipalities. This program was established in response to concern about high property taxes resulting from impoverished tax bases in some communities in the Minneapolis metropolitan area and a concern that taxing jurisdictions were competing for development by using financial incentives that did not produce the best regional development. Although the program was not initiated specifically as a means of alleviating the effects of the uneven impact of property tax exemptions, through its redistribution of tax base it manages to solve that problem as well as others. Since many areas of New York State share the same problems experienced by the metropolitan region involved in the Minnesota program, the Panel believes that tax base sharing should be explored as a means of providing a comprehensive solution to current fiscal disparities among municipalities that are caused by such drains on the tax base as property tax exemptions.

Recommendation #6 - Availability of Data on Exempt Property

To increase the availability of accurate data on the value of exempt property, and to inform taxpayers, local governments, and State policymakers of the fiscal consequences of exemptions, both revaluation of all property and local tax expenditure reporting should be encouraged on a statewide basis.

The only statewide data available on exempt property at the present time is that published by the State Board of Equalization and Assessment (SBEA). This data originates in the requirement of RPTL §496 that localities report exemptions annually to SBEA. Thus, the quality and accuracy of the data are only as good as the local assessment rolls from which it is drawn.

A large number of the State's municipalities have not updated their assessment rolls in more than a decade, and some rolls have not been updated for fifty years or more. The assessments of exempt property are thus inaccurate indicators of the value of the exemptions in many cases. This poses a fundamental problem, for good public policy must be based on accurate data. The Panel thus recommends that State government should increase its efforts to insure that local governments reassess all property, including exempt property. In particular, passage of legislation requiring reassessment on a regular cycle is advisable.

The Panel also believes that a further step, local tax expenditure reporting, is necessary to insure that local taxpayers and government officials alike understand the fiscal burdens imposed by exempt property. Essentially, tax expenditure reporting involves the calculation of the tax forgone through each applicable type of exemption (or assessment restriction) granted in the locality. Tax expenditure reporting is especially important in the context of decision-making relative to local option exemptions since the availability of tax expenditure data would allow localities to calculate more accurately the fiscal implications of their decisions.

B. Intergovernmental Exemptions

The exemptions in this category (see Appendix II for a complete listing) relate to property owned by federal, state, local, and foreign governments, and by international governmental organizations. They account for more than 60 percent of all exempt value, and the properties are, with rare exceptions, wholly exempt. The Panel agrees with the basic principles on which government exemptions are based: the sovereign immunity concept, in the case of property owned by higher levels of government; and intra-municipal economy principle, in the case of property owned by local governments themselves. However, the Panel also believes that changes can be made which will result in fairer treatment of government property.

Recommendation #7 – Undeveloped and Less-developed State Lands

Establish a threshold beyond which affected local governments will be compensated by the State government for the presence of exempt State land within their boundaries.

Unlike all the other states, New York subjects vast acreages of the lands it owns to local property taxes. Elsewhere in the nation, payments made to local governments in recognition of state ownership of land within their boundaries typically take the form of payments-in-lieu-of-taxes (PILOTS). PILOTS are usually based on the amount of tax paid on the property prior to government acquisition, a percentage of that amount, or a share of an annual budget appropriation. In contrast, New York's payments to local governments are determined by locally set tax rates and assessments. Approximately \$56 million was paid in 1992 to local governments in the form of actual taxes on taxable land under State ownership. A further \$20.5 million was paid through a PILOT-type program designed to insulate local governments from reductions in the share taxable State land represents of local tax bases.

The Panel notes that large acreages of the lands New York State owns are undeveloped or minimally developed property owned by the Department of Environmental Conservation, the Office of Parks, Recreation, and Historic Preservation, and related agencies. Unlike the improved properties owned by other agencies, these properties are not held to serve the local population nor are they significant sources of local employment or business

activity. The tax status of these lands varies from municipality to municipality, and, in many instances, there seems to be no clear policy rationale which governs taxability. The result is that the burden of exemptions on those lands that are not taxable falls disproportionately on certain local governments (e.g., those in Putnam County, where all State-owned land is exempt) while the benefits of State ownership accrue to all the citizens of New York.

There are undoubtedly certain benefits, which may be calculable in some instances, to the residents of those areas of the State where the exempt lands in question is found. However, the Panel believes that the entire burden created by this exempt property should not be concentrated in the areas in question, as is currently the case. A better approach would be to develop a formula, based on such factors as population, population density, land use patterns, etc., that would establish a threshold beyond which the State would reimburse local governments for the fiscal burden created by undeveloped or minimally developed State property.

Recommendation #8 – Land No Longer Required for State Use

There should be more timely and efficient review of State land holdings, with sale of property no longer required for a State purpose. The disposition process should be more streamlined and incentives should be given to agencies to dispose of unneeded land.

The Panel believes that the existing procedures for disposing of land no longer required for State programs are unnecessarily cumbersome and inefficient. It is current policy that State surplus properties be identified and managed as assets in a manner calculated to advance State objectives. A process to identify unneeded property and divest it exists in law, but as a practical matter, it does not work. The result is that sale of the lands is delayed, and they do not go back on the tax rolls as soon as they should.

There are currently three layers of decision-making authority: the individual agencies which hold the land; the Office of General Services (OGS), which has statutory authority to dispose of land; and the Real Property Planning and Policy Review Committee, created by Executive Order No. 137, which provides "advice and recommendations" on sale and

disposal of State property. It appears to the Panel that the disposition process could be made more streamlined and efficient by reducing the number of steps it requires.

The Panel also sees a need to give agencies incentives to dispose of unneeded land. At present, there is no "cost" to the agencies to hold the land, even though it may not be needed. Thus, it is likely that there is a tendency to keep land that is not absolutely necessary for programs.

Recommendation #9 – Exemptions for Consulates and Diplomat Residences

Municipalities having this type of exempt property should explore with the U.S. State Department the possibility of receiving compensation for services provided to foreign diplomats.

Exemptions for this type of property are based in international law and reciprocal agreements between the United States and foreign governments. They have a significant impact on the tax bases of some municipalities in the metropolitan New York City area. Recognizing that New York State or its local governments were not in a position to alter the exempt status of this property in any way, the Panel nevertheless sought ideas for alleviating the service burdens imposed on the relatively small number of affected localities.

An agreement between the Village of Scarsdale and the U.S. Department of State, Bureau of Diplomatic Security, was brought to the Panel's attention. This agreement provides reimbursement to Scarsdale for the cost of "extraordinary protective services for foreign missions and foreign government officials located within its jurisdiction." The basis for the agreement is a policy of the federal government to regularize and formalize its relationship with localities on the protection of foreign missions and foreign diplomats. This type of agreement (see Appendix IV) should be investigated by local governments affected by the exemptions in question. It may represent an avenue through which they can secure at least partial reimbursement for services they render to foreign diplomats.

C. Economic Development and Public Service Exemptions

Economic development exemptions are those oriented toward assisting certain industrial sectors or business types. The logic behind them is that real property tax reductions are necessary either to make the industries or businesses in question more economically viable and/or to provide them with special incentives for development and growth. Some 37 New York exemption types fall into this group (see Appendix II), and they are granted to a wide variety of business types including, among others, railroads, utilities, farms, forests, and manufacturing businesses.

The Panel reviewed the various economic development exemptions and offers recommendations as follows.

Recommendation #10 – Business Investment Exemption (RPTL §485-b)

Taxing units should be granted the right to: (1) grant the business investment exemption to certain types of business activity only; (2) grant the exemption only in specified geographic areas; and (3) change the project-cost threshold for qualification to a locally determined figure.

The business investment exemption is available to eligible businesses engaging in construction or reconstruction of real property. The duration of the exemption is 10 years, with the exempt value gradually phased out over this period. The exemption applies unless municipal corporations and school districts rescind it through local option. The benefit entails an initial exemption level of up to 50 percent of the value added by the improvement but localities may specify a lower percentage if they choose.

The Panel concluded that the 485-b program, in its present form, is an inefficient mechanism for encouraging economic development in a community. Because the exemption must either be granted to all eligible businesses or to none, communities have no ability to target the types of development they wish to attract. As a result, the tax expenditures associated with the program in communities that have adopted it tend to be far in excess of the actual benefits from the new development (that presumably would not have occurred absent the exemption). The all-or-nothing character also affects the decisions of localities regarding adoption: lack of targeting is a significant and unnecessary disincentive for local adoption.

The Panel recognizes the need to insure that the exemption is not used to reward a few individuals or businesses at the expense of taxpayers in general. Therefore, the recommendation is not to allow targeting on specific individual businesses, but rather on types of businesses and geographic areas. For example, a community might wish to attract manufacturing industries, or to guide development to a certain area designated for industrial development while preserving other areas.

The recommendation to allow local governments to determine the minimum investment for exemption eligibility reflects the need to free the local governments from the administrative burden associated with large numbers of small exemptions which, because they do not represent significant expansions in economic activity, convey only minor benefits to the community. The current minimum investment level is \$10,000 and it has been unchanged since the exemption was first enacted in 1976. Local governments should be allowed to set this threshold at locally determined levels.

Recommendation #11 - State Reimbursement to Offset Local Tax Shifting

The State should provide financial assistance to those local governments most heavily impacted by the following exemptions: railroad ceilings (RPTL §§489-a - 489-ss); agricultural assessments (Agriculture and Markets Law, §§305, 306); and forest property (RPTL §§480, 480-a).

These mandatory exemptions were created to foster statewide economic development objectives. The specific details vary (see Appendix II), but each of these statutes involves a mandatory exemption, as much as ninety percent or more in some instances. Although the industries in question do indeed provide significant local benefits in the form of goods, services, and employment, their economic health is a matter of statewide interest and local governments are given no option with respect to granting the exemptions or determining their extent. Thus, since the perceived public benefits from the exemptions accrue to the State as a whole, their cost should ideally be borne in the same manner.

At present, certain communities having unusually high concentrations of this partially exempt property are unfairly burdened. For example, in a few towns in the Catskill and Adirondack mountain areas, the share of property value exempt under the RPTL §480-a forest exemption program is many times the State average. And in those towns which are

heavily agricultural, farm exemptions cause the tax rates on the remaining taxable farm (and other) property to increase significantly, thereby reducing the value of the farm exemptions.

A State reimbursement program to help the most heavily impacted communities would redress these inequities. An effective way of designing such a program would be to identify a threshold incidence of the exemption, based on a share of total taxable property value, which local governments would be expected to absorb. Where the local incidence of the exemption exceeded this threshold, State aid payments would be made to the affected municipalities.

Recommendation #12 – Forest Exemption Program

The RPTL §480 forest exemption (Fisher Program) should be phased out, and participants should be given the option of transferring their lands to the RPTL §480-a program. Industrial forest owners should be given the option of enrolling under a less stringent management plan in exchange for receiving a lower level of exemption.

The Fisher Program was enacted in 1912 in response to concerns over past deforestation in New York and a desire to enhance the long-term economic prospects of commercial silviculture. It provides that the value of any timber present on enrolled land be wholly exempt from taxation, and that the assessed value of the "bare" land be "frozen" at its level immediately prior to enrollment (however, assessments can be increased proportionately with other property during a general reassessment). Timber cuttings are subject to a special tax in the amount of six percent of the value of harvest.

The program was closed to new entrants in September, 1974 due to the pressure it created on the tax bases of certain municipalities, primarily those in the Adirondack area. Owners of land already in the program were allowed to keep their Fisher exemptions or to switch to the newly introduced 480-a program. The overwhelming majority of lands were kept in the Fisher program, due to potentially greater tax benefits in some cases and freedom from the forest management plans and land conversion penalties mandated by 480-a. At present, there are over 815,000 acres in the Fisher program, with the great majority of these lands located in Adirondack counties.

The Panel believes that the Fisher program does not reflect the current realities of the forest products industry or of assessment administration. While lands under an extensive, low-output use such as forestry can not be economically taxed at levels reflecting recreational or other non-forest uses, there is no justification for granting forest exemptions without assurance that quality timber management practices are being applied, and that the tax benefits will be repaid if the land is prematurely converted to other uses. Similarly, the requirement that assessors apply values which may be many decades old, and the requirement that they identify the contributory value of standing timber, impose unreasonable administrative burdens.

To remedy the problems cited, the Fisher program should be terminated and the owners of lands currently receiving tax benefits should be given the option of enrolling in 480-a, even though the total acreage they own might otherwise be insufficient for eligibility in some cases. Industrial owners, who frequently complain about the lack of flexibility which state-required timber management plans entail, should be given the option of submitting their own management plans in exchange for reduced exemption levels.

D. Organizational Social Purpose Exemptions

This section of the report outlines the Panel's recommendations regarding the exemption granted to organizations engaged in religious, educational, hospital, charitable, and related activities. A minority view submitted by Panel member Peter Swords is given in Appendix I.

This class of property tax exemptions is available to certain private organizations, most of them not-for-profit, and certain quasi-government agencies that provide a variety of social services to the public. These tax-exempt entities include religious organizations, private schools and colleges, nonprofit hospitals, charitable and benevolent organizations, associations promoting moral and mental improvement, cultural institutions, social organizations, professional societies, private cemeteries, and corporations providing housing for limited-income or otherwise disadvantaged tenants. (A complete listing of these exemptions is given in Appendix II.)

The Panel identified the following as areas of particular concern, with respect to exemptions for social purpose organizations:

- Tax-exempt organizations provide desirable services and make important contributions to our society. However, the continued growth in tax-exempt property, coupled with the concentration of such property in certain municipalities, creates unfair shifts of the tax burden and presents substantial fiscal problems for local taxing units.
- New York State law authorizes 180 types of property tax exemptions, with about 80 available to social purpose organizations. Are New York's organizational exemptions more numerous, more generous than other states' exemptions?
- Are the standards for exemption clear? There seem to be definitional and other problems.
- Property tax exemptions benefit only those organizations which own property and do not address the needs of perhaps less wealthy organizations that must operate in leased property.
- The not-for-profit standard of "no private gain" is breached when directors and/or employees are too well compensated and when other administrative expenses comprise a disproportionate share of an organization's operating expenses.
- Since the impacts of exemptions fall unevenly on local taxing units, some method of mitigating these impacts should be established. A fee system for

government services not currently paid for by tax-exempt organizations (such as fire protection, police protection, and roads) should be considered, even though a fee system might be difficult to implement, especially for constitutionally protected classes.

The Panel agreed that, within the context of these concerns, it should concentrate on the two exempt categories in the social purpose group that, except for the providers of subsidized rental housing, have the largest impact on local tax bases: nonprofit organizations exempt under Real Property Tax Law §420-a and §420-b. It was decided that housing exemptions would not be reviewed, since these are found mostly in New York City and other major urban areas, where the local governments themselves have usually initiated the legislation allowing exemption for housing projects.

As shown in Table 1, publicly owned property comprises the largest category of exempt value. The exemptions authorized by §420-a and §420-b comprise the second largest category, accounting for about 40 percent of the value exempted for privately owned property. Provided that the owner meets the organizational purpose and property use requirements, exemption under §420-a is mandatory and it applies to the entire value of the qualifying property. The types of organization covered by the statute are: religious, educational, charitable, hospital, and moral or mental improvement of men, women, or children. It should be noted that the exemption for property owned by religious, educational, and charitable organizations is also provided by the State Constitution, with the result that these organizations are immune to the imposition of taxes of any kind.

Exemption under §420-b, which applies to 15 different types of organization, is permissive — that is, each local taxing jurisdiction may decide whether or not exemption will be allowed for each type of organization. To exercise the local option provided for in §420-b the taxing jurisdiction must “opt out” (enact a local law or resolution disallowing exemption for some or all organization types). As in the case of §420-a, exemption under §420-b applies to the total property value and requires that the owner satisfy both an organizational purpose and a property use test. The following types of organization are eligible for exemption: bible, tract, benevolent, missionary, infirmary, public playground, scientific, literary, bar association, medical society, library, patriotic, historical, develop-

ment of good sportsmanship for persons under age 18 through the conduct of supervised athletic games, and enforcement of laws relating to children or animals. From the information available, it appears that relatively few local governments have to disqualify some of these types of organizations from receiving exemption benefits.

With respect to §420-a and §420-b exemptions, the following specific problems were identified:

- It is often difficult for assessors to ascertain exempt status because of the lack of definition of statutory terms related to eligibility, such as "tax-exempt purpose" (particularly, "religious," "educational," and "charitable") and "exclusive use" of property for exempt purposes.
- Related to the lack of a definition of "charitable," there is a growing problem with the questionable eligibility of homes for the elderly which provide living accommodations but no nursing care and whose residents are exclusively or primarily persons of moderate or high income.
- Because the local option provided for in §420-b is an opt out, localities might, if they neglect to opt out in time, find themselves forced to grant exemptions to organizations they had never intended to exempt. Simply through inertia, the negative action of an opt out is more likely to be delayed than a positive opt in, and it is less likely to encourage active and careful consideration of the implications of granting exemptions to the types of organization covered by §420-b.
- Organizations exempt from municipal taxation under §420-a and §420-b are also exempt from most special district charges. This means that these organizations are exempt from paying for most municipal services even though they use many of them regularly, especially if they operate residential facilities (such as college dormitories). Examples of such services are: water supply, sewer and drainage facilities, solid waste disposal, streets and highways, fire protection, police protection, and emergency medical services.
- Some nonprofit organizations own large tracts of land that they seldom use, leading one to question whether they are in fact using all of their property for exempt purposes. Examples of such marginal use are: children's camps with large areas used only once or twice a year for hiking trips, forest lands adjacent to a camp area that are used for commercial timber production, and acreage owned by religious organizations used only as a "buffer zone."

To address the problems identified, the Panel offers recommendations in five areas:

1. Local option provisions under §420-b
2. Moving some §420-a exemptions to §420-b
3. Service charges
4. Definitions related to eligibility for exemption
5. Acreage limitations

Recommendation #13 - Local Option Provisions Under §420-b

Change the local option in §420-b from opt out to opt in and allow municipalities to determine the extent of exemption. Include in the law a five-year sunset period for all existing §420-b exemptions, at the end of which time they will or will not once again become exempt, depending on the extent to which the taxing jurisdiction opts in to the exemption program. Specify that, once a municipality has opted in, that decision must be reviewed every five years and renewed, by new legislation, if the program is to continue.

