



OFFICE OF COUNSEL

SUMMARY OF 2015 REAL PROPERTY TAX LEGISLATION

This document provides general summaries of the most noteworthy legislation enacted in 2015 related to real property tax administration. These descriptions are intended only as a source of basic information about the key elements of the new laws. For a fuller and more authoritative account of what these new laws do, the best resource is, of course, the laws themselves. As used herein, “RPTL” means the Real Property Tax Law, “DTF” means the Department of Taxation and Finance, and “ORPTS” means the Office of Real Property Tax Services.

EXEMPTION ADMINISTRATION

Agricultural Assessments; Log-Grown Mushrooms

- Chapter **249** (A.2454) • Agriculture and Markets Law § 301(2)(k)

Chapter **249** amends § 301(2) of the Agriculture and Markets Law (AML) to add “actively managed log-grown woodland mushrooms” to the definition of “crops, livestock and livestock products.” As a result, log-grown woodland mushrooms will no longer be treated as woodland products, which can only account for up to \$2,000 of the \$10,000 gross sales requirement under AML § 301. In other words, all of the gross sales associated with log-grown woodland mushrooms may now be counted toward the \$10,000 gross sales requirement, without regard to the \$2000 woodland limit.

Multiple Dwellings Financed by NYSHFA

- Chapter **85** (S.4978-a) • RPTL § 421-d

Chapter **85** extends certain statutes pertaining to programs administered by the New York State Housing Finance Agency, State of New York Mortgage Agency and SONYMA Mortgage Insurance Fund. In so doing, the law also preserves until July 23, 2017 the real property tax exemption authorized by RPTL § 421-d for NYSHFA-financed multiple dwellings.

STAR; Farm Dwellings Owned by LLCs

- Chapter **564** (A.1421) • RPTL § 425(3)(d)(iii)

Chapter **564** extends eligibility for the STAR exemption to farm dwellings that are owned by Limited Liability Companies (LLCs), where the property serves as the primary residence of one or more of the owners. This effectively puts LLC-owned farm dwellings on a par with farm dwellings owned by S-Corporations, C-Corporations and partnerships, which already had been eligible for STAR. Note that upon signing this bill, the Governor issued an Approval Message (#22), a copy of which appears below.

STAR; Income Verification Program

- Chapter **451** (A.7375) • RPTL § 425(4)(b)(iv)

Chapter **451** reaffirms that all assessing units are required to participate in the STAR Income Verification Program. Under that program, the Department of Taxation and Finance verifies whether the income of applicants for the Enhanced STAR Exemption does not exceed the annual limit (e.g., for 2016 assessment rolls, the applicant's income for the 2014 taxable year must be no greater than \$84,550).

STAR; Recoupment of Improperly Granted Exemptions

- Chapter **59, Pt. E** (A.3009-b) • RPTL § 425(15)

Chapter **59, Pt. E**, empowers DTF to recoup improperly granted STAR exemptions by allowing DTF to use data collected through the STAR registration process to identify Basic STAR exemptions that were improperly granted on one or more of the three preceding assessment rolls. DTF is further empowered to recoup the associated tax savings, plus interest, from the taxpayer, unless the taxpayer voluntarily renounces the exemption(s) in question pursuant to RPTL § 496. Assessors have no role in the administration of this legislation.

STAR; “Unenrolled Registrants”

- Chapter **59, Pt. F** (A.3009-b) • Unconsolidated

Chapter **59, Pt. F**, provides one-time tax relief to “unenrolled registrants,” defined as taxpayers who purchased new homes after the 2013 taxable status date and who registered for the STAR exemption with the DTF, but who failed to file timely exemption applications with their local assessors by the 2014 taxable status date, presumably on the mistaken assumption that registration was sufficient. The legislation empowers DTF to pay such persons the STAR tax savings they would have received if they had applied for and been granted the exemption on the 2014 roll, as long as they were identified by October 1, 2015. Assessors have no role in the administration of this legislation.

Superstorm Sandy

- Chapter **122** (A.7274-a) • Unconsolidated

Chapter **122** builds upon the Superstorm Sandy Assessment Relief Act (L.2013, c.424) by allowing affected municipalities to opt-in, by local law or resolution, to provide assessment relief through a real property tax exemption for owner-occupied residential property that was reconstructed, altered, or improved due to damage sustained during Superstorm Sandy. The municipalities that opted-in to the Superstorm Sandy Assessment Relief Act may provide an eight-year graduated property tax exemption for storm-damaged primary residences that were owned and occupied by the same owner before the storm and when the post-reconstruction certificate of occupancy was issued, who previously received assessment relief pursuant to the Superstorm Sandy Assessment Relief Act, and who receives a post-reconstruction certificate of occupancy on or before March 1, 2018.

Veterans; Exemption Limits

- Chapter **381** (A.6223-a) • RPTL §§ 458-a, 458-b

Chapter **381** gives municipalities the option to offer several higher tiers of exemptions under the Alternative Veterans Exemption and the Cold War Veterans Exemption. Note that a technical correction will be made to this Chapter per Approval Message # 1, set forth below.

Veterans; Intra-county Transfers

- Chapter **538** (S.2938-a) • RPTL §§ 458, 458-a

Chapter **538** amends RPTL §§ 458 and 458-a to allow the eligible funds and alternative veterans exemptions to be transferred and prorated for the remainder of the fiscal year, when a veteran who meets all the eligibility requirements moves within the same county, or within New York City, if a municipality has adopted a local law, ordinance or resolution so providing. Under prior law, this option only applied to veterans who had moved to new homes within the same city, town or village. As was the case under prior law, in order to continue receiving the exemption, the veteran must file an application with the appropriate assessor prior to the next taxable status date.

Veterans Organizations; Vietnam Veterans of America

- Chapter **400** (S.4283) • RPTL § 452

Chapter **400** amends a series of statutes pertaining to veterans organizations, by adding specific references to the Vietnam Veterans of America. One of those statutes is RPTL §452, which now expressly provides that the Vietnam Veterans of America is one of the veterans organizations whose real property is tax-exempt thereunder.

Retroactive Exemptions for Specific Properties

In certain assessing units, the assessor has been authorized to accept an exemption application after taxable status date for a specific parcel owned by a named nonprofit or governmental entity. The entity either acquired the parcel after taxable status date, or acquired title but failed to apply for the exemption by taxable status date. The details are in the Legislative Status Chart posted at <http://www.tax.ny.gov/research/property/legal/legis/15bills.htm>.

TAX COLLECTION AND ENFORCEMENT

Gas, Oil and Mineral rights

- Chapter **500** (S.5288) • RPTL § 1166(1)

Chapter **500** provides that whenever a tax district sells property it has acquired through a tax foreclosure proceeding conducted under RPTL Article 11, the sale shall include any and all gas, oil or mineral rights associated with the property. This effectively bans a practice that had once been in place in at least one county of selling the surface rights in tax-foreclosed property back to the former owner, while retaining any gas, oil and/or mineral rights in the property for the county's benefit.

Tax Lien Sales; Village Opt Out Extender

- Chapter **512** (S.5767) • Chapter 602 of the Laws of 1993

Chapter **512** extends the authority of certain villages (i.e., those which duly opted out of the tax enforcement procedural framework established by RPTL Article 11) to conduct tax lien sales. Such villages were previously permitted to conduct such sales for taxes that became liens prior to December 31, 2015; now they are permitted to conduct such sales for taxes that become liens prior to December 31, 2018.

Limited 2015 Tax Payment Deadline Extender

Chapter **251** (A.5150-b) • Unconsolidated

Chapter **251** provides that, at local option, a tax payment made on February 3, 2015 shall be treated as if it had been made on February 2, 2015, where the municipal office was closed on February 2, 2015 due to inclement weather, and where the payment was physically delivered on February 3, 2015.

MISCELLANEOUS

Property Tax Relief Credit

Chapter **20** (S.6012), Part C, Subpart B • Tax Law § 606(n-1)

Chapter **20**, Part C, Subpart B, establishes a new Property Tax Relief Credit against the personal income tax for tax years 2016-2019. The new credit is available as an advance payment to resident taxpayers with incomes up to \$275,000 who own and reside in property located outside of New York City that is receiving Basic or Enhanced STAR. For 2016, the credit is \$130 for taxpayers within the Metropolitan Commuter Transportation District, and \$185 for taxpayers elsewhere. For subsequent tax years, the credit is calculated as a percentage of the property's STAR tax savings, using a progressive income-based percentage schedule. For example, for taxpayers with incomes below \$75,000, the credit will be 28% of the STAR tax savings for 2017 and will grow to 85% of the STAR tax savings for 2019.