The Panel recommends that §420-b in its present form be repealed and a new §420-b enacted to allow municipalities by local legislation to opt in to the exemption program for individual §420-b uses and determine the extent of benefit permitted. Currently §420-b requires each taxing jurisdiction to opt out of granting exemption to one or more of the types of organizations enumerated in the statute. If a municipality does not opt out, the property owned by the organizations listed is eligible for exemption from all taxes and from certain special district charges. The Panel's recommendation supports the concept that local government should not have to opt out of exemption programs but should be able to opt in based on local determination of local values and economic conditions. Local government should be permitted to decide whether to allow total or partial exemption from taxation and whether to allow exemption from all, some, or no special district charges. Once a municipality opts in to the §420-b program, it should be required to review its decision every five years and, if it wishes to continue the program, to renew it through new legislation. For exemptions existing prior to the repeal of current §420-b, the new law should provide a five-year sunset period, after which time such exemptions would continue to the extent allowed by the opt in exercised by the taxing jurisdiction; if the municipality chooses not to opt in to the program, these exemptions will cease.

Recommendation #14 - Property Used for "Moral and Mental Improvement"

Consider moving the moral and mental improvement exemption from §420-a to §420-b.

Exemption of these organizations was first enacted in 1893 as mandatory. In 1971, upon recommendation of the Joint Legislative Committee to Study and Investigate Real Property Tax Exemptions, it was made subject to local option. This change, resulting from recognition of the fact that moral and mental improvement organizations often own large tracts of land constituting a significant portion of the local tax base, was immediately challenged by the organizations affected, and in 1972 the State Legislature amended the law to make the exemption mandatory once again. In 1975 a subsequent committee assigned the task of studying property tax exemptions, the Temporary State Commission on State and Local Finances, recommended returning the exemption for moral and mental improvement organizations to §420-b. Considering the increasing fiscal stresses on local governments, the Panel agrees with that recommendation.

Recommendation #15 - Service Charges

Legislation should be enacted that would allow municipalities to impose charges on tax-exempt property for services provided by the municipalities or by special districts on their behalf.

Tax-exempt property benefits from many kinds of municipal services, just as taxable property does. Police and fire protection, street and highway construction and maintenance (including lighting), snow removal, emergency medical services, water and sewer services, and refuse collection and disposal are examples of such services. It is appropriate for exempt property to pay fees or make payments in lieu of taxes to cover the costs of such services.

In fact, local governments already have the authority to impose charges for services such as water supply, sewers, and refuse collection and disposal, provided that they are not on an ad valorem or special assessment basis (i.e., they must be based on metering or some other measurement method). This Panel urges the enactment of new laws and/or a constitutional amendment to expand that authority to additional services. Note that this is a limited recommendation: exempt property would not be liable for the costs of educa-

tion and social services, which account for the majority of property tax payments, because those services do not directly benefit exempt property. It is suggested that the fees be assessed for four services: police protection, fire protection, emergency medical services, snow removal, and capital infrastructure. These fees could be assessed on all exempt property, or certain kinds, such as religious or government property.

Local governments should be allowed to adopt fees that bear a reasonable relationship to services received by exempt property. The design of these fees could be left to local discretion. They could be based, for example, on the number of square feet in buildings, with extra charges in some cases for the number of times a particular service was used. That is, there could be a fixed charge for making the service available and, where appropriate, a variable charge based on actual usage. Such a formula would acknowledge that a property benefits from access to a service (such as fire protection) even if it never actually uses it. On the other hand, there are some cases in which the most appropriate basis for imposing service charges may be the value of exempt property. Therefore, it is recommended that a constitutional amendment be enacted that would allow local governments to impose charges based on property value in those cases where the property is owned by not-for-profit religious, educational, or charitable organizations. To summarize, the Panel recognizes the validity of two kinds of charges — those based on property value and those based on some other relevant measures. Local governments should have both options available to them.

The Panel recognizes that in 1971 New York enacted an optional service charge law that attempted to accomplish much of what is being proposed herein (except that it did not amend the State Constitution), but that law was never allowed to take effect before it was repealed. The Panel agrees with the conclusion reached by the Temporary State Commission on State and Local Finances that the 1971 law required some amendments in order to be workable. Nevertheless, while the concept of imposing service charges faces some important practical difficulties, it is not an impossibility. In a time of heightened local fiscal distress like the present, it is an idea whose time has come.

Recommendation #16 – Definition of Eligible Purposes and Property Use

The State Legislature should define certain terms related to eligibility for exemption and should codify these definitions in exemption statutes.

In §420-a and §420-b there are a number of terms connected with exemption eligibility that need further definition in the law. Examples of these are: organized or conducted exclusively (related to eligible organizational purposes and activities), used exclusively (related to eligible property uses), in good faith contemplated (necessary for determining whether currently unused property is in fact intended for exempt use), and perhaps certain organizational types, such as religious, educational, and charitable.

The need to define such terms has long been recognized, in statements at public hearings, in comments by assessment officials on the difficulties of exemption administration, and in publications such as the reports issued by committees formed to study property tax exemption policy. A frequent observation has been that the criteria for exemptions granted to nonprofit organizations have been established primarily by judicial decision, rather than by the State Legislature, thereby leading to confusing and inconsistent definitions and standards. For example, with respect to religious, educational, and charitable organizations included in §420-a, one commission made the following statement:

The obvious problem is that for many years now the constitutional exemption has merely been repeated in the statute, without legislative definition. As a result, the courts have been forced to determine the application of the statute on a case-by-case basis without any further guidance from the legislature. The consequence to local governments has been an expansion of the scope of this exemption into properties traditionally associated with private, entrepreneurial activity and also traditionally subject to taxation. The mandatory exemption of these properties is both a fiscal liability to the community and a source of local irritation.*

There have been some efforts in the Legislature directed toward framing definitions for nonprofit exemptions, but none of the proposals has received enough support to be enacted. After review of these proposals the Panel concluded that the definitions proposed in Senate Bill 3384 and Assembly Bill 3266, both introduced during the 1991-92 session,

* Report of the Temporary State Commission on State and Local Finances, Vol. 2 — The Real Property Tax, Albany NY, 1975, p. 126.

provide an excellent basis for further work on the definition problem.* Both bills, for example, propose the following definitions for §420-a:

The phrase "**organized or conducted exclusively**" shall require that a corporation's or association's organizational documents limit the purposes of such corporation or association to one or more exempt purposes, as set out in paragraph (a) of this subdivision. Furthermore, the corporation or association shall not be empowered to engage, other than as an insubstantial part of its activities, in activities which in themselves are not in furtherance of one or more of such purposes.

The phrase "**used exclusively**" shall require that a corporation or association use its property only for activities which are in furtherance of one or more of its exempt purposes, as set out in paragraph (a) of this subdivision and its organizational documents. Any other use of any portion of such property for more than an insubstantial period of time shall subject that portion so used to real property taxation.

As used in this subdivision, "**in good faith contemplated**" means concrete and definite plans for utilizing and adapting the property for exempt purposes within the reasonably foreseeable future. Some evidence of such plans might be the start of or preparation for a fund raising campaign, or the retention of an architect or other consultants relating to the development and use of the property for exempt purposes. However, construction of suitable buildings or improvements on such real property must commence within five years from the date title to the property is taken or the effective date of this amendment, whichever is later.

Assembly Bill 3266 also proposes definitions of the organizational purposes enumerated in §420-a:

"**Religious purpose**" shall mean an activity that is fundamental or intrinsic to the practice of a religion. A corporation or association organized or conducted exclusively for a religious purpose shall have its own beliefs, form of worship, and form of organization, and shall exercise ecclesiastical control over its members.

"**Charitable purpose**" shall mean an activity done without expectation of profit which alleviates the condition of the poor, the underprivileged, the handicapped, or the unfortunate, or tends to forward the progress of mankind. Such an activity shall have a broad public purpose and lack personal or private considerations. The intended beneficiaries shall not be specified individuals or institutions.

"**Hospital purposes**" shall mean an activity of a hospital carried on in compliance with the certification and licensing requirements provided by law. Such an activity

* S.3384/A.5261 (introduced in Senate by Sen. Cook and in Assembly by M. of A. Calhoun), March 5, 1991; A.3266 (introduced by M. of A. Coombe), February 7, 1991.

shall include the provision of services by or under the supervision of a physician for the prevention, diagnosis, or treatment of human disease, pain, injury, deformity, or physical condition, but shall not include the provision of living accommodations for hospital personnel and their families.

"Educational purpose" shall mean an activity intended to further the development of human mental capacities and the expansion of knowledge. Such an activity may include teaching, instruction, schooling, training, or research but shall not include the promotion of social relations among faculty, the provision of faculty residential housing, or the provision of facilities for unscheduled, unstructured, and unsupervised recreation. An educational organization should maintain a curriculum, schedule of classes, a roster of qualified instructors, and a formalized system of instruction, and where necessary, obtain a charter from the board of regents and be classified as an educational organization by the department of education.

"Moral or mental improvement of men, women or children purpose" shall mean an activity intended to improve the physical, social, intellectual, moral, and spiritual condition of men, women or children. The purpose of such an activity shall be character development and the molding of socially beneficial attitudes. Corporations or associations organized or conducted for the purpose of moral or mental improvement of men, women or children shall include, but shall not be limited to, the Boy Scouts of America, the Girl Scouts of America, the Young Men's Christian Association, and the Young Women's Christian Association.

The Panel believes that all of these proposed definitions have merit and should be considered again. In addition, we offer an alternative definition of **"charitable purposes"**:

"Charitable organization" — a not-for-profit organization created for and operated solely for:

- (a) relief of the poor, distressed, or underprivileged; or
- (b) the advancement of science or education; or
- (c) erection or maintenance of public buildings, monuments or works; or
- (d) lessening the burdens of government.

A definition of "charitable purposes" might help to solve many of the problems encountered in the local administration of exemptions. Among these problems is the growing number of senior citizen retirement facilities owned by religious, educational, and charitable organizations and claimed to be exempt under the charitable purposes provision of §420-a even though the residents of these facilities are persons who would not be considered indigent or needy. Organizations that provide retirement housing should be

examined for exemption eligibility based on the functions and services they provide, not on the mere ownership by an otherwise tax-exempt entity (such as a church or college). If the retirement facility provides a "charitable" service or function, the facility should receive the exemption because there is a benefit to the community at large (housing for the indigent, medical facilities and/or care, etc.). (As an alternative, §420-b could be amended to add "senior citizen housing" as a specific category of optional exemption. "Senior citizen housing" could then be defined by age group, ownership, eligibility for federal subsidies, income admissions criteria, or other characteristics that can expand or contract the window of opportunity to qualify for the exemption. It should be noted, however, that several exemptions for senior citizen housing exist already, under various sections of the Real Property Tax Law and the Private Housing Finance Law.)

Recommendation #17 - Acreage Limitations

There should be statutory limits on the amount of land owned by an organization, within a municipality, that is eligible for exemption, if such land is used infrequently for the purposes of the organization.

Some organizations own large tracts of land that they seldom use. The Panel believes that such land should be limited for exemption purposes. The procedure recommended is to specify in the law the number of acres that would receive exemption automatically if all eligibility requirements were met, with the applicant required to justify eligibility for exemption of any additional acreage. One of the criteria that might be used for such justification is the number of days per year that the property is used for exempt purposes.

In the recent past there have been three legislative proposals that address this issue.* Each takes a different approach to the problem of large tracts of exempt land in a single municipality. Assembly Bill 3266 limits for purposes of exemption the acreage owned by some types of organizations under §420-a and all organizations under §420-b no matter how intensively the land is used:

* S.3384/A.5261 (introduced in Senate by Sen. Cook and in Assembly by M. of A. Calhoun), March 5, 1991; S.2345/A.3588 (introduced in Senate by Sens. Cook, Larkin and in Assembly by M. of A. Hinchey), February 14, 1991; A.3266 (introduced by M. of A. Coombe), February 7, 1991.

. . . an exemption granted pursuant to this section to real property owned by a corporation or association organized or conducted exclusively for hospital or moral or mental improvement of men, women or children purposes, and used exclusively for carrying out such purposes, shall be limited to three hundred acres in any assessing unit.

Senate Bill 2345 limits the exemption for all organizations under §420-a and §420-b to land that is actively used and further restricts the exemption for moral or mental improvement and §420-b organizations:

Only that portion of the land which is used exclusively and actively for the exempt purpose shall be granted the exemption. Uses such as meditation and hiking shall not be considered active uses. Acreage owned by a corporation or association organized for moral or mental improvement of men, women or children purposes in excess of one thousand acres where the acreage is under the same ownership and situated in the same assessing unit shall not be eligible for exemption.

Senate Bill 3384, which applies to certain organizations under §420-a and all organizations under §420-b, sets acreage limits but allows exemption for additional land if use of that land is substantiated by the owner:

. . . an exemption granted pursuant to this section to real property owned by a corporation or association organized or conducted exclusively for hospital or moral or mental improvement of men, women or children purposes, and used exclusively for carrying out such purposes, shall be limited to three hundred acres in any assessing unit, unless the owner of the property establishes that each additional acre is actually used for the exempt purpose at least three hundred days during each calendar year.

While the Panel is not prepared to endorse the specific limitations included in any of the above proposals, we believe that the concept they represent is worth further consideration. There is clearly a need to insure that the exemption can not be abused by organizations which might wish to hold excess land for speculative purposes. To this same end, we strongly recommend that both §420-a and §420-b contain practical definitions of qualifying property use in relation to the exempt organization's purposes (see also Recommendation #16). However, such definitions must be constructed so as to insure eligibility for property owned by land conservancies and related organizations whose purpose is to maintain land in a natural state and whose "usage" of such land is, by its very nature, passive and/or non-intensive.

E. Individual Social Purpose Exemptions

Individual social purpose exemptions are those which State law allows for certain individual (non-organizational) property owners in order to accomplish certain social purposes. Current law allows property tax exemptions for the following individual property owners: limited-income senior citizens, disabled persons, veterans, members of the clergy, owners of homes installed with solar or wind energy systems or with other energy conservation improvements, and owners of new or improved residences in certain urban areas. Although not a property tax exemption in itself, a related program that the Panel considered is the income tax circuit breaker for homeowners and renters whose property taxes are disproportionately high compared to their income.

The Panel began its study of this group of tax abatements by identifying the social purposes for which the programs appear to have been enacted. These social purposes may be stated as follows:

1. Because of financial hardship or some other disadvantaging condition, certain individuals are in special need of tax relief.

These include: limited-income senior citizens, the disabled, and homeowners and renters eligible for the income tax circuit breaker.

2. Some property owners have performed special services to the community and, therefore, merit some sort of financial compensation.

Included here are: veterans and the clergy.

3. Financial incentives are needed to encourage homeowners to further social goals such as energy conservation or improvement of the housing stock in substandard areas.

Such homeowners are: those who improve their property by installing solar or wind energy systems, those who make other types of energy conservation improvements to their property, and those who construct or rehabilitate residential property in areas targeted for improvement by municipal governments.

The Panel further identified issues and questions common to all these tax abatement programs. The issues/questions were as follows:

- Should we continue to advance the social purposes underlying the tax abatement programs?

- Are these purposes being advanced effectively?
 - Does each abatement program achieve the desired purpose?
 - Are those who should receive benefits receiving them?
 - Are the proper mechanisms being used to provide benefits? For example, is property tax exemption the proper mechanism for rewarding citizens for community service?
- What does each abatement program cost and who should pay for it?

With its focus on the social purpose of each abatement program and the issues listed above, the Panel began its review of individual abatement programs. It was decided to concentrate on three major programs: the property tax exemptions for veterans, the property tax exemption for limited-income senior citizens, and the income tax circuit breaker. Because of time constraints and the relatively small impact of the exemptions on the tax base, it was decided that the following exemption programs would be examined only briefly: exemptions for the clergy, the physically disabled, and solar/wind energy systems. Still other programs, it was agreed, did not warrant investigation, since they have a negligible effect on the tax base (exemptions for energy conservation improvements) or they are programs that were enacted at the request of the municipalities involved (exemptions for new or improved residential property in certain cities). The Panel's recommendations on veterans exemptions, the exemption for senior citizens, and the income tax circuit breaker, are outlined below.

Recommendation #18 - Exemptions for Veterans

Rather than require municipalities to grant property tax exemptions to veterans, the State should administer any tax abatement for them through the personal income tax and should assume all costs associated with such abatements.

There are two veterans exemptions authorized in New York State: an eligible funds exemption and an alternative veterans exemption. There is no justification for mandating that localities grant these property tax exemptions and, more importantly, that the localities bear entire the costs associated with them.

Because veterans exemptions are mandated by State law, taxing jurisdictions must not only grant either the eligible funds exemption or the alternative veterans exemption,

but they also have little choice about how much of an exemption will be granted. There are other problems also:

- The exemptions are available to all veterans who own residential property, regardless of income.
- Veterans who rent their homes do not themselves qualify for exemption, nor does the owner of the property the veteran is renting.
- The eligible funds exemption is a fixed dollar amount applied against the property's assessment. Therefore, because municipalities assess at different percentages of market value, the benefit to veterans varies widely from place to place.
- The fixed dollar exemption discourages localities from changing from a fractional assessment standard to a more logical 100 percent standard because veterans often resist the reduction in benefits.

Eligible Funds Exemption

This veterans exemption has existed for more than a century. It was conceived as a reward for patriotic service and was originally established as a means of ensuring that veterans would not lose their homes through nonpayment of taxes while they were away at war.

For most veterans, the value of the exemption is equivalent to the amount of eligible funds used to purchase real property, up to a maximum of \$5,000, and is applied against the property's assessed value. Eligible funds are certain funds paid to a veteran by the federal government after his or her discharge; included are payments such as subsistence allowances under the GI Bill of Rights, retirement pay, and disability payments. Special provisions apply to disabled veterans. Regardless of whether they have received eligible funds, permanently disabled veterans are entitled to an exemption of up to \$5,000 provided that their property was purchased with moneys collected by popular subscription. Seriously disabled veterans qualify for a total exemption on their primary residence if that residence was purchased with financial assistance from the federal government and the property is equipped with special facilities to accommodate the veteran's disability.

Alternative Veterans Exemption

This exemption was enacted in 1984 and was intended to correct some of the faults inherent in the eligible funds exemption: its exclusion of veterans having no eligible funds to apply to the purchase of property (often the case with veterans of the Vietnam War and later conflicts, by which time the amount of funds distributed had decreased considerably), its inclusion of non-wartime veterans and non-residential property as eligible for exemption, and the inequity resulting from its being a fixed-dollar exemption. Municipal taxing jurisdictions were given the option of adopting the alternative exemption or continuing to grant exemptions based on eligible funds.

As shown below, the 1984 law provided for a percentage exemption for three types of veterans and gave localities an opportunity to decide, within limits, the maximum amount of exemption that would be granted. Under the provisions of the alternative veterans exemption, benefits are cumulative. That is, a wartime veteran who had served in a combat zone and been totally disabled would be eligible for a maximum exemption of \$60,000 of market value, provided that the taxing jurisdiction allowed the full amount of exemption authorized by State law.

Table 4. Alternative Veterans Exemption

<u>Type of Veteran</u>	<u>Exemption Percentage*</u>	<u>Maximum Exemption Allowed by State Law**</u>
Wartime veteran	15%	\$ 12,000
Combat zone veteran	10%	\$ 8,000
Disabled veteran	1/2 of disability rating	\$ 40,000

* Percentage of assessed value.

** These amounts are in terms of market value. To determine the amount that may be applied against assessed value, the dollar amount given here must be multiplied by the equalization rate for the year in which the exemption is granted.

Taxing jurisdictions are allowed to reduce the maximums by 1/4 or 1/2; all categories of veterans must be reduced to the same degree.

Although the alternative veterans exemption gives localities some flexibility and decision-making authority, it does not address the most fundamental concerns about tax abatements for veterans: why they are granted through the property tax, why renters are excluded from benefits, and why localities should bear the cost of them.

Localities do not like either veterans exemption. They are mandated to grant the exemption and have little choice about who benefits. The exemption is not premised on concerns about the burden of the property tax since it is not tied to income. Also, the exemption is very costly to local tax bases. In 1991, \$22.5 billion of the market value of property owned by veterans was exempt from taxation, causing approximately \$275 million in taxes to be shifted to other property owners.

There is no rational policy reason for linking the veterans exemption to the property tax. In fact, the benefits that veterans receive have little to do with the value of the property they own or the taxes on that property. The current law simply rewards those veterans who own property for serving their country. Therefore, the Panel believes that the State or Federal government should take over the administration of the veterans exemption. Veterans should be given a refundable credit against their personal income taxes, and none of the costs associated with the exemption should be borne by local governments.

Although the Panel did not agree on all of the details of how the State should administer the veterans exemption, it was agreed that the program should have the following general features:

- Needy (disabled or low-income) veterans should receive a bigger benefit.
- Veterans who rent their homes should also be entitled to benefits.
- All similar veterans, no matter where they reside in the State, should receive the same benefit.

The Panel envisioned a program whereby all veterans would be granted some minimum benefit (for example, a \$500 refundable credit) just for having served in the armed forces. A low-income or disabled veteran would receive an additional amount (perhaps another \$300). Finally, a low-income disabled veteran would receive still more (say, an additional \$500).

In making this recommendation, the Panel is assuming that the State would want to continue the current practice of providing veterans with a tax abatement because they have served their country. However, some Panel members believe that only needy veterans should be granted such benefits. The State is therefore urged to determine whether there is sufficient justification for continuing to provide all veterans with benefits solely to advance a federal policy.

Acknowledging that its recommendation might not be feasible in current budget circumstances, the Panel also considered two other possibilities:

- The veterans exemption should cease to be mandatory; localities would have the option of allowing or disallowing it.
- The State should reimburse localities with an above-average number of veterans receiving exemptions.

If either of these alternatives, rather than the Panel's recommended income tax credit, is chosen, the veterans exemption should be revamped to address the fundamental concerns of localities. The veterans exemption, like the senior citizens exemption, should be based on income, and exemption should apply equally to property owners and renters.*

Recommendation #19 - Senior Citizens

Local taxing jurisdictions should be given more authority in determining certain key features of the senior citizens exemption.

In contrast to nearly all other exemptions, State law allows localities a considerable amount of flexibility with regard to the senior citizen exemption. If the locality chooses to grant the exemption, it may allow only a "base" exemption of 50 percent of assessed value for seniors whose income is within a certain range, or it may also allow a lesser, graduated exemption for those whose income exceeds the upper limit of that range. For the 50 percent exemption, the taxing jurisdiction may set an income limit of any amount from

* The senior citizen exemption studied by the Panel (that authorized by Real Property Tax Law §467) is not available to renters. However, there are other provisions of law that allow similar income-based benefits for renters.

\$3,000 to \$16,500. If it chooses to allow the graduated exemption as well, the exemption percentage decreases by 5 percent for every \$600 of income in excess of the income limit set for the 50 percent exemption. The maximum income eligible for the graduated exemption is \$4,800 above the base exemption income limit; at this income level, the exemption would be 10 percent of assessed value.

The senior citizen exemption has several good features not found in other individual social purpose exemptions. For example, localities are given an important option — they can choose to grant the exemption or not and they can determine the income levels that are appropriate for senior citizens in their jurisdictions. However, even with all this apparent choice, it is the Panel's perception that the option given to localities is in reality a limited one: the public expects the exemption to be granted and there is considerable pressure to have it granted at the maximum benefit level.

The Panel tried to determine how to empower localities and make the option available to them a real one. Some members thought that the State should pay all costs associated with the senior citizen exemption because it advances a State purpose, recognized as such by the State itself in its establishment of the income tax circuit breaker for senior citizens with limited incomes (discussed below). Others believed that senior citizens contribute substantially to local governments. They felt that allowing the exemption was the localities' opportunity to reward seniors for their many years of paying taxes, for living independently, and for staying in the community.

The Panel's recommendation is that a senior citizens exemption be authorized by State law but that, in that law, localities be given the freedom to fill in the details of the exemption. In addition to the authority to select eligibility income levels, as provided in current law, localities should be allowed to determine:

- The maximum income level, which could be established to reflect the cost of living in the local area.
- The maximum market value of homes eligible for exemption.
- The minimum age of senior citizens eligible for exemption.
- If desirable, an exemption percentage higher than 50 percent of assessed value.

- The income increments determining the percentage of exemption.

The State law authorizing the exemption should also include a model exemption for smaller taxing jurisdictions that are not equipped to fashion their own local version of the exemption.

There may be no realistic way for the State to truly empower localities in dealing with tax exemptions. Perhaps they will always believe that a "local option" is a misnomer. Nevertheless, the Panel is convinced that, if localities are forced to make more decisions about the details of an exemption and thus participate more fully in the process, then they may realize that they do have some choices after all.

Recommendation #20 – Income Tax Circuit Breaker

The State should review the personal income tax "circuit breaker" for property tax payments to determine whether changes should be made to make the program more effective.

New York State taxpayers with annual household incomes of less than \$18,000 are eligible for a real property tax credit on their personal income taxes. The credit is allowed when property taxes exceed a certain percentage of income and varies by level of income. The maximum credit for senior citizens is \$375; for other eligible taxpayers it is \$75. The market value of the property on which taxes are paid cannot be higher than \$85,000.

This credit is not a property tax exemption, but rather a benefit based on the amount of property taxes (or rental equivalent) paid. It is thus technically outside the Panel's charge. However, the Panel reviewed it as being sufficiently related to the property tax to justify its consideration in conjunction with exemptions oriented toward the same goals.

Although the circuit breaker is probably the best mechanism for dealing with the inherent regressivity of the property tax, New York State's program has not kept up with changes in the cost of living and the real estate market. It also does not take into account the vast difference in housing costs that exists between the various regions of New York State.

The Panel was unable to obtain the information needed for a full review of the circuit breaker program. However, based on the data available, it was apparent that the provisions of the program should be reviewed to determine whether:

- The income limit should be increased.
- The market value limit should be changed, and perhaps varied by geographic area on the basis of average housing value.
- The credit amount should be adjusted to reflect the increase in the property tax burden over the last decade.
- The circuit breaker should be the mechanism for granting all individual social purpose exemptions. Perhaps we do not need separate senior citizen and veterans exemption programs, and all tax benefits should be granted through income tax circuit breakers.

PART IV. FUTURE WORK OF THE PANEL

The Governor's Panel will continue to function beyond the publication of this report. It will concentrate on two issues: (1) classification of property for purposes of taxation, which is effectively a partial exemption for the favored classes; and (2) taxation of possessory interests in exempt property. Both of these subjects were considered briefly during our review of property tax exemptions, but there was not enough time to study them to the extent that we believe is necessary.

A. Classification

In a classified property tax system, property is divided into two or more classes and the classes are taxed differentially by varying the level of assessment, the property tax rate, or possibly both. Since 1981 New York State municipalities have been authorized to classify property for taxation purposes. In New York City and Nassau County, classification is mandatory, with each parcel of property assigned to one of four classes:

- Class 1: 1-, 2-, 3-family residences, certain condominium buildings, owner-occupied mobile homes, and certain vacant land
- Class 2: All other residential property not in Class 1, except hotels, motels, and similar commercial property
- Class 3: Utility property
- Class 4: All other property

For assessing units other than New York City and Nassau County, classification is optional. Cities, towns, and certain villages that complete a revaluation and are certified by the State as municipalities that are assessing property at a uniform percentage of market value may adopt a system of differential tax rates by class. Two classes are allowed:

- Class 1 (Homestead): 1-, 2-, 3-family residences, certain condominium buildings, owner-occupied mobile homes, agricultural property eligible for agricultural assessment, and certain vacant land
- Class 2 (Non-homestead): All other property

School districts and villages located in more than one city or town, some or all of which have elected to classify property, may elect to apply homestead and non-homestead tax rates to the classified property within the school district or village boundaries if at least 20 percent of its parcels are in such cities and towns.

There are problems with both types of classification. For example:

- Where property is both placed in a favored class and granted an exemption (as might be the case with homes owned by certain senior citizens, for example), the property owner receives, in effect, a double exemption. Should exemption amounts be reduced where the recipient is already being given a tax break through classification?
- Classification has not been popular with upstate taxing jurisdictions, with only 34 municipalities currently using a classified system. Does this lack of interest contradict the assumption upon which classification was enacted?
- The method that must be used to apportion taxes among classes is extremely, and probably needlessly, complex. Could this be the reason that municipalities decline to use classification?
- Villages in Nassau County complain that, while the towns they are located in are allowed to divide property into four classes, they are allowed only two, and then only following a revaluation.
- Probably most important is the fact that the way the law requires taxes to be apportioned by class in New York State tends to perpetuate inter-class inequities that existed prior to revaluation.

The Panel intends to examine all of these issues and any others related to classification that become apparent in the course of study.

B. Possessory Interests

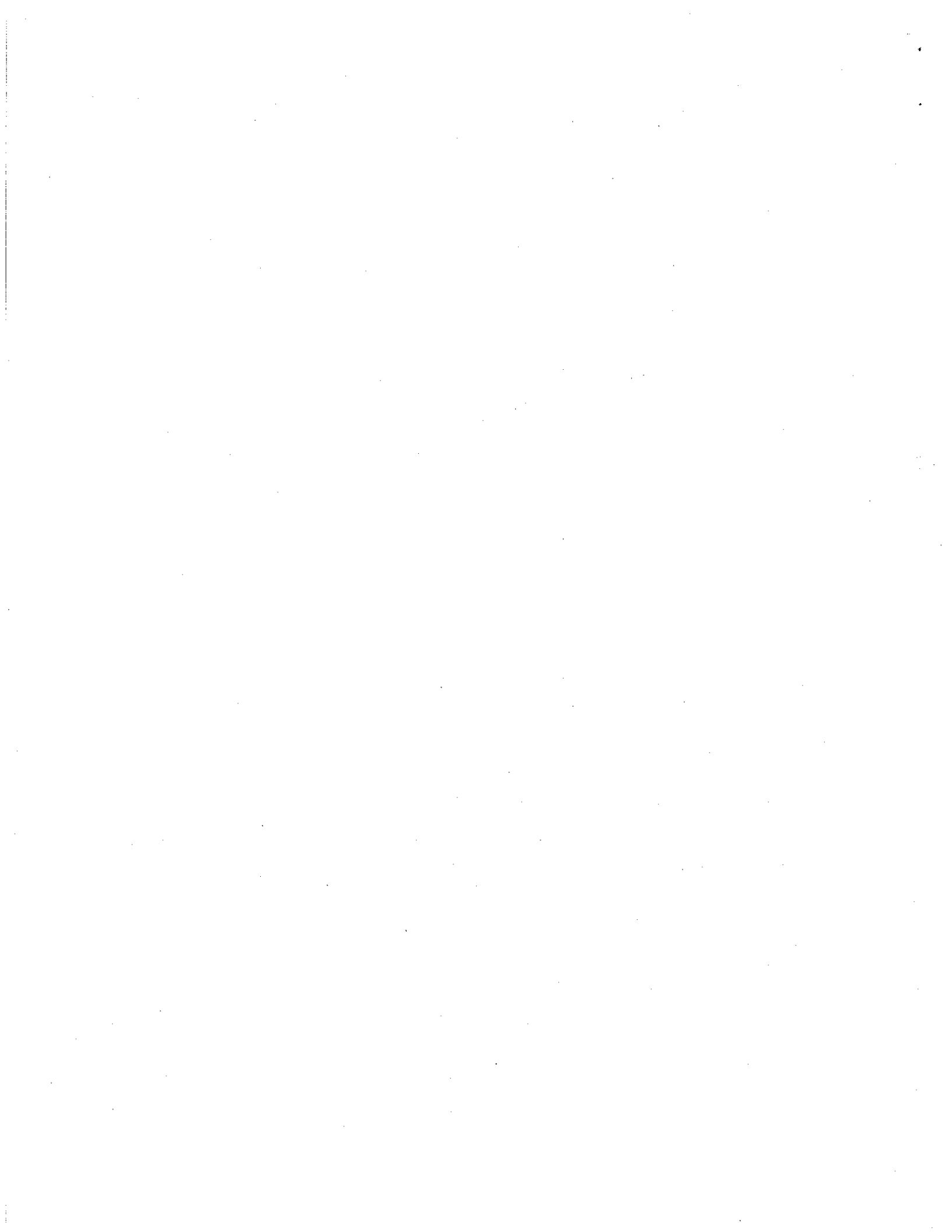
"Possessory interest" is a term commonly applied to leases or similar interests in tax-exempt government property held by private individuals or organizations who use the property for private, non-exempt purposes. Because they currently pay no property taxes, those holding such interests may enjoy an unfair advantage over persons engaging in the same activities on privately owned taxable property. Also, local governments experience a loss of tax base to the extent that property used for private purposes is not generating the tax revenue required to pay for the government services it receives.

About half of the states impose taxes on possessory interests. In New York State, only those interests involving property owned by county or municipal governments are generally taxed; interests in state or federal property are typically exempt. This year the State Legislature approved a bill allowing localities the option to tax possessory interests in state and federal property. However, Governor Cuomo vetoed the bill, noting that its potential economic consequences are not known and that there is no assurance that local governments would use the new tax revenue prudently.

Acknowledging that the taxation of possessory interests may in fact be justified, the Governor has directed this Panel to undertake a comprehensive study of the issue. In the coming months, we will conduct a thorough examination of the costs, benefits, and other consequences of taxing possessory interests in government-owned property and will investigate ways to ensure that local governments make sound use of revenues gained through such taxation.

Appendix I

**Minority Report by Peter Swords,
Nonprofit Coordinating Council of New York**



APPENDIX I

Minority Report by Peter Swords, Nonprofit Coordinating Council of New York

Below are set out my objections to several the proposals and recommendations made in Section D, Part III (Organizational Social Purpose Exemptions) of the Interim Report of the Governor's Panel on Real Property Tax Exemption and Classification Issues.

As an introductory note, it is my position the principle of tax exemption for public-serving nonprofits* is based on sound social policy. Taxes should be taken from sources that would otherwise be used to foster private, individual interests and not from sources that are used to advance public interests. Taxing public-serving nonprofits results in a reduction of public services rather than a reduction in personal consumption as is the case when taxes are restricted to funds that would be used for private, individual advantage.** In a state as wealthy as ours, sacrificing public-serving nonprofits to protect individual interests is a step backwards. Because of the presence of the public-serving nonprofit sector, the citizens of New York have available to them a much wider scope of public benefits than would be the case if the government was their only provider. Reducing

* The term "public-serving nonprofit" is used to refer to those nonprofits that are organized and operated to exclusively benefit the public interest and not to advance any private interests. They are distinguished from nonprofits set-up to benefit their members such as country clubs, trade associates, unions, etc. Generally, they are those organizations described under section 501(c)(3) of the Internal Revenue Code, sections 420-a and 420-b of the New York Real Property Tax Law and those nonprofit corporations described as Type B corporations under section 201 paragraph (b) of the New York Not-for-Profit Corporation Law.

** Political leaders are calling today for sacrifice to deal with governments' growing deficits and may seem open to the call. Should not public-serving nonprofits also respond to this call? The answer is "no;" it would be illogical, and the reason for this nicely illustrate the point made in the text. Sacrifice in the tax context means paying more in taxes and having less to spend on oneself. In contrast, taxes on nonprofits do not mean that individuals and families have less to spend on achieving their goals. When nonprofits are taxed it is not individuals who sacrifice but the people who nonprofits were set up to help and ultimately the public at large. Nonprofits are formed to help others, not to advance private interests. Sacrifice has already been made by those individuals who have contributed to the support of these institutions and given freely of their time. Thus to ask nonprofits to sacrifice by paying taxes makes no sense.

the level of public services provided by public-serving nonprofits would significantly limit the richness and variety of these public services.*

Minority Report Comments on Recommendation #14 - Service Charges — While I do not object to the underlying principle upon which this recommendation is based, viz., that it is permissible to charge tax-exempt property for municipal services that directly benefit it,** I strenuously object to that part of the recommendation that would base the charge on property value and, most particularly, to that part of the recommendation that would do this through a constitutional amendment. There is no way whatsoever to equate

* When nonprofits are taxed, as noted, the level of their services is reduced and, presumably, the level of services provided by the government is increased by a like amount. Generally, the overall amount of public goods and services remains the same: the mix, however, is changed — with fewer services being provided by nonprofits and more by the government. Nonprofits provide many public services that the government does not, e.g., advocacy, cultural, and religious. As importantly, because nonprofits are the most part small organizations, nonprofit services have the personalized, hands-on characteristic of services provided by any small business. Because of their small size and multitudinous nature, nonprofits are especially good at providing niche services to individuals that large centralized programs are likely to leave out. So there is a major quality or texture difference between the services provided by nonprofits and government. A tax on nonprofits would have the ultimate impact of narrowing the range and types of public goods available to the community. The provision of public goods would become more concentrated in the government. The freedom and flexibility that nonprofits have in identifying new public services and in experimenting with ways of providing these public services would be constrained. Opportunities for private citizens to become involved with community issues, whether as staff or volunteers, would be correspondingly limited.

As compared to the government, the nonprofit sector is extremely small. Because nonprofits operate so close to the line and securing adequate funding is so difficult for so many nonprofits, any tax has the potential of being very harmful while the revenue collected will at best be very small and in all likelihood only work as an expedient quick-fix for a particular budget period. The damage to nonprofits may, however, be permanent.

** It should be noted, however, that there are many in the nonprofit world who do not agree with this position and hold that public-serving nonprofits should not have to pay user fees or service charges under any circumstance. A memo to the Panel by the New York State Catholic Conference dated by October 27, 1993 states its objection to user fees for municipal services on public-serving nonprofits and maintains that:

It is axiomatic that exempt properties are exempted from taxes for a reason. They provide needed public benefits to the community in which they are located. Without tax exempt organizations, whether religious, educational or charitable, the government unit would either have to do without the service or attempt to replace it. Therefore, charging tax exempt properties is akin to a municipality charging itself. The funds obtained from such charges would only have to be used to provide the services that the tax exempt organization could no longer provide. This is true if the charge is a tax or a "service charge."

the level of costs incurred by a municipality in providing the types of services contemplated by the recommendation, e.g., fire protection or emergency medical services, and the value of the property served. That is to say, the proposal violates the recommendation's own prescription that the "fees ... bear a reasonable relationship to the services received by the exempt property." Property value, the basis of New York's Real Property Tax, as well as many other jurisdiction's property taxes, may be suitable for the imposition of taxes to pay for the kinds of broad, governmental services mentioned in the recommendation, e.g., the costs of education and social services, but, for the reasons noted, is wholly unacceptable as a basis for a service charge. A charge on the basis of property value may start at a level that produces a dollar amount that seems not unreasonable for the service provided. However, as pressures on the assessing government to find additional revenues to balance its budget grow, a circumstance in today's world that is as certain as death and taxes, the temptation to increase the rate of the service charge will grow and, because of its wholly arbitrary connection to the costs of the particular services for which it is assessed, there will be no rational way to object to its increase. In fact, in all likelihood, some of the revenues collected from the charge will go to finance general government services, debt reduction, etc. All of which is to say that a "service charge" based on property value is a tax (a tax by any other name is a tax) and is an unacceptable charge on public-serving non-profits for the very reasons that charitable exemptions were provided in the first place. See this memo's Introduction.

Minority Report Comments on Recommendation #15 – Definition of Eligible Purposes and Property Use — I have no objection to the proposals to provide definitions for the phrases organized or conducted exclusively, used exclusively or in good faith contemplated but have the strongest possible objections to defining the terms religious, educational, and charitable. These key terms have constituted the essential provisions of American exemption statutes since at least the middle of the 19th Century. As the heart of the law of charitable trusts, they have a much longer history. They have rarely been defined by statute and for very good reason. As noted in the Introduction, at bottom charitable purposes are those which are aimed exclusively at providing public benefits

and which do not purpose to advance private interests.* As time goes on society changes and new social problems and new ways of benefiting the public arise. To lock in a definition of "public benefit," (which we have seen is the operational equivalent of the term "charitable") would be to go far to destroying one of the major virtues of the public-serving (charitable) nonprofit sector as it has developed in this country, namely, its freedom to discover new needs and experiment in providing ways of meeting them in a manner that, for example, is simply not possible for government agencies. Who, for example, would have imagined environmental organizations in the mid-19th Century. Defining these key terms would present a severe threat to the enormous advantages that flow to our polity as a result of the pluralism allowed to and generated by our public-serving nonprofit sector.** A broad definition that included as a catch all "other purposes the accomplishment of which is beneficial to the community***" might appear acceptable but it would only come about through providing for the first time in New York a definition of the term "charitable" and this having been done, there would result the real possibility of amendments in the future narrowing such definition. Indeed, many of the parties who seek definitions as a way of helping them make determinations as to what properties ought to be exempt and what ought not be exempt, would be equally frustrated by such a broad definition and would press for a narrowing.

* There is a debate as to whether the terms "religious" and "educational" are sub-terms under the generic term "charitable" since these purposes are also justified on the basis that they provide exclusive public benefits, or whether they stand on their own. I am assuming the former. In any event, all of the claims that I make for the term "charitable" apply to the other two terms. Furthermore, proposals to define the term "religious" present their own fearful problems because of the presence of the First Amendment of the U.S. Constitution.

** In his book, No Easy Victories, John Gardner, in discussing the policy behind tax exemptions, had this to say:

It would be difficult to exaggerate the importance of this policy in preserving and fostering the pluralism so characteristic of our society. The fact that our system encourages such diversity of initiative in vitally important areas of education, science, religion and philanthropy has contributed to the richness and variety of our national life. J. GARDNER, NO EASY VICTORIES 140 (1968).

***This is the final head of the definition of charitable purposes provided by the Restatement of Trusts. See Restatement (Second) of Trusts section 368 (1959) and is widely accepted as expressing the essence of the concept of charitable.

For these reasons it is best to not freeze a particular definition by statutory amendment but rather let the courts decide case by case what the contours of the meanings of these terms are. The most important exemption statute in the country, viz., section 501(c)(3) of the Internal Revenue Code, essentially proceeds this way. Treasury Regulations give some content to the definition of the key terms but most significantly the Regulations ultimately make reference to the law of charitable trusts, a body of case law that has developed over hundreds of years.* New York itself has developed a body of case law interpreting these terms that very adequately defines these key terms.** A statutory amendment would in a stroke render all this law questionable.

In sum, it would be deplorable if New York, a state which has been the preeminent leader in the field of philanthropy since the beginning of this country's history, when faced with the inevitable contingencies of local government finance, would choose to dismantle its version of the American charitable schema as a way to deal with those problems.

Finally, I believe that most of the problems that are presented are not ones that involve difficult definitional determinations but rather are instances where an organization asserts an exempt purpose but in fact appears to be pursuing non-exempt purposes, for example, purposes which significantly advance private interests. This is an enforcement problem and not one that could ever be solved by "clarifying" the definitions of the key terms of the statute.***

While I believe that the actual definitions of the key terms offered in this recommendation are fraught with problems, given my position that these terms should not be defined at all, at this time I am not going to address these problems. Suffice it to say that I would

* The Regulations state: "The term 'charitable' is used in section 501(c)(3) in its generally accepted legal sense..." Treas. Reg. section 1.501(c)(3)-1(d)(2) (1959). Subsequent rulings by the Internal Revenue Service have made it clear that the reference is to the law of charitable trusts. See Rev. Rul. 67-325, 1967-2 C.B. 113 and Rev. Rul. 71-447, 1971-2 C.B. 230.

** See P. SWORDS, CHARITABLE REAL PROPERTY TAX EXEMPTION IN NEW YORK STATE (1981), Chapter 4.

***To deal with these cases perhaps a special investigative task force would be desirable. If it was thought that there were a sufficient number of cases that involved a significant amount of revenue, the expense of initiating such a special unit might be more than taken care of.

find acceptable a recommendation to include senior citizen housing for persons with substantial incomes under section 420-b.

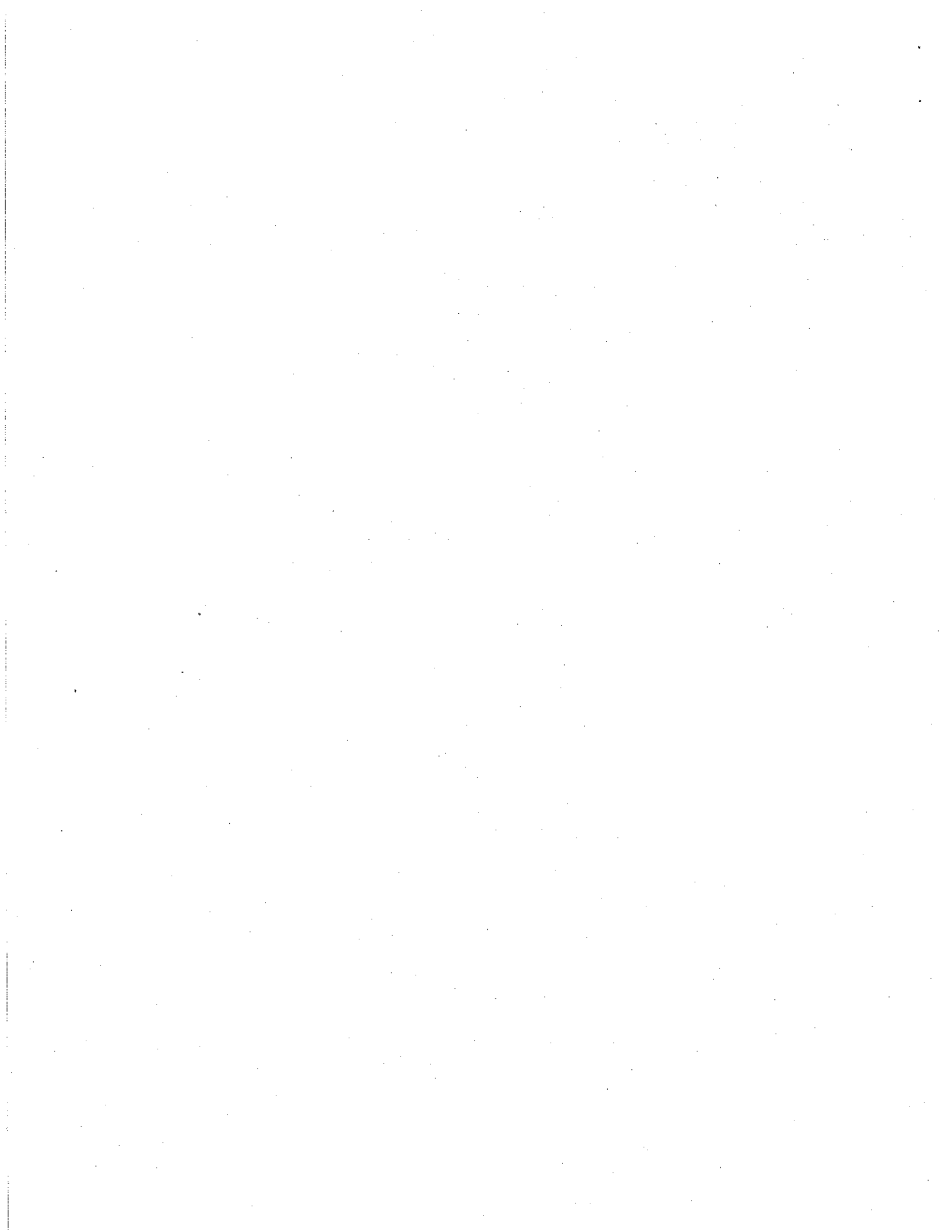
Minority Report Comments on Recommendation #17 - Acreage Limitations - I begin by objecting to acreage limitations imposed upon land that is open to the general public. (I shall consider special purpose acreage limitations below.) First, where land is open to the public the extent to which the public uses the land is entirely beyond the control of the owner. Some years the land might be used to a degree that would satisfy the proposed statutory requirements for exemption* and other years it might not, and this in itself would raise significant administrative burdens. Moreover, it would impose an enormous and wholly unreasonable burden upon a tax exempt owner of such property to set up and operate procedures to verify use. And finally such a system would very likely result in a large amount of litigation in which the factual question of use was tried, the expenses of which would very likely exceed any revenue that might be raised in taxes from the property.

There are two other reasons why acreage limitations are not desirable. They apply both to land open to the public as well as to special purpose land (e.g., a boy scout camp limited to members of the troop). First, open space imposes very few costs on local municipalities. Fire protection is the only service that might possibly be used, and, in the case of any large forest fire, in most instances most of the expense for bringing the fire under control would not be incurred by the typically volunteer fire departments of the fire districts involved but rather by the State's Department of Environmental Conservation. Indeed, studies have shown that when open land is divided and developed that the costs of providing additional social services to the new residents of the municipality are usually in excess of the revenues raised by the expanded tax base**, that is, it is cheaper for a municipality to keep its land in open space. Secondly, there are strong environmental reasons to keep land

* That each additional acre beyond the 300 acres given exemption without more be actually used for an exempt purpose at least 300 calendar days during a calendar year.

** See Gabler, Economies and Diseconomies of Scale in Urban Public Sectors, Land Economics (Nov. 1969), MULLER AND DAWSON, THE FISCAL IMPACT OF RESIDENTIAL AND COMMERCIAL DEVELOPMENT: A CASE STUDY, The Urban Institute (1972) and Livingston and Blaney, The Foothills Environmental Design Study: Open Space versus Development, City of Palo Alto, California ().

open. It protects the State's important watershed and other important natural resources. Admittedly this last reason suggests that the State should pay for these protections and not local municipalities. On the other hand, given the fact that open space costs a municipality so little and that in many cases it will have a positive economic impact for the jurisdiction (attracting visitors and enhancing land values), it may ultimately be poor policy to subject such land to tax.



Appendix II

Statewide Summary of Exemptions, by Property Group and Exemption Code, 1991 Assessment Rolls



New York State Real Property Tax Exemptions by Type:

1 – Government

Legend

- Tax — Taxable
- Ex — Exempt
- O-1 — Local option to exempt
- O-2 — Local option to tax
- O-3 — Agreement to exempt
- ALS — Amount limited by statute
- LID — Limited in duration
- PILOT — Payments in lieu of taxes required
- L — Liable only for county and town charges for capital costs of (1) sewer systems, (2) water supply systems, (3) waterways and drainage, and (4) streets and highways and for special assessments for indebtedness contracted before 7/1/53
- CV — Liable for city and village special assessments
- NA — Not applicable

REAL PROPERTY TAX LAW

	General Municipal Taxes	School District Taxes	Special Ad Valorem Levies		Special Assessments		Specified Use Requirements
			Capital Costs of Construction	Operation and Maintenance Costs	Capital Costs of Construction	Operation and Maintenance Costs	
Section 400(1) U.S. Government (Generally)	Ex	Ex	Ex	Ex	Ex	Ex	No
Section 400(2) U.S. Government (Property occupied under purchase contract authorized by Public Buildings Purchase Contract Act)	Ex LID PILOT	Ex LID PILOT	L LID	Ex LID	L CV LID	Ex CV LID	Yes
Section 402 U.S. Government or State of New York (Property held under contract of sale)	Tax	Tax	Tax	Tax	Tax	Tax	NA
Section 404(1) State of New York (Generally)	Ex PILOT	Ex PILOT	Ex PILOT	Ex PILOT	L CV PILOT	Ex CV PILOT	No
Section 404(2) State of New York (State and Local Employees' Retirement System)	Ex PILOT	Ex PILOT	Ex	Ex	L CV	Ex CV	Yes
Section 404(3) State of New York (Teachers' Retirement System)	Ex PILOT	Ex PILOT	Ex	Ex	L CV	Ex CV	Yes

Section 406(1) Municipal Corporations (Property within corporate limits held for public use)	Ex	Ex	L	Ex	Ex	L	Ex	L CV	Ex CV	Yes	
Section 406(2) Municipal Corporations (Property outside corporate limits - parks, airfields, highways, flood control and soil conservation, or fire protection)	Ex O-3	Ex O-3	Tax	Tax	Tax	Tax	Tax	Tax	Tax	Yes	
Section 406(3) Municipal Corporations (Property outside corporate limits - sewer or water facilities) * Local option may limit	Ex O-3 ALS*	Ex O-3 ALS*	Ex ALS*	Ex ALS*	Ex ALS*	Ex ALS*	Ex ALS*	Ex ALS*	Ex ALS*	Yes	
Section 406(4) Municipal Corporations (Aqueducts in New York City water supply system)	Ex	Ex	Ex	Ex	Ex	Ex	Ex	Ex	Ex	Yes	
Section 406(5) Municipal Corporations (Property acquired by tax deed)	Ex LID	Tax	Ex LID	Ex LID	Ex LID	Ex LID	Ex LID	Tax	Tax	Yes	
Section 406(6) Municipal Corporations (Reforested lands owned by counties) * Exempt from county taxes only	Ex*	Tax	Tax	Tax	Tax	Tax	Tax	Tax	Tax	Yes	
Section 406(7) Municipal Corporations (Airfields outside corporate limits served by three or more major passenger carriers)	Ex PILOT	Ex PILOT	Tax	Tax	Tax	Tax	Tax	Tax	Tax	Yes	
Section 408 School Districts and Boards of Cooperative Educational Services (BOCES)	Ex	Ex	L	Ex	Ex	L	Ex	L CV	Ex CV	Yes	
Section 410 Special Districts (Property within district boundaries)	Ex	Ex	L	Ex	Ex	L	Ex	L CV	Ex CV	Yes	

Legend

- Tax — Taxable
- Ex — Exempt
- O-1 — Local option to exempt
- O-2 — Local option to tax
- O-3 — Agreement to exempt
- ALS — Amount limited by statute
- LID — Limited in duration
- PILOT — Payments in lieu of taxes required
- L — Liable only for county and town charges for capital costs of (1) sewer systems, (2) water supply systems, (3) waterways and drainage, and (4) streets and highways and for special assessments for indebtedness contracted before 7/1/53
- CV — Liable for city and village special assessments
- NA — Not applicable

REAL PROPERTY TAX LAW

Section 410-a
Special Districts
(Property outside district boundaries – sewage disposal or water facilities)

* Local option may limit

Section 410-b
Special Water Districts
(Oswego County)

Section 412
& Public Authorities Law
Public Authorities

Section 416
United Nations and Similar
International Organizations

Section 418
Foreign Governments (Embassies)

Section 454
Indian Reservations

	General Municipal Taxes	School District Taxes	Special Ad Valorem Levies		Special Assessments		Specified Use Requirements
			Capital Costs of Construction	Operation and Maintenance Costs	Capital Costs of Construction	Operation and Maintenance Costs	
	Ex O-3 ALS*	Ex O-3 ALS*	L ALS*	Ex ALS*	L CV ALS*	Ex CV ALS*	Yes
	Ex	Ex	L	Ex	L CV	Ex CV	Yes
See Exemption Profile							
	Ex	Ex	Ex	Ex	Ex	Ex	Yes
	Ex	Ex	L	Ex	Tax	Tax	Yes
	Ex	Ex	L	Ex	L CV	Ex CV	Yes

Section 532 Certain State-Owned Lands Subject to Taxation for All Purposes	Tax	Tax	Tax	Tax	Tax	Tax	Tax	L CV	Ex CV	Yes	
Section 534 State-Owned Reforestation Lands * Exempt for county purposes only	Ex*	Tax	Ex*	Ex*	Ex*	Ex*	Ex*	L CV	Ex CV	Yes	
Section 536 State-Owned Lands Subject to Taxation for School Purposes Only	Ex	Tax	Ex	Ex	Ex	Ex	Ex	L CV	Ex CV	Yes	
BANKING LAW											
Section 420-e New York State Savings and Loan Insurance Fund	Ex	Ex	Tax	Tax	Tax	Tax	Tax	Tax	Tax	Yes	
EDUCATION LAW											
Section 468 New York City Educational Construction Fund	Ex PILOT	Ex PILOT	NA	NA	NA	NA	NA	Tax	Tax	Yes	
Section 492 City of Yonkers Educational Construction Fund	Ex PILOT	Ex PILOT	NA	NA	NA	NA	NA	Tax	Tax	Yes	
Section 657 New York State Higher Education Services Corporation	Ex	Ex	Ex	Ex	Ex	Ex	Ex	Ex	Ex	No	
Section 6282 City University Construction Fund (New York City)	Ex	Ex	NA	NA	NA	NA	NA	Tax	Tax	Yes	
ENVIRONMENTAL CONSERVATION LAW											
Section 15-1909(4) Drainage Improvement Districts	Ex	Ex	Tax	Tax	Tax	Tax	Tax	Tax	Tax	Yes	
Section 15-2115 River Regulating Districts	Tax	Tax	Tax	Tax	Tax	Tax	Tax	L CV	Ex CV	Yes	

Legend

- Tax — Taxable
- Ex — Exempt
- O-1 — Local option to exempt
- O-2 — Local option to tax
- O-3 — Agreement to exempt
- ALS — Amount limited by statute
- LID — Limited in duration
- PILOT — Payments in lieu of taxes required
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- CV — Liable for city and village special assessments
- NA — Not applicable

	General Municipal Taxes	School District Taxes	Special Ad Valorem Levies		Special Assessments		Specified Use Requirements	
			Capital Costs of Construction	Operation and Maintenance Costs	Capital Costs of Construction	Operation and Maintenance Costs		
ENVIRONMENTAL CONSERVATION LAW								
Section 15-2309 River Improvement Districts	Ex	Ex	Tax	Tax	Tax	Tax	Yes	
Section 21-0701(14.3) Delaware River Basin Compact	Ex PILOT	Ex PILOT	Tax	Tax	Tax	Tax	Yes	
Section 21-0901 (Art. IV) Great Lakes Basin Compact	Ex	Ex	Tax	Tax	Tax	Tax	Yes	
Section 21-1301(15.3) Susquehanna River Basin Compact	Ex PILOT	Ex PILOT	Tax	Tax	Tax	Tax	Yes	
GENERAL MUNICIPAL LAW								
Section 120-u(10) Emergency Water Supply Pipelines and Conduits	Ex	Ex	Tax	Tax	Tax	Tax	Yes	
Section 317 New York State Cultural Resources Trust	Ex	Ex	Tax	Tax	Tax	Tax	No	
Section 327 New York City Cultural Resources Trust	Ex	Ex	NA	NA	Tax	Tax	No	

GENERAL MUNICIPAL LAW	Ex	Ex	Tax	Tax	Tax	Tax	Tax	Tax	Tax	Tax	Yes	
Section 411 Municipal Corporations (Certain revenue-producing undertakings not exempt under Real Property Tax Law Section 406(1))	Ex	Ex									Yes	
RACING, PARI-MUTUEL WAGERING & BREEDING LAW												
Section 513 Regional Off-Track Betting Corporations	Ex	Ex	Tax	Tax	Tax	Tax	Tax	Tax	Tax	Tax	Yes	
Section 617 New York City Off-Track Betting Corporation	Ex	Ex	NA	NA	NA	NA	NA	NA	NA	NA	Yes	
RETIREMENT & SOCIAL SECURITY LAW												
Section 313(h) State of New York (State and Local Police and Fire Retirement System)	Ex	Ex	PILOT	PILOT	Tax	Tax	Tax	Tax	Tax	Tax	Yes	
STATE LAW												
Section 54 U.S. Property Used for Military, Navigation, Hospital, Post Office, or Custom House Purposes	Ex	Ex	Ex	Ex	Ex	Ex	Ex	Ex	Ex	Ex	Yes	
Section 59-9 U.S. Property Used for Defense Purposes	Ex	Ex	Ex	Ex	Ex	Ex	Ex	Ex	Ex	Ex	Yes	
McKINNEY'S UNCONSOLIDATED LAWS												
Section 4413 Facilities Development Corporation	Ex	Ex	Ex	Ex	Tax	Tax	Tax	Tax	Tax	Tax	Yes	
Section 7400 New York City Health and Hospitals Corporation	Ex	Ex	Ex	Ex	NA	NA	NA	NA	NA	NA	Yes	
Section 7421 New York State Medical Care Facilities Finance Agency	Ex	Ex	Ex	Ex	Tax	Tax	Tax	Tax	Tax	Tax	Yes	
Section 9613 United Nations Development District (New York City)	Ex	Ex	Ex	Ex	NA	NA	NA	NA	NA	NA	Yes	

Legend

- Tax --- Taxable
- Ex --- Exempt
- O-1 --- Local option to exempt
- O-2 --- Local option to tax
- O-3 --- Agreement to exempt
- ALS --- Amount limited by statute
- LID --- Limited in duration
- PILOT --- Payments in lieu of taxes required
- L --- Liable only for county and town charges for capital costs of (1) sewer systems, (2) water supply systems, (3) waterways and drainage, and (4) streets and highways and for special assessments for indebtedness contracted before 7/1/53
- CV --- Liable for city and village special assessments
- NA --- Not applicable

	General Municipal Taxes	School District Taxes	Special Ad Valorem Levies		Special Assessments		Specified Use Requirements
			Capital Costs of Construction	Operation and Maintenance Costs	Capital Costs of Construction	Operation and Maintenance Costs	
VIENNA CONVENTION ON CONSULAR RELATIONS							
Article 32 Foreign Governments (Consulates)	Ex	Ex	Tax	Tax	Tax	Tax	Yes
VIENNA CONVENTION ON DIPLOMATIC RELATIONS							
Article 23 Foreign Governments (Missions)	Ex	Ex	Tax	Tax	Tax	Tax	Yes

New York State Real Property Tax Exemptions by Type:

2 – Economic Development and Public Service

Legend

- Tax — Taxable
- Ex — Exempt
- O-1 — Local option to exempt
- O-2 — Local option to tax
- O-3 — Agreement to exempt
- ALS — Amount limited by statute
- LID — Limited in duration
- PILOT — Payments in lieu of taxes required
- L — Liable only for county and town charges for capital costs of (1) sewer systems, (2) water supply systems, (3) waterways and drainage, and (4) streets and highways and for special assessments for indebtedness contracted before 7/1/53
- CV — Liable for city and village special assessments
- NA — Not applicable

REAL PROPERTY TAX LAW

Section 412-a
& General Municipal Law Section 874
Municipal Industrial Development Agencies

* One agency only
** Most types of property

Section 429
Sports Arena Used by National Hockey League and National Basketball Association (New York City)

Section 456
Municipal Railroads
(All capital stock owned by a municipal corporation)

Section 476-a
Railroad Passenger Stations in New York City

Section 477
Industrial Waste Treatment Facilities

Section 477
Industrial Waste Treatment Controlled Process Facilities

Section 477-a
Air Pollution Control Facilities

	General Municipal Taxes	School District Taxes	Special Ad Valorem Levies		Special Assessments		Specified Use Requirements
			Capital Costs of Construction	Operation and Maintenance Costs	Capital Costs of Construction	Operation and Maintenance Costs	
	Ex PILOT*	Ex PILOT*	Tax**	Tax**	Tax**	Tax**	Yes
	Ex ALS LID	Ex ALS LID	NA	NA	Tax	Tax	Yes
	Ex	Ex	L	Ex	L CV	Ex CV	Yes
	Ex	Ex	NA	NA	Tax	Tax	Yes
	Ex ALS	Ex ALS	Ex ALS	Ex ALS	Tax	Tax	Yes
	Ex O-2 ALS LID	Ex O-2 ALS LID	Ex ALS LID	Ex ALS LID	Tax	Tax	Yes
	Ex ALS	Ex ALS	Ex ALS	Ex ALS	Tax	Tax	Yes

Legend

- Tax --- Taxable
- Ex --- Exempt
- O-1 --- Local option to exempt
- O-2 --- Local option to tax
- O-3 --- Agreement to exempt
- ALS --- Amount limited by statute
- LID --- Limited in duration
- PILOT --- Payments in lieu of taxes required
- L --- Liable only for county and town charges for capital costs of (1) sewer systems, (2) water supply systems, (3) waterways and drainage, and (4) streets and highways and for special assessments for indebtedness contracted before 7/1/53
- CV --- Liable for city and village special assessments
- NA --- Not applicable

	General Municipal Taxes	School District Taxes	Special Ad Valorem Levies		Special Assessments		Specified Use Requirements
			Capital Costs of Construction	Operation and Maintenance Costs	Capital Costs of Construction	Operation and Maintenance Costs	
Section 485-d Waterworks Corporations (New York City) * If prescribed by local law	Ex O-1 ALS*	Ex O-1 ALS*	NA	NA	Tax	Tax	Yes
Section 485-e Property Improvements in Economic Development Zones	Ex O-1 ALS LID	Ex O-1 ALS LID	Ex ALS LID	Ex ALS LID	Tax	Tax	No
Section 489-d Railroad Companies (Intrastate) * For some types of property	Ex ALS*	Ex ALS*	Ex ALS*	Ex ALS*	Tax	Tax	Yes
Section 489-dd Railroad Companies (Interstate) * For some types of property	Ex ALS*	Ex ALS*	Ex ALS*	Ex ALS*	Tax	Tax	Yes
Section 489-ddd Industrial and Commercial Properties in New York City (Project certified by Industrial and Commercial Incentive Board	Ex O-1 ALS LID	Ex O-1 ALS LID	NA	NA	Tax	Tax	Yes

Legend

Tax — Taxable
 Ex — Exempt
 O-1 — Local option to exempt
 O-2 — Local option to tax
 O-3 — Agreement to exempt
 ALS — Amount limited by statute
 LID — Limited in duration
 PILOT — Payments in lieu of taxes required
 L — Liable only for county and town charges for capital costs of (1) sewer systems, (2) water supply systems, (3) waterways and drainage, and (4) streets and highways and for special assessments for indebtedness contracted before 7/1/53
 CV — Liable for city and village special assessments
 NA — Not applicable

	General Municipal Taxes	School District Taxes	Special Ad Valorem Levies		Special Assessments		Specified Use Requirements
			Capital Costs of Construction	Operation and Maintenance Costs	Capital Costs of Construction	Operation and Maintenance Costs	
Section 6515 Port Authority of New York & New Jersey – Bridges and Tunnels	Ex	Ex	NA	NA	Tax	Tax	Yes
Section 6562 Port Authority of New York & New Jersey – Narrows Bridge	Ex	Ex	NA	NA	Tax	Tax	Yes
Section 6611 Port Authority of New York & New Jersey – World Trade Center	Ex	Ex	NA	NA	Tax	Tax	Yes
Section 6635 Port Authority of New York & New Jersey – Air Terminals	Ex	Ex	NA	NA	Tax	Tax	Yes
Section 7181 Port Authority of New York & New Jersey – Industrial Development Projects	Ex	Ex	Tax	Tax	Tax	Tax	Yes
Section 7210 Port Authority of New York & New Jersey – Urban Bus Transportation Facilities	Ex	Ex	NA	NA	Tax	Tax	Yes
UNITED STATES CODE							
45 USC Section 546b Amtrak Railroad	Ex	Ex	Tax	Tax	Tax	Tax	No

New York State Real Property Tax Exemptions by Type:

3 – Social Purposes -- Organizations

Legend

- Tax — Taxable
- Ex — Exempt
- O-1 — Local option to exempt
- O-2 — Local option to tax
- O-3 — Agreement to exempt
- ALS — Amount limited by statute
- LID — Limited in duration
- PILOT — Payments in lieu of taxes required
- L — Liable only for county and town charges for capital costs of (1) sewer systems, (2) water supply systems, (3) waterways and drainage, and (4) streets and highways and for special assessments for indebtedness contracted before 7/1/53
- CV — Liable for city and village special assessments
- NA — Not applicable

REAL PROPERTY TAX LAW

Section 414
Public Housing, Publicly Assisted Housing,
and Limited-Profit Nursing Homes

Section 420-a
Nonprofit Organizations
(Mandatory class)

Section 420-b
Nonprofit Organizations
(Permissive class)

* In some cases

Section 421-a
New Multiple Dwellings in New York City

* For certain types of property

Section 421-c
New Multiple Dwellings
outside New York City

Section 421-d
Multiple Dwellings outside New York City
Financed by New York State Housing
Finance Agency

	General Municipal Taxes	School District Taxes	Special Ad Valorem Levies		Special Assessments		Specified Use Requirements
			Capital Costs of Construction	Operation and Maintenance Costs	Capital Costs of Construction	Operation and Maintenance Costs	
See Exemption Profile							
Section 414	Ex	Ex	L	Ex	L CV	Ex CV	Yes
Section 420-a	Ex O-2	Ex O-2	L*	Ex*	L* CV	Ex* CV	Yes
Section 421-a	Ex O-1* ALS LID	Ex O-1* ALS LID	NA	NA	Tax	Tax	Yes
Section 421-c	Ex O-1 ALS LID	Ex O-1 ALS LID	Tax	Tax	Tax	Tax	Yes
Section 421-d	Ex O-1 ALS LID	Ex O-1 ALS LID	Tax	Tax	Tax	Tax	Yes

Section 421-e Low- or Moderate-Income Housing Developed through Housing Trust Fund or Affordable Housing Development Program	Ex O-1 ALS LID	Ex O-1 ALS LID	Ex O-3* ALS*	L	Ex	Tax	Tax	Tax	Tax	Yes	
Section 422 Not-for-Profit-Housing Companies * For some types of property	Ex O-3* ALS*	Ex O-3* ALS*	Ex O-3* ALS*	L	Ex	L CV	Ex CV	Yes	Ex CV	Yes	
Section 423 Redevelopment Company Housing Projects (Continuation (phase-out) of other housing exemption) See also Private Housing Finance Law Sections 125 and 127	Ex ALS LID	Ex ALS LID	Ex ALS LID	Tax	Tax	Tax	Tax	Yes	Tax	Yes	
Section 424 Institutes of Arts and Sciences (New York City)	Ex	Ex	Ex	NA	NA	Tax	Tax	Yes	Tax	Yes	
Section 425 Institutes for Instruction of Women and Girls in Trades (New York City)	Ex ALS	Ex ALS	Ex ALS	NA	NA	Tax	Tax	Yes	Tax	Yes	
Section 426 Opera Houses	Ex	Ex	Ex	L	Ex	L CV	Ex CV	Yes	Ex CV	Yes	
Section 427 Performing Arts Buildings	Ex	Ex	Ex	L	Ex	L CV	Ex CV	Yes	Ex CV	Yes	
Section 428 Fraternal Organizations	Ex	Ex	Ex	L	Ex	L CV	Ex CV	Yes	Ex CV	Yes	
Section 430 Interdenominational Centers * In some cases	Ex	Ex	Ex	L*	Ex*	L* CV	Ex* CV	Yes	Ex* CV	Yes	
Section 432 Theatrical Corporations Created by Act of Congress	Ex ALS	Ex ALS	Ex ALS	L ALS	Ex ALS	L CV ALS	Ex CV ALS	Yes	Ex CV ALS	Yes	

Legend

- Tax — Taxable
- Ex — Exempt
- O-1 — Local option to exempt
- O-2 — Local option to tax
- O-3 — Agreement to exempt
- ALS — Amount limited by statute
- LID — Limited in duration
- PLOT — Payments in lieu of taxes required
- L — Liable only for county and town charges for capital costs of (1) sewer systems, (2) water supply systems, (3) waterways and drainage, and (4) streets and highways and for special assessments for indebtedness contracted before 7/1/53
- CV — Liable for city and village special assessments
- NA — Not applicable

REAL PROPERTY TAX LAW

Section 434
Academies of Music
(In cities with population of 175,000 or more)

* Local option may limit

Section 438
Property Held by (a) Trustees of Hospital, Playground, or Library or (b) Hospital Corporation for Benefit of a City

* In some cases

** Playground or library only

Section 440
Infant Homes

Section 442
& Not-For-Profit Corporation Law
Section 1405
Soldiers Monument Corporations

Section 444
& Not-For-Profit Corporation Law
Section 1408
Historical Societies

	General Municipal Taxes	School District Taxes	Special Ad Valorem Levies		Special Assessments		Specified Use Requirements
			Capital Costs of Construction	Operation and Maintenance Costs	Capital Costs of Construction	Operation and Maintenance Costs	
	Ex O-1 ALS*	Ex O-1 ALS*	L ALS*	Ex ALS*	L CV ALS*	Ex CV ALS*	Yes
	Ex O-2**	Ex O-2**	L*	Ex*	L* CV	Ex* CV	Yes
	Ex	Ex	Ex	Ex	Ex	Ex	Yes
	Ex	Ex	Ex	Ex	Ex	Ex	Yes
	Ex ALS	Ex ALS	Tax	Tax	Tax	Tax	Yes

Section 446 Cemeteries (Public or private)	Ex	Ex	Ex	Ex	Ex	Ex	Ex	Ex	Ex	Ex	Ex	Ex	Yes	
Section 448 Cemeteries (Private — outside cities and villages in Hamilton, Putnam, and Schuyler Counties)	Ex ALS	Ex ALS	L ALS	Ex ALS	Ex ALS	Ex	Ex	L CV ALS	Ex CV ALS	Ex CV ALS	Ex CV ALS	Ex CV ALS	Yes	
Section 450 Agricultural Societies	Ex	Ex	L	Ex	Ex	Ex	Ex	L CV	Ex CV	Ex CV	Ex CV	Ex CV	Yes	
Section 452 Veterans Organizations	Ex	Ex	L	Ex	Ex	Ex	Ex	L CV	Ex CV	Ex CV	Ex CV	Ex CV	Yes	
Section 462 Clergy Residence (Owned by Religious Corporation)	Ex	Ex	Tax	Ex	Ex	Ex	Ex	Tax	Tax	Tax	Tax	Tax	Yes	
Section 464(1) Incorporated Associations of Volunteer Firemen	Ex ALS	Ex ALS	Tax	Ex ALS	Ex ALS	Ex	Ex	Tax	Tax	Tax	Tax	Tax	Yes	
Section 464(2) Incorporated Volunteer Fire Companies or Departments	Ex	Ex	L	Ex	Ex	Ex	Ex	L CV	Ex CV	Ex CV	Ex CV	Ex CV	Yes	
Section 466 Volunteer Firemen and Fire Companies in Villages * Exempt from village taxes only	Ex* O-1 ALS	Tax	Tax	Tax	Tax	Tax	Tax	Tax	Tax	Tax	Tax	Tax	No	
Section 467-b Rent-Controlled or Rent-Regulated Property Occupied by Senior Citizens	See Exemption Profile	See Exemption Profile	Tax	Tax	Tax	Tax	Tax	Tax	Tax	Tax	Tax	Tax	Yes	
Section 467-c Rent-Controlled Property Occupied by Senior Citizens in New York City	See Exemption Profile	See Exemption Profile	NA	NA	NA	NA	NA	Tax	Tax	Tax	Tax	Tax	Yes	
Section 468 Fire Patrol and Salvage Corps	Ex	Ex	Tax	Ex	Ex	Ex	Ex	Tax	Tax	Tax	Tax	Tax	Yes	
Section 472 Pharmaceutical Societies (In cities with population of 175,000 or more) * In some cases	Ex O-2	Ex O-2	L*	Ex*	Ex*	Ex*	Ex*	L* CV	Ex* CV	Ex* CV	Ex* CV	Ex* CV	Yes	

Legend

- Taxable
- Exempt
- O-1 Local option to exempt
- O-2 Local option to tax
- O-3 Agreement to exempt
- ALS Amount limited by statute
- LID Limited in duration
- PILOT
- L Payments in lieu of taxes required
- Liable only for county and town charges for capital costs of (1) sewer systems, (2) water supply systems, (3) waterways and drainage, and (4) streets and highways and for special assessments for indebtedness contracted before 7/1/53
- CV --- Liable for city and village special assessments
- NA --- Not applicable

REAL PROPERTY TAX LAW

Section 474
Dental Societies
(In cities with population of 175,000 or more)

* In some cases

Section 486
& Insurance Law Section 4310 (j)
Nonprofit Medical and Dental Indemnity
Corporations and Health and Hospital
Service Corporations

Section 486-a
Nonprofit Health Maintenance Organizations

Section 488
& Insurance Law Section 4607
Retirement Systems
(Private nonprofit)

Section 488-a
Multiple Dwellings
(Rehabilitation of Class B dwellings and
rehabilitation of Class A dwellings used
for single-room occupancy)

Section 489
Multiple Dwellings
(Various improvements)

	General Municipal Taxes	School District Taxes	Special Ad Valorem Levies		Special Assessments		Specified Use Requirements
			Capital Costs of Construction	Operation and Maintenance Costs	Capital Costs of Construction	Operation and Maintenance Costs	
	Ex O-2 ALS	Ex O-2 ALS	L* ALS	Ex* ALS	L* CV ALS	Ex* CV ALS	Yes
	Ex	Ex	Tax	Tax	Tax	Tax	No
	Ex	Ex	Tax	Tax	Tax	Tax	Yes
	Ex	Ex	Tax	Tax	Tax	Tax	No
	Ex O-1 ALS LID	Ex O-1 ALS LID	Tax	Tax	Tax	Tax	Yes
	Ex O-1 ALS LID	Ex O-1 ALS LID	Tax	Tax	Tax	Tax	Yes

Legend

- Tax — Taxable
- Ex — Exempt
- O-1 — Local option to exempt
- O-2 — Local option to tax
- O-3 — Agreement to exempt
- ALS — Amount limited by statute
- LID — Limited in duration
- PILOT — Payments in lieu of taxes required
- L — Liable only for county and town charges for capital costs of (1) sewer systems, (2) water supply systems, (3) waterways and drainage, and (4) streets and highways and for special assessments for indebtedness contracted before 7/1/53
- CV — Liable for city and village special assessments
- NA — Not applicable

Section 36-a(2)
Municipally Owned Housing Projects Acquired from Housing Development Fund Company or Limited-Profit Housing Company

Section 36-a(4)
Municipally Owned Housing Projects Sold or Leased to Housing Development Fund Company or Limited-Profit Housing Company

* Local option may limit

Section 45-a
New York State Housing Finance Agency Subsidiary (Housing Trust Fund Corporation)

Section 45-b
New York State Housing Finance Agency Subsidiary (Affordable Housing Corporation)

Section 53
New York State Housing Finance Agency

Section 93(3) and 93(5)
Limited Dividend Housing Companies (Project completed prior to 1/1/39)

	General Municipal Taxes	School District Taxes	Special Ad Valorem Levies		Special Assessments		Specified Use Requirements
			Capital Costs of Construction	Operation and Maintenance Costs	Capital Costs of Construction	Operation and Maintenance Costs	
	Ex LID	Ex LID	Tax	Tax	Tax	Tax	Yes
	Ex O-3 ALS* LID	Ex O-3 ALS* LID	Tax	Tax	Tax	Tax	Yes
	Ex	Ex	Tax	Tax	Tax	Tax	Yes
	Ex	Ex	Tax	Tax	Tax	Tax	Yes
	Ex	Ex	Tax	Tax	Tax	Tax	No
	Ex O-3 ALS LID	Ex O-3 ALS LID	Tax	Tax	Tax	Tax	Yes

Section 93(4) and 93(5) Limited Dividend Housing Companies (Project completed between 1/1/39 and 12/31/72 or after 1/1/79)	Ex O-3 ALS LID	Ex O-3 ALS LID	Ex O-3 ALS LID	Tax	Tax	Tax	Tax	Tax	Tax	Yes	
PRIVATE HOUSING FINANCE LAW											
Section 93(6) Limited Dividend Housing Companies (Urban Development Corporation subsidiary)	Ex ALS LID	Ex ALS LID	Ex ALS LID	Tax	Tax	Tax	Tax	Tax	Tax	Yes	
Section 97 Limited Dividend Housing Companies Organized Pursuant to State Housing Law of 1926 (Building erected before 1/2/37) * Local option may limit	Ex O-3 ALS* LID*	Ex O-3 ALS* LID*	Ex O-3 ALS* LID*	Tax	Tax	Tax	Tax	Tax	Tax	Yes	
Sections 125 and 127 Redevelopment Company Housing Projects (First exemption) See also Real Property Tax Law Section 423 * Local option may limit	Ex O-3 ALS* LID	Ex O-3 ALS* LID	Ex O-3 ALS* LID	Tax	Tax	Tax	Tax	Tax	Tax	Yes	
Section 211 Urban Renewal Property Owned by Urban Redevelopment Corporations	Ex O-1 ALS LID	Ex O-1 ALS LID	Ex ALS LID	Tax	Ex ALS LID	Tax	Tax	Tax	Tax	Yes	
Section 260 Urban Renewal Property Owned by Community Development Corporation	Ex	Ex	Ex	Tax	Tax	Tax	Tax	Tax	Tax	Yes	
Section 405 Rent-Controlled Multiple Dwellings Improved through Loan Made Pursuant to Private Housing Finance Law Article 8 * In certain cases	Ex O-1 ALS LID* PILOT*	Ex O-1 ALS LID* PILOT*	Ex O-1 ALS LID* PILOT*	Tax	Tax	Tax	Tax	Tax	Tax	Yes	
Section 556 Limited Dividend Housing Companies or Limited-Profit Housing Companies (Property purchased or leased from municipality or municipal housing authority) * Local option may limit	Ex O-3 ALS* LID	Ex O-3 ALS* LID	Ex O-3 ALS* LID	Tax	Tax	Tax	Tax	Tax	Tax	Yes	

Legend

- Tax — Taxable
- Ex — Exempt
- O-1 — Local option to exempt
- O-2 — Local option to tax
- O-3 — Agreement to exempt
- ALS — Amount limited by statute
- LID — Limited in duration
- PILOT — Payments in lieu of taxes required
- L — Liable only for county and town charges for capital costs of (1) sewer systems, (2) water supply systems, (3) waterways and drainage, and (4) streets and highways and for special assessments for indebtedness contracted before 7/1/53
- CV — Liable for city and village special assessments
- NA — Not applicable

Section 577(1) Housing Development Fund Companies (Property not described by other sections of law)	Ex O-3 ALS* LID	Ex O-3 ALS* LID	Tax	Tax	Capital Costs of Construction	Operation and Maintenance Costs	Special Ad Valorem Levies	Capital Costs of Construction	Operation and Maintenance Costs	Specified Use Requirements	
* Local option may limit											
Section 577(3) Housing Development Fund Companies (Urban Development Corporation subsidiary other than not-for-profit)	Ex ALS LID	Ex ALS LID	Tax	Tax	Tax	Tax	Tax	Tax	Tax	Yes	
Sections 654-a, 654-b, 654-c New York City Housing Development Corporation Subsidiaries Not Described Below	Ex	Ex	NA	NA	NA	NA	NA	NA	NA	Yes	
Section 654-a New York City Housing Development Corporation Subsidiaries - Limited-Profit Housing Company or Housing Development Fund Company	Ex O-3 ALS* LID	Ex O-3 ALS* LID	NA	NA	NA	NA	NA	NA	NA	Yes	
* Local option may limit											
Section 663 New York City Housing Development Corporation	Ex	Ex	NA	NA	NA	NA	NA	NA	NA	No	

Section 1106-h Low-Income Turnkey/Enhanced Housing Trust Fund Program * Not exempt for county purposes	Ex O-1 ALS	Tax	Ex* ALS	Ex* ALS	Ex* ALS	Ex* ALS	Ex* ALS	Ex* ALS	Yes	
PUBLIC HEALTH LAW										
Section 2864 Limited-Profit Nursing Home Companies	Ex ALS LID	Ex ALS LID	Ex ALS LID	Ex ALS LID	Ex ALS LID	Ex ALS LID	Tax	Tax	Yes	
PUBLIC HOUSING LAW										
Sections 52(3) & 52(5) Municipal Housing Authorities (Project financed or aided by federal government or municipality, but not by New York State)	Ex LID	Ex LID	Ex LID	Tax	Tax	Tax	Tax	Tax	Yes	
Sections 52(4) & 52(5) Municipal Housing Authorities (Project financed or aided by New York State)	Ex ALS LID	Ex ALS LID	Ex ALS LID	Ex ALS LID	Ex ALS LID	Ex ALS LID	Ex ALS LID	Tax	Yes	
Section 58(3) Municipal Housing Authorities (Project sold or leased to limited-profit mutual (co-op) housing company)	Ex O-3 ALS LID	Ex O-3 ALS LID	Ex O-3 ALS LID	Tax	Tax	Tax	Tax	Tax	Yes	
Section 214-a(2) Rent-Controlled Multiple Dwellings Erected Before 4/18/29 and Improved through Loan Made Pursuant to Public Housing Law Article 10 * In some cases	Ex O-1 ALS LID*	Ex O-1 ALS LID*	Ex O-1 ALS LID*	Tax	Tax	Tax	Tax	Tax	Yes	
SOCIAL SERVICES LAW										
Section 472-p Berkshire Farm Center for Youth	Ex	Ex	Ex	Tax	Tax	Tax	Tax	Tax	Yes	

Legend

Tax — Taxable
 Ex — Exempt
 O-1 — Local option to exempt
 O-2 — Local option to tax
 O-3 — Agreement to exempt
 ALS — Amount limited by statute
 LID — Limited in duration
 PILOT — Payments in lieu of taxes required
 L — Liable only for county and town charges for capital costs of (1) sewer systems, (2) water supply systems, (3) waterways and drainage, and (4) streets and highways and for special assessments for indebtedness contracted before 7/1/53

CV — Liable for city and village special assessments
 NA — Not applicable

CONSOLIDATED LAWS SERVICE UNCONSOLIDATED LAWS

Chapter 270
 Nonprofit Corporations
 (Corporations providing housing facilities and related research or guaranteeing loans to finance such facilities)

McKINNEY'S UNCONSOLIDATED LAWS

Section 6272
 New York State Urban Development Corporation (Housing Project)

Section 6272
 New York State Urban Development Corporation (Urban renewal or civic project)

Section 6369
 New York State Project Finance Agency

	General Municipal Taxes	School District Taxes	Special Ad Valorem Levies		Special Assessments		Specified Use Requirements
			Capital Costs of Construction	Operation and Maintenance Costs	Capital Costs of Construction	Operation and Maintenance Costs	
	Ex	Ex	Tax	Tax	Tax	Tax	No
	Ex	Ex	Ex	Ex	Tax	Tax	Yes
	Ex	Ex	Ex	Ex	Tax	Tax	Yes
	Ex	Ex	Tax	Tax	Tax	Tax	No

New York State Real Property Tax Exemptions by Type:

4 – Social Purposes -- Individuals

Legend

- Tax — Taxable
- Ex — Exempt
- O-1 — Local option to exempt
- O-2 — Local option to tax
- O-3 — Agreement to exempt
- ALS — Amount limited by statute
- LID — Limited in duration
- PILOT — Payments in lieu of taxes required
- L — Liable only for county and town charges for capital costs of (1) sewer systems, (2) water supply systems, (3) waterways and drainage, and (4) streets and highways and for special assessments for indebtedness contracted before 7/1/53
- CV — Liable for city and village special assessments
- NA — Not applicable

REAL PROPERTY TAX LAW

	General Municipal Taxes	School District Taxes	Special Ad Valorem Levies		Special Assessments		Specified Use Requirements
			Capital Costs of Construction	Operation and Maintenance Costs	Capital Costs of Construction	Operation and Maintenance Costs	
Section 421-b Private One- and Two-Family Dwellings in New York City	Ex ALS LID	Ex ALS LID	NA	NA	Tax	Tax	Yes
Section 436 Clergy (Property held in trust for benefit of church members)	Ex	Ex	L	Ex	L CV	Ex CV	Yes
Section 458(1) Veterans (Exemption based on eligible funds)	Ex ALS	Tax	Tax	Tax	Tax	Tax	No
Section 458(2) Veterans (Disabled – property purchased through donations)	Ex ALS	Ex ALS	Tax	Tax	Tax	Tax	No
Section 458(3) Veterans (Seriously disabled – specially equipped residence)	Ex	Ex	Tax	Tax	Tax	Tax	Yes
Section 458(5) Veterans (Exemption based on eligible funds and increased or decreased following full-value reassessment)	Ex O-1 ALS	Tax	Tax	Tax	Tax	Tax	No
Section 458-a Veterans (Alternative exemption for wartime veterans)	Ex O-2 ALS	Tax	Tax	Tax	Tax	Tax	Yes

Section 459 Physically Disabled	Ex O-1 ALS	Ex O-1 ALS	Tax	Tax	Tax	Tax	Tax	Tax	Tax	Yes	
Section 460 Clergy	Ex ALS	Ex ALS	Tax	Tax	Tax	Tax	Tax	Tax	Tax	No	
Section 467 Persons 65 Years of Age or Older	Ex O-1 ALS	Ex O-1 ALS	Tax	Tax	Tax	Tax	Tax	Tax	Tax	Yes	
Section 487 Solar or Wind Energy Systems	Ex O-2 ALS LID	Ex O-2 ALS LID	Tax	Tax	Tax	Tax	Tax	Tax	Tax	Yes	
Section 487-a Energy Conservation Improvements to Certain Residential Premises	Ex ALS	Ex ALS	Ex ALS	Ex ALS	Tax	Ex ALS	Tax	Tax	Tax	Yes	
LAWS OF 1986											
Chapter 889 Residential Improvements in Cities with Population of Less Than 200,000 and More Than 150,000 * Exempt from city taxes only	Ex* O-1 ALS LID	Ex O-1 ALS LID	Tax	Tax	Tax	Tax	Tax	Tax	Tax	Yes	



Appendix III

Statewide Summary of Exemptions, by Property Group and Exemption Code, 1991 Assessment Rolls



GROUP	PROPERTY TAX EXEMPTION:	LAW REFERENCE:	NUMBER OF EXEMPTIONS	TOTAL EQUALIZED VALUE OF EXEMPT PCLS. (000)	TOTAL EQUALIZED VALUE OF EXEMPTIONS (000)	PERCENT OF TOTAL STATE EXEMPT VALUE	PCT. OF TOTAL STATE EXEMPT VALUE
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GROUP A: RESIDENTIAL PROPERTY OTHER THAN MULTIPLE DWELLINGS AND NONRESIDENTIAL PROPERTY OWNED BY CERTAIN INDIVIDUALS

CODE	DESCRIPTION	LAW	SECTION	NUMBER OF EXEMPTIONS	TOTAL EQUALIZED VALUE OF EXEMPT PCLS. (000)	TOTAL EQUALIZED VALUE OF EXEMPTIONS (000)	PERCENT OF TOTAL STATE EXEMPT VALUE	PCT. OF TOTAL STATE EXEMPT VALUE
21100	CLERGY - IN TRUST FOR CHURCH	RPTL	438	32	8,304	8,304	100.00	.001
3030	PUBLIC SOLAR/WIND SYSTEMS	RPTL	487	75	12,491	1,170	9.37	.000
4110	VETERANS - ELIGIBLE FUNDS	RPTL	458(1)	280,893	48,183,308	13,538,585	29.33	3.879
4111	VETERANS - PRO RATA	RPTL	458(5)	81,828	5,941,198	2,193,075	38.91	.828
4112	VETERANS-WARTIME/NONCOMBAT	RPTL	458-A	132,319	20,440,434	2,111,752	10.33	.605
4113	VETERANS-WARTIME/COMBAT	RPTL	458-A	188,078	24,497,028	4,272,597	17.44	1.224
4114	VETERANS-WARTIME/DISABLED	RPTL	458-A	18,431	2,512,922	280,847	11.18	.080
41200	VETERANS-PURCHASE BY SUBSCRIP	RPTL	458(2)	2	216	216	100.00	.000
41300	VETERANS-SERIOUSLY DISABLED	RPTL	458(3)	611	112,844	110,249	97.70	.031
41400	CLERGY	RPTL	480	3,932	893,798	83,599	9.35	.024
4180	PERSON AGED 65 YRS DR OLDER	RPTL	487	117,558	15,323,879	5,239,116	34.19	1.501
4190	PHYSICALLY DISABLED	RPTL	459	344	75,471	8,598	11.39	.002
4192	RESI IMPRVMT: CERTAIN CITIES	L. 1988	CH. 889	186	21,665	6,011	27.74	.001
4194	LOVE CANAL RESIDENTS	RPTL	1708	1	34	9	25.00	.000
41950	1-2 FAMILY DWELLINGS IN NYC	RPTL	421-B	14,424	4,585,407	2,288,458	49.43	.849
4950	PRIVATE SOLAR/WIND SYSTEMS	RPTL	487	2,473	1,234,834	37,816	3.08	.010
49510	ENERGY CONSERV IMPRV:RESIDENT	RPTL	487-A	5	408	84	15.72	.000
GROUP A TOTAL				789,089	30,158,544			8.635

GROUP	PROPERTY TAX EXEMPTION:	LAW REFERENCE:	LAW	SECTION	NUMBER OF EXEMPTIONS	TOTAL EQUALIZED VALUE OF EXEMPT PCLS. (000)	TOTAL EQUALIZED VALUE OF EXEMPTIONS (000)	PERCENT OF VALUE EXEMPT	PCT. OF TOTAL STATE EXEMPT VALUE
						EXEMPT PCLS. (000)	EXEMPTIONS (000)		
GROUP B: PROPERTY OF NEW YORK STATE GOVERNMENT AND AGENCIES									
12100	NY STATE OWNED PROPERTY		RPTL	404(1)	12,878	21,138,024	21,128,807	99.96	6.054
12150	NYS & LOCAL EMPL RETIRE SYS		RPTL	404(2)	1	19,388	19,386	100.00	.005
12200	NYS TEACHERS RETIREMENT SYS		RPTL	404(3)	28	182,618	182,618	100.00	.052
12350	PUBLIC AUTHORITIES- VARIOUS		RPTL	412	2,685	15,528,495	15,526,495	100.00	4.449
12370	MISC LOCAL TRANSP PUB AUTH		RPTL	412	67	318,872	318,872	100.00	.091
12400	NYS SAVINGS & LOAN INS FUND		BNKG L	420-E	2	5,914	5,914	100.00	.001
12430	NYS HIGHER EDUC SERVICES CORP		EDUC L	857	17	231,373	230,194	99.49	.066
12440	NYS CULTURAL RESOURCES TRST		GEN MUNY L	317	5	2,852	2,852	100.00	.000
12450	NYS MED CARE FACLTY FINANCE		UCON L	7421	6	14,749	14,749	100.00	.004
17850	FACILITIES DEVELOPMENT CORP		MCK UCON L	4413	28	20,432	20,432	100.00	.005
32301	NYS LAND: SCHOOL PURPSE TAXBL		RPTL	536	483	788,764	581,457	73.72	.186
GROUP B TOTAL					16,196	38,031,556	38,031,556		10.893

TABLE B4 STATEWIDE SUMMARY OF EXEMPTIONS, BY PROPERTY GROUP AND EXEMPTION CODE, 1991 ASSESSMENT ROLLS PAGE B.87

GROUP	PROPERTY TAX EXEMPTION:	LAW REFERENCE:	LAW	SECTION	NUMBER OF EXEMPTIONS	TOTAL EQUALIZED VALUE OF EXEMPT PCLS. (000)	TOTAL EQUALIZED VALUE OF EXEMPTIONS (000)	PERCENT OF VALUE EXEMPT	PCT. OF TOTAL STATE EXEMPT VALUE
GROUP C:	PROPERTY OF MUNICIPAL GOVERNMENTS AND AGENCIES, SCHOOL DISTRICT, BOCES, AND SPECIAL DISTRICTS								
10100	SPECIAL DIST USE: OTHER OWNER	RPTL	410		188	87,216	87,216	100.00	.025
1011	SEWAGE/WATER NOT IN DISTRICT	RPTL	410-A		61	23,735	23,735	100.00	.006
13100	COUNTY OWNED: (GENERALLY)	RPTL	406(1)		14,439	14,751,358	14,662,348	99.40	4.201
13110	COUNTY OWNED: CEMETERY	RPTL	446		20	12,368	12,368	100.00	.003
13120	CO. OWNED: REVENUE-PRODUCING	GEN MUNY L	411		38	193,890	193,890	100.00	.055
1323	COUNTY PROP OUTSIDE COUNTY	RPTL	406(2)		10	1,793	1,427	79.58	.000
1324	CO. SEWER/WATER OUTSIDE CO.	RPTL	406(3)		58	54,104	54,104	100.00	.015
13350	CITY OWNED PROP (GENERALLY)	RPTL	406(1)		20,716	72,341,928	71,853,560	99.32	20.590
13360	NYC WATER SUPPLY AQUEDUCTS	RPTL	406(4)		54	304,485	268,461	88.17	.076
13370	CITY OWNED: CEMETERY	RPTL	446		58	47,929	47,929	100.00	.013
13380	CITY OWNED: REVENUE PRODUCING	GEN MUNY L	411		12	3,390	2,053	60.54	.000
1343	CITY PROPERTY OUTSIDE CITY	RPTL	406(2)		55	44,609	41,717	93.52	.012
1344	CITY SEWER/WATER NOT IN CITY	RPTL	406(3)		144	119,797	91,870	76.52	.026
13450	CITY AIRFIELD OUTSIDE CITY	RPTL	406(7)		45	70,009	70,009	100.00	.020
13500	TOWN OWNED PROP (GENERALLY)	RPTL	406(1)		21,536	4,167,924	4,162,685	99.87	1.192
13510	TOWN OWNED: CEMETERY	RPTL	446		1,280	21,878	21,876	100.00	.006
13520	TOWN OWNED: REVENUE PRODUCING	GEN MUNY L	411		14	16,693	15,531	93.04	.004
1357	TOWN PROPERTY OUTSIDE TOWN	RPTL	406(2)		40	16,797	16,797	100.00	.004
1359	TOWN SEWER/WATER NOT IN TOWN	RPTL	406(3)		27	10,051	6,353	63.21	.001
13650	VILLAGE OWNED (GENERALLY)	RPTL	406(1)		9,200	2,037,572	2,004,583	98.38	.574
13660	VILLAGE OWNED: CEMETERY	RPTL	446		133	5,846	5,846	100.00	.001
13670	VILLAGE OWNED: REVENUE PRODUCING	GEN MUNY L	411		8	10,180	2,224	21.84	.000
1373	VILLAGE PROP OUTSIDE VILLAGE	RPTL	406(2)		165	13,366	13,366	100.00	.003
1374	VILLG SEWER/WATER NOT IN VIL	RPTL	406(3)		399	112,555	99,851	88.71	.028
13750	VILLG AIRFIELD OUTSIDE VILLG	RPTL	406(7)		37	10,145	10,145	100.00	.002
13800	SCHOOL DISTRICT PROPERTY	RPTL	408		5,408	18,479,179	18,479,179	100.00	5.295
13810	DRAINAGE IMPROVEMENT DISTRICT	EN CON LAW	15-1909(4)		16	443	443	100.00	.000
1383	SPECIAL DISTRICT: NOT IN DIST	RPTL	410-A		8	703	703	100.00	.000
1384	SPECIAL WATER DIST: OSWEGO CO	RPTL	410-B		1	6,506	6,506	100.00	.001
13850	BOCES PROPERTY	RPTL	408		137	288,723	288,723	100.00	.082
13870	SPECIAL DISTRICT PROPERTY	RPTL	410		1,304	642,835	641,713	99.83	.183
13890	MISC LOCAL PUBLIC AUTHORITY	RPTL	412		528	775,922	775,922	100.00	.222
13920	NYC EDUCATNAL CONSTRCTN FUND	EDUC L	468		25	882,333	882,333	100.00	.252
13940	NYC CULTURAL RESOURCES TRUST	GEN MUNY L	327		1	38,189	38,189	100.00	.010
13950	NYC HEALTH & HOSPITAL CORP	UCON L	7400		42	2,678,920	2,671,761	99.73	.765
13970	REGIONAL OTB CORPORATION	RACING L	513		20	9,034	9,034	100.00	.002
14000	SPECIFIC LOCAL PUBLIC AUTHORITY	RPTL	412		12	3,598	3,598	100.00	.001
3320	TAX SALE - COUNTY OWNED	RPTL	406(5)		3,115	75,735	75,628	99.86	.021
3340	TAX SALE - CITY OWNED	RPTL	406(5)		334	7,572	7,572	100.00	.002
3355	TAX SALE - TOWN OWNED	RPTL	406(5)		133	1,578	1,578	100.00	.000
3370	TAX SALE - VILLAGE OWNED	RPTL	406(5)		22	1,667	1,667	100.00	.000
GROUP C TOTAL					79,841	117,654,271	117,654,271		33.893

GROUP PROPERTY TAX EXEMPTION: LAW REFERENCE: NUMBER OF EXEMPTIONS TOTAL EQUALIZED VALUE OF EXEMPT PCLS.(000) TOTAL EQUALIZED VALUE OF EXEMPTIONS (000) PERCENT OF VALUE EXEMPT VALUE TOTAL STATE VALUE EXEMPT VALUE

GROUP D: PROPERTY OF U.S. OR FOREIGN GOVERNMENTS AND AGENCIES, INTERNATIONAL OR INTERSTATE AGENCIES, AND INDIAN TRIBES

CODE	DESCRIPTION	LAW	SECTION	NUMBER OF EXEMPTIONS	TOTAL EQUALIZED VALUE OF EXEMPT PCLS.(000)	TOTAL EQUALIZED VALUE OF EXEMPTIONS (000)	PERCENT OF VALUE EXEMPT	TOTAL STATE VALUE EXEMPT VALUE
14100	USA OWNED (GENERALLY)	RPTL	400	1,869	11,533,361	11,163,307	96.79	3,199
14110	USA OWNED - SPECIFIED USES	STATE L	54	333	1,587,741	1,587,575	99.99	.454
14120	USA OWNED - DEFENSE PURPOSES	STATE L	59-G	10	1,332,899	1,332,899	100.00	.382
14200	FOREIGN GOVT: EMBASSY	RPTL	418	180	353,978	305,780	86.38	.087
14210	FOREIGN GOVT: CONSULATE	VIENNA CON	CONSULAR	84	141,910	122,581	86.38	.035
14220	FOREIGN GOVT: MISSION	VIENNA CON	DIPLOMATIC	5	3,969	3,969	100.00	.001
14300	INDIAN RESERVATION	RPTL	454	163	33,436	33,436	100.00	.009
14400	U.N. OR SIMILAR ORGANIZATION	RPTL	418	4	610,483	609,570	99.85	.174
14410	U.N. DEVELOPMENT DISTRICT	MCK UCON L	9813	5	335,891	295,918	88.10	.084
14620	NY&NJ PORT AUTH-AIR TERMINAL	MCK UCON L	6635	36	7,375,843	7,368,771	99.90	2,111
14640	NY&NJ PORT AUTH-BRIDGE/TUNNEL	MCK UCON L	6515	97	6,846,495	6,846,495	100.00	1,981
GROUP D TOTAL				2,766	29,670,301	29,670,301	8.497	

GROUP	PROPERTY TAX EXEMPTION:	LAW REFERENCE:	LAW	SECTION	NUMBER OF EXEMPTIONS	TOTAL EQUALIZED VALUE OF EXEMPT PCLS. (000)	TOTAL EQUALIZED VALUE OF EXEMPTIONS (000)	PERCENT OF VALUE EXEMPT	PCT. OF TOTAL STATE EXEMPT VALUE
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GROUP E: PROPERTY OF PRIVATE COMMUNITY SERVICE ORGANIZATIONS, SOCIAL ORGANIZATIONS, AND PROFESSIONAL SOCIETIES

21600	CLERGY RESIDENCE		RPTL	462	4,457	3,438,942	1,828,240	53.10	.523
25110	NONPROF ORGNZTN-RELIGIOUS		RPTL	420-A	21,981	14,260,694	13,787,379	98.88	3.950
25120	NONPROF ORGNZTN-EDUCATIONAL		RPTL	420-A	5,017	14,820,724	14,534,573	98.07	4.165
25130	NONPROF ORGNZTN-CHARITABLE		RPTL	420-A	2,090	3,289,577	3,229,382	98.77	.925
25210	NONPROF ORGNZTN-HOSPITAL		RPTL	420-A	1,907	13,018,557	12,877,015	98.91	3.690
25230	NONPROF ORG-MORAL/MENTAL IMP		RPTL	420-A	1,448	1,579,225	1,541,799	97.63	.441
2530	NONPROF ORGNZTN-VARIOUS USES		RPTL	420-B	4,732	2,878,315	2,808,324	97.50	.804
25400	FRATERNAL ORGANIZATION		RPTL	428	261	150,817	149,058	98.83	.042
25500	NONPROFIT MEDICAL OR DENTAL		RPTL	486	118	540,681	527,602	97.58	.151
25600	NONPROFIT HEALTH MAINT ORG		RPTL	488-A	79	88,537	68,418	98.82	.019
25700	INFANT HOME		RPTL	440	12	7,020	7,020	100.00	.002
26000	PRE-1902 SPECIAL EXEMPTIONS		SPECIAL	ACTS	2	334,291	334,291	100.00	.095
26050	AGRICULTURAL SOCIETY		RPTL	450	310	42,514	42,514	100.00	.012
26100	VETERANS ORGANIZATION		RPTL	452	1,206	185,150	183,194	98.94	.052
26200	BERKSHIRE FARM CTR FOR YOUTH		SOC SERV L	472-P	4	13,854	13,854	100.00	.004
26250	HISTORICAL SOCIETY		RPTL	444	368	94,808	92,555	97.82	.028
2630	INTERDENOMINATIONAL CENTER		RPTL	430	1,687	1,524,757	1,521,822	99.81	.438
26350	FIRE PATROL & SALVAGE CORPS		RPTL	488	8	1,728	1,728	100.00	.000
26400	VOLUNTEER FIRE COMP OR DEPT		RPTL	484(2)	2,760	591,052	590,292	99.87	.169
26500	NYC INST OF ARTS & SCIENCE		RPTL	424	9	109,115	107,818	98.63	.030
27350	CEMETERY - PRIVATE		RPTL	448	5,240	1,748,479	1,747,548	99.95	.500
27400	PRIVAT NONPROFIT RETIRE SYS		RPTL	488	2	314	314	100.00	.000
29150	OPERA HOUSE		RPTL	428	17	403,268	403,268	100.00	.115
29300	HOSPITAL CORP: CITY BENEFIT		RPTL	438(2)	51	227,151	227,151	100.00	.065
2935	TRUSTEES-HOSP, LIBR, PLAYGRND		RPTL	438(1)	39	18,328	18,328	100.00	.005
2945	MUSIC ACADEMY: POP > 175,000		RPTL	434	9	131,824	131,824	100.00	.037
29500	PERFORMING ARTS BUILDINGS		RPTL	427	49	330,533	330,533	100.00	.094
29650	SOLDIER MONUMENT CORPORATN		RPTL	442	16	2,684	2,684	100.00	.000
46450	ASSOC OF VOLUNT FIREFIGHTERS		RPTL	464(1)	79	67,629	8,381	12.39	.002
49200	THEATER CORP:ACT OF CONGRESS		RPTL	432	3	2,224	2,008	90.20	.000
49250	CEMETERIES IN THREE COUNTIES		RPTL	448	19	218	218	100.00	.000

GROUP E TOTAL

53,978 57,114,929 16.354

TABLE 84 STATEWIDE SUMMARY OF EXEMPTIONS, BY PROPERTY GROUP AND EXEMPTION CODE, 1991 ASSESSMENT ROLLS PAGE B.80

GROUP	PROPERTY TAX EXEMPTION:	LAW REFERENCE:	LAW	SECTION	NUMBER OF EXEMPTIONS	TOTAL EQUALIZED VALUE OF EXEMPT PCLS. (000)	TOTAL EQUALIZED VALUE OF EXEMPTIONS (000)	PERCENT OF VALUE EXEMPT	PCT. OF TOTAL STATE EXEMPT VALUE
GROUP F:	INDUSTRIAL, COMMERCIAL, AND PUBLIC SERVICE PROPERTY								
14610	NY&NJ PORT AUTH-WORLD TRADE		MCK UC0N L	6611	7	56,006	56,006	100.00	.018
17010	NYC OWNED RAILROAD PROPERTY		RAP TRAN L	103	269	12,488,787	12,488,443	99.98	3.578
18020	MUNICIPAL INDUST DEVEL AGENCY		RPTL	412-A	3,786	9,084,332	9,026,468	99.36	2.588
18180	NYS URBAN DEV CORP-NON HSG		MCK UC0N L	6272	154	2,782,610	2,775,507	99.74	.795
19950	MUNICIPAL RAILROAD		RPTL	456	791	547,470	547,343	99.98	.156
27200	RAILROAD - WHOLLY EXEMPT		RPTL	489-D&DD	268	187,283	171,115	91.37	.049
27250	RAILROAD - AMTRAK		U S PUB L	97-257	29	1,041,667	1,041,667	100.00	.298
27500	WATERWORKS CORP IN NYC		RPTL	485-D	54	180,137	180,137	100.00	.051
47200	STEEL MFG:IN CITY POP>49999		RPTL	485-C	1	4	4	100.00	.000
47500	RAILROAD: PARTIALLY EXEMPT		RPTL	489-D&DD	507	850,727	556,144	65.37	.159
47600	BUSINESS IN JOB INCENTIVE PGM		RPTL	485	160	342,460	157,219	45.91	.045
47650	BUSINESS INVESTMT:NOT IN NYC		RPTL	485-B	16,714	36,613,970	4,453,698	12.16	1.276
47680	IND/COMM-NYC I&C BOARD CERT		RPTL	489-DDD	444	6,140,254	1,360,147	22.15	.389
47670	IND/COMM-NYC FINANCE CERTIF		RPTL	489-BBBB	1,405	5,852,937	3,819,037	65.25	1.094
47700	IMPROV IN ECONOMIC DEVEL ZONE		RPTL	485-E	259	85,876	59,944	69.80	.017
47900	FALLOUT SHELTER FACILITIES		RPTL	479	33	701,494	8,246	1.18	.002
49000	AIR POLLUTION CONTROL FACILITY		RPTL	481	33	4,052,353	497,707	12.28	.142
49520	ARENA USED BY NHL & NBA: NYC		RPTL	429	1	261,052	228,903	87.68	.065
49530	OFF-STR PRKG W/UNDRGR SHELTR		RPTL	478	1	270	270	100.00	.000
49530	INDUSTRIAL WASTE TREATMENT		RPTL	477	89	9,036,800	601,796	6.66	.172
GROUP F TOTAL					25,005	38,027,801			10.890

TABLE 84 STATEWIDE SUMMARY OF EXEMPTIONS, BY PROPERTY GROUP AND EXEMPTION CODE, 1991 ASSESSMENT ROLLS PAGE B.91

GROUP	PROPERTY TAX EXEMPTION:		LAW REFERENCE:		NUMBER OF EXEMPTIONS	TOTAL EQUALIZED VALUE OF EXEMPT PCLS. (000)	TOTAL EQUALIZED VALUE OF EXEMPTIONS (000)	PERCENT PCT. OF TOTAL STATE EXEMPT VALUE	
	CODE	DESCRIPTION	LAW	SECTION				EXEMPT VALUE	TOTAL VALUE
GROUP G:	URBAN RENEWAL PROPERTY, PUBLIC HOUSING, AND PRIVATE SUBSIDIZED HOUSING (MULTIPLE DWELLINGS)								
18040	URBAN RENEWAL: MUNICPL OWNED	GEN MJNY L	506(1)		1,152	2,021,688	1,925,019	95.22	.551
18060	URBAN RENEWAL: AGENCY OWNED	GEN MJNY L	508		1,535	302,211	301,594	99.80	.086
18080	MUNI HOUSNG AUTH: FED/MUNI \$	PUB HSNL L	52(3)&(5)		1,929	8,411,310	8,320,895	98.93	2.384
18100	MUNI HOUSNG PROJ ACQ FROM PRIV	P H FI L	38-A(2)		141	105,799	105,799	100.00	.030
18120	NYS HOUSING FINANCE AGENCY	P H FI L	53		205	239,359	239,359	100.00	.068
18130	NYS URBAN DEV CORP-HOUS PROJ	MCK UCUN L	8272		123	145,784	145,784	100.00	.041
18300	NYC HOUSING DEVELOPMENT CORP	P H FI L	663		2	31,707	31,707	100.00	.009
18600	USA: UNDER PURCHASE CONTRACT	RPTL	400(2)		35	249,139	249,139	100.00	.071
28100	NONPROFIT HSNG-SPECIFIC USE	RPTL	422		185	572,318	561,297	98.07	.180
28110	NONPROFIT HSNG-SPECIFIC USE	RPTL	422		153	401,757	401,757	100.00	.115
28120	NONPROFIT HSNG-SPECIFIC USE	RPTL	422		138	710,485	710,031	99.94	.203
28220	COMMUNITY DEV CORP-URBN RENWL	P H FI L	260		149	16,204	16,204	100.00	.004
28240	NONPROFIT: HSNG. RESRCH, LOANS	CLS UCUN L	CH. 270		28	39,084	39,084	100.00	.011
28400	NONPROFIT NURSING HOME CD	RPTL	422	654-A, -B, C	1	572	0	.00	.000
28520	NONPROFIT HSNG: MENTAL DISABL	RPTL	422		68	373,413	373,369	99.99	.107
28540	NONPROFIT HSNG: MENTAL DISABL	RPTL	422		210	63,505	63,505	100.00	.018
28550	NONPROFIT HSNG: SR CITIZEN CTR	RPTL	422		71	78,722	78,722	100.00	.022
38280	MUNI HOUSNG AUTH: NYS AIDED	PUB HSNL L	52(4)&(5)		102	2,414,056	2,266,180	93.87	.649
3860	MUNI HOUSNG AUTH: SOLD/LEASED	P H FI L	38-A(4)B		3	8,893	4,995	72.46	.001
4197	MULTI RESIO UNITS NOT IN NYC	RPTL	421-D		83	15,508	9,494	61.22	.002
4198	LOW/MODERATE INCOME HOUSING	RPTL	421-E		277	27,368	21,581	78.86	.008
4800	URBAN RENWL: URBAN REDEV CDRP	P H FI L	211		4	14,035	12,412	88.44	.003
4806	CLASS A&B MULTIPLE DWELLINGS	RPTL	488-A		1	1,348	1,213	90.00	.000
4807	MULTIPLE DWELLINGS: IMPROVMT	RPTL	488		8,021	6,041,292	3,284,665	54.37	.941
4810	URBAN DEVEL ACTION AREA PROJ	GEN MJNY L	696		2,090	442,759	385,086	86.97	.110
4840	MUNI HOUSING AUTH: PROJ SOLD	PUB HSNL L	58(3)		1	898	898	100.00	.000
48460	LTD PROFIT HSNG CO: LEASED	P H FI L	33(2)		6	85,930	55,715	64.84	.016
4854	LTD DIVIDND HSNG CO: UDC SUB	P H FI L	93,97,55		18	287,665	225,264	84.16	.084
48640	LTD PROFIT NURSING HOME CO	PUB HEL L	2884		5	1,877	1,877	100.00	.000
4885	LTD PROFIT HSNG CO: VARIOUS	P H FI L	33,556,654		431	8,262,996	8,053,519	97.46	2.307
4866	HOUSNG DEVEL FUND CO: UDC	P H FI L	577,654-A		98	819,120	572,517	92.47	.184
4867	REDEVELOP HSNG CO: FIRST EX	P H FI L	125 & 127		320	1,586,251	1,400,293	88.28	.401
4871	RENT CONTROL HSNG: PHFL LOAN	P H FI L	405		1	576	576	100.00	.000
48743	LOW-INCH TURNKY/ENHCD HSNG	P H FI L	1108-		265	139,252	44,289	31.81	.012
48800	NEW MULTIPLE DWELLINGS: NYC	RPTL	421-A		37,276	9,559,572	5,656,823	59.17	1.621
GROUP G TOTAL					55,105	35,558,682			10.177

GROUP	PROPERTY TAX EXEMPTION:	LAW REFERENCE:	LAW	SECTION	NUMBER OF EXEMPTIONS	TOTAL EQUALIZED VALUE OF EXEMPT PCLS (000)	TOTAL EQUALIZED VALUE OF EXEMPTIONS (000)	PERCENT OF VALUE		TOTAL STATE EXEMPT VALUE
								EXEMPT	EXEMPT	
GROUP H:	AGRICULTURAL AND FOREST PROPERTY									
	32252 NYS OWNED REFORESTED LAND		RPTL	534	4,456	250,138	249,973	99.93		.071
	33302 COUNTY REFORESTATION LAND		RPTL	406(6)	335	8,824	8,355	94.68		.002
	41700 AGRICULTURAL BUILDING		RPTL	483	11,407	1,799,248	362,551	20.15		.103
	41720 AGRICULTURAL DIST. (NYS, CO)		AG-MKTS L	305	34,156	4,573,259	1,347,992	29.48		.388
	41730 AGRICULTURAL LAND NOT IN DIST		AG-MKTS L	306	3,461	533,738	233,801	43.80		.067
	47450 FORESTLAND UNDER FISHER ACT		RPTL	480	1,500	121,464	54,720	45.05		.015
	47460 FORESTLAND CERTIF AFTER 9/74		RPTL	480-A	1,645	277,626	126,073	45.41		.036
	GROUP H TOTAL				58,960		2,383,465			.680

Appendix IV

Cooperative Agreement between Village of Scarsdale and U.S. Department of State Regarding Reimbursement for Police Services to Diplomatic Property



March 22, 1993

MEMO TO: RICHARD GARDELLA, VILLAGE ATTORNEY

FROM: DONALD W. FERRARO, CHIEF OF POLICE

RE: COOPERATIVE AGREEMENT WITH THE DEPT. OF STATE

In regards to Trustee Handelman's concerns about the Cooperative Agreement, please be advised that I contacted Mr. Bernard Johnson, Officer in Charge of the United States Department of State New York office. I have dealt with Mr. Johnson for several years regarding our "Memo of Understanding" regarding police protection for diplomatic personnel.

Mr. Johnson has advised me that at no time under this agreement are we obligated to do anything for the State Department. However, this agreement provides us with a method of reimbursement in the event we do provide services.

Mr. Johnson also informs me that notice will be given initially through a telephone contact stating the requirements and indicating the need for assistance and requested support. At this point, we must agree with Mr. Johnson's request prior to any further steps being taken. If we do agree to provide the necessary support, Mr. Johnson would then prepare a "Tasking Order Request", which would be issued from Mr. Johnson's office to my office following up on his telephone request.

Mr. Johnson stated that the normal minimum notice would be two to three days, however, there are occasions where emergencies would arise, necessitating his contacting us for support on the same day. In addition, there may be situations that develop at the embassy residence that Mr. Johnson is not aware of and if we feel it is necessary to provide security or take some other police action that would normally fall under this agreement, we will still be reimbursed without his formal request.

Mr. Johnson explained that this new type of "Cooperative Agreement" was necessitated by the Federal Government's policy decision that all relationships with municipal agencies should be set forth in these "Cooperative Agreements." As he explained, there is no change in procedures between the Police Department and the State Department.

I have found the State Department and Mr. Johnson to be especially cooperative and do not feel that they have made unnecessary demands on us in the past, therefore, I recommend that we sign this "Cooperative Agreement."

IN WITNESS WHEREOF, the parties hereto have executed this Cooperative Agreement as of the dates indicated below.

FOR THE VILLAGE OF SCARSDALE POLICE DEPARTMENT

_____	_____
	Date
_____	Typed Name
_____	Title

**FOR THE BUREAU OF DIPLOMATIC SECURITY
DEPARTMENT OF STATE**

_____	_____
Clark M. Dittmer	Date
Director	
Diplomatic Security Service	

_____	_____
Rudy G. Hall	Date
Grants Officer	

COOPERATIVE AGREEMENT
BETWEEN
THE DEPARTMENT OF STATE
AND
VILLAGE OF SCARSDALE POLICE DEPARTMENT

The Department of State, Bureau of Diplomatic Security (hereinafter referred to as the "Bureau"), and the Village of Scarsdale Police Department (hereinafter referred to as "Scarsdale P.D.") hereby enter into a Cooperative Agreement.

The Scarsdale P.D. shall assist the Bureau in accordance with the terms and conditions set forth herein:

I: BASIC AGREEMENT

A. Purpose of the Cooperative Agreement

The services performed by the Scarsdale P.D. under this agreement shall be to provide extraordinary protective services for foreign missions and foreign government officials located within its jurisdiction. Upon specific request by a designated official of the Bureau, the Scarsdale P.D. shall provide (if sufficient resources are available) security services in the form of fixed post coverage, and roving patrols at designated foreign missions and consulates. Visiting foreign government officials shall be provided security services in the form of fixed post coverage, roving patrols at places of temporary domicile, at motorcades, and at other places associated with such visits.

B. Period of Agreement

This Cooperative Agreement becomes effective when dated and signed by authorized officials of the Scarsdale P.D. and the Bureau. All services required will be requested in a Tasking Order issued by the Grant Officer's Representative

(GOR) of the Program Office. Each Tasking Order shall be in effect for a period not to exceed ninety (90) days. At the end of ninety (90) days the Tasking Order may be renewed upon review and approval of the GOR.

C. Funding

The Bureau shall reimburse the Scarsdale P.D. at the agreed upon schedule of wages/rates attached as an exhibit to this Agreement. The schedule of rates/wages shall include personnel rates, equipment rates, supply rates and any other charges related to extraordinary protection as approved by the Grants Officer. The Scarsdale P.D.'s negotiated, published rates and changes, resulting from renegotiation or projected escalation, shall be acceptable without modification to this Agreement.

All resources to be utilized will be described in a written Tasking Order format. The skills, labor-hours and estimated costs shall be agreed to by both parties prior to undertaking any task assignment or obligating funds therefore. All expenditures made with funds provided under this agreement shall be for costs incurred during the validity period of the Tasking Order. These funds shall be paid and accounted for as provided in Sections III and IV below.

II. OPERATIONAL RESPONSIBILITIES

A. Village of Scarsdale Police Department

In carrying out the purpose of this agreement, the Scarsdale P.D., under the general direction of the Bureau, shall assist the Bureau by providing extraordinary protective services, personnel, and/or equipment and/or supplies for foreign missions, consulates, and/or foreign officials.

"Extraordinary protective service" means protective services provided or authorized in cases determined under the guidelines of 22 CFR 2a to constitute an extraordinary protective need.

B. Bureau of Diplomatic Security

The Bureau intends to have substantial involvement in the review and approval of all aspects of the work to be carried out as a result of this agreement. The Bureau:

1. Shall define the requirement for extraordinary protective need. "Extraordinary protective need" means the existence

of a threat of violence, or other circumstance, as determined by the Bureau, which requires extraordinary security measures which significantly exceed those which law enforcement authorities can reasonably be expected to take.

2. Through its designated representative in the New York Field Office, and as approved by the GOR, shall issue Tasking Orders and maintain constant liaison with the Scarsdale P.D. during the need for extraordinary protective services.
3. Will approve and activate these protective services, and in coordination with the Scarsdale P.D., determine the level of protection to be provided and specific requirements for personnel, equipment, and/or supplies.
4. Monitor the threat and the support activities within the scope of the above objectives and redirect the objectives as necessary.
5. Adjust these support services based on the threat level and/or other extenuating circumstances, and may terminate the agreement only as provided herein. The Bureau may take action for noncompliance or terminate the agreement for convenience as provided in 22 CFR 135.43-33.

III. EXPENDITURES AND PAYMENTS

A. Expenditures

1. The funds obligated under this agreement shall be used for the purposes described in paragraphs I and II (A) above. Charges shall be in accordance with the schedule of wages and equipment fees attached, as an exhibit, to this Cooperative Agreement.
2. In applying and accounting for funds made available pursuant to this agreement, including establishing allowable costs, the Scarsdale P.D. shall adhere to the applicable provisions of OMB Circular A-87, "Cost Principles for State and Local Governments."
3. No adjustment to the agreed to rates shall be made without the prior approval of the Bureau Grants Officer. There shall be no reimbursement for expenses incurred before or after the period of agreement as described in paragraph I(B).

4. The Grants Officer and Grants Officer's Representative must be notified at least thirty (30) days in advance of any changes to the established hourly wage schedule for Scarsdale P.D. law enforcement personnel.

B. Payment of Funds

Reimbursement for approved expenses shall be made by U.S. Treasury check. The Scarsdale P.D. shall furnish the Bureau with a mailing address and federal tax I.D. number for the receipt of payment as specified in this Agreement. Upon completion of the requested services or each calendar quarter, but no more than thirty (30) days after the Tasking Order, invoices should be submitted to the GOR, through the New York Field Office Representative. The GOR will certify receipt of services and forward the invoices through appropriate channels for payment.

IV. REPORTING REQUIREMENTS

A. General

All reports required herein shall be submitted in two copies as follows: one copy to the Grants Officer; one copy to the Grants Officer's Representative.

B. Financial Reports

Reports reflecting expenditures of the Scarsdale P.D. shall be completed in accordance with the form "Financial Status Report" SF-269 as identified in the Code of Federal Regulations, Title 22, Part 135. The form shall be prepared and submitted on a quarterly basis.

C. Final Performance Report

A final report shall be submitted within 30 days after the protective services are terminated under the Tasking Order. This report should summarize the protective service activities, and site areas of security concerns or recommendations for improvements in future operations.

D. Financial Records; Inspection

The Scarsdale P.D. shall maintain financial records which are supported by documentation in accordance with the provisions of 22 CFR 135.20. Such records shall be subject to audit by the Bureau, or as directed by the Bureau. All financial records

required to be kept under this agreement shall be maintained for inspection for at least three years after the date of submission of the final financial statement of expenditures.

V. STANDARD CERTIFICATIONS

The following certifications are incorporated herein as part of this Agreement:

1. Certification Regarding Drug-Free Workplace Requirements
2. Certification Regarding Debarment, Suspension, Proposed Debarment, and Other Responsibility Matters
3. Certification Regarding Lobbying

VI. AMENDMENTS

This Cooperative Agreement may be modified at any time by a written amendment. Amendments which reflect the rights and obligations of either party shall be executed by the Grants Officer and the Scarsdale P.D. Administrative amendments may be issued unilaterally by the Grants Officer.

In the event the Scarsdale P.D. effects any change to this agreement at the direction of any person other than the Grants Officer, the changes will be considered to have been made without authority and no payments will be made to cover any increase in cost resulting from work or services performed.

VII. MISCELLANEOUS

A. Entire Agreement

This agreement constitutes the entire agreement of the parties hereto concerning this funding arrangement. It replaces and renders void any other agreement or understanding, whether written or oral, existing between the parties concerning any matter addressed herein.

This agreement will be administered under the provisions of the Code of Federal Regulations, Title 22, Part 135, Titled: Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments. This provision is the controlling reference for the agreement of the parties hereto. This agreement shall commence upon execution by both the Bureau and the Scarsdale P.D., and shall remain in effect unless amended by mutual consent or terminated.

Notification of the intention of either party to terminate the agreement will be by written notice to the other party at least 120 days in advance of the proposed date of termination.

B. Resolution of Disputes

In the event of a dispute arising under or pertaining to any provision of the agreement or the performance thereof, the Scarsdale P.D. shall submit a claim in writing to the Grants Officer. The Grants Officer shall issue a written decision on the claim within 30 days of receipt, unless the time for such decision is extended by mutual agreement of the parties. If the Scarsdale P.D. is dissatisfied with the Grants Officer's resolution of the claim, or any part thereof, the Grants Officer's decision may be appealed to the Assistant Secretary for Diplomatic Security, within 30 days of receipt. The Assistant Secretary for Diplomatic Security, after obtaining written or oral statements and documentary or other evidence for the Scarsdale P.D. and Grants Officer as deemed appropriate, will resolve the matter with a written determination that will constitute the final administrative action on the claim. The final administrative action by the Assistant Secretary for Diplomatic Security is not intended to restrict the City of New York P.D. from pursuing further adjudication through the appropriate appeals process.

Scarsdale P.D.

C. Department of State Contacts

1. For communications with the Bureau on overall policy guidance and program direction, program concerns, daily issues, and matters requiring the approval of the GOR as specified in this agreement:

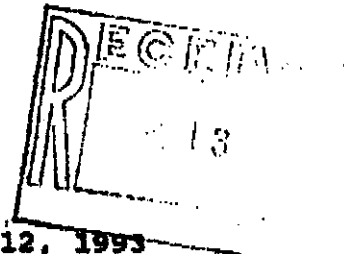
Mr. Theodore Ford (GOR)
3507 International Drive
Room 317
Washington, D.C. 20008
(202) 895-3607

2. For Tasking Order specifics and guidance on all Bureau requests for extraordinary protective services:

Special Agent Bernard Johnson
New York Field Office
Room 3409
26 Federal Plaza
New York, N.Y. 10278-0193
(212) 264-1292

3. For communications with the Bureau on all financial and other matters, subject to Paragraphs III - V above:

Mr. Rudy G. Hall
Grants Officer
DS/OSA/ASD
P.O. Box 3590
Washington, D.C. 20007-0090
(202) 663-0049



April 12, 1993

RESOLUTION

WHEREAS, the Scarsdale Police Department has cooperated with the State Department over the years concerning protection services for foreign missions and foreign government officials in the Village, and,

WHEREAS, recent Federal Government policy requires that such cooperative understanding between the Federal Government and local municipality agencies be formalized in Cooperative Agreements, and,

WHEREAS, the State Department has submitted a proposed Cooperative Agreement, a copy of which is attached hereto and a part hereof, to the Scarsdale Police Department, and,

WHEREAS, it is in the best interest of the Village of Scarsdale for its Police Department to enter into such Agreement, now, therefore be it

RESOLVED, that the police chief is hereby authorized and directed to execute the attached Agreement on behalf of the Scarsdale Police Department.