Tax Cap

Chapter **20** (S.6012), Parts A (§18) & C (Subpart C) • Various statutes

Chapter **20**, Part A, § 18, keeps the "tax cap" statutes in effect through June 15, 2020. Those statutes had previously been set to expire June 15, 2016 (L.2011, c.97, Pt. A § 13, as amended). In addition, Chapter **20**, Part C, Subpart C, empowers the Commissioner of Taxation and Finance to adopt rules, as appropriate, providing for adjustments to be made to the tax cap in relation to (1) capital expenditures made by a Board of Cooperative Education Services, and to (2) development on tax exempt land (Education Law §2023-a(2)(c) and (2-a)(b), General Municipal Law §3-c(3)(b)(i)).

Industrial Development Agencies

Chapter **563** (S.5867) • General Municipal Law §§ 859-a, 874

Chapter **563** amends GML § 859-a by adding three new subdivisions that would require IDAs to develop a standard application for financial assistance, uniform evaluation criteria to determine the projects for which financial assistance will be provided, and a uniform agency project agreement setting forth the terms and conditions under which financial assistance shall be provided. Chapter **563** also amends GML § 874 by adding three new subdivisions that provide for IDAs to develop policies for discontinuing and recapturing the financial assistance that they have provided. That section also requires IDAs to annually assess the progress of each active project.

Land Bank Acquisitions

Chapter **407** (S.5777) • Not-for-profit Corporation Law §§ 1608(a), 1609(a-1)

Chapter **407** exempts land banks from the obligation to pay certain fees in connection with the acquisition and disposition of real property, such as filing fees, recording fees, and

indexing fees. It also expressly exempts land banks from the property disposition requirements that are imposed upon public authorities by § 2897 of the Public Authorities Law.

Legislation of Local Interest

Enactments that are primarily of local interest include the following:

- The City of Batavia has been authorized to provide a partial exemption for “residential redevelopment inhibited property” (Chap. **406**; note that per Approval Message # 2, set forth below, a technical correction will be made to this Chapter).
- The legislation authorizing the City of Middletown to pledge its delinquent tax liens as collateral for a loan and/or sell the liens to a private party for collection (L.2013, c.510; L.2014, c.144) has been extended beyond its prior expiration date of December 31, 2015 (Chap. **503**; note that per Approval Message # 12, set forth below, a two year sunset will be attached to this extension).
- The 2014 legislation that authorized the City of Oneonta to offer a “residential investment exemption” has been amended to resolve a technical issue (Chap. **150**; note that this amendment implements the agreement that was referenced in Approval Message # 6 of 2014).
- The special tax payment deadline schedule for Dutchess County (i.e., RPTL §1504) has been amended to specify that when a tax payment deadline falls on a weekend or holiday, it is automatically extended to the following business day (Chap. **507**).
- The following enactments primarily impact New York City:
 - The City’s four-class tax system has been modified to allow the phasing in of assessment increases for property that was rebuilt after being severely damaged by Hurricane Sandy (Chap. **14**).
 - Changes have been made to the administration of the senior citizens rent increase exemption (“SCRIE”) and the disability rent increase exemption (“DRIE”) programs (Chaps. **424**, **553** and **580**; note that per Approval Message # 34, set forth below, a technical correction will be made to Chapter 580).
 - Various housing-related exemptions and abatements authorized by the RPTL have been modified and/or extended, including:
 - §421-a, for the construction of qualifying multiple dwellings (Chap. **19** & Chap. **20**, Pt. A, §§ 63-a to 63-m), though the extension was conditioned upon external negotiations related to project construction terms.
 - §421-m, for capital improvements to multiple dwellings (Chap. **20**, Pt. A, § 64).
 - §467-a, for co-ops and condominiums (Chap. **20**, Pt. A, §§61-63).
 - §488-a, for qualifying rehabilitations of multiple dwellings used for single room occupancy (Chap. **273**).
 - §489, for qualifying alterations and improvements to multiple dwellings under the “J-51” program (Chap. **20**, Pt. A, §§19 & 20).
 - §§489-ddddd and 489-gggggg, for Industrial and Commercial Abatement Program activity (Chap. **20**, Pt. A, §§58 & 59; Chap. **271**).
 - A real property tax abatement has been enacted for buildings that are subject to the Emergency Housing Rent Control Law or the New York City Rent and Rehabilitation Law (Chap **20**, Pt. A, §65; the variant of this abatement that was ostensibly enacted by §64-a is inoperative; *see* DTF Notice [N-15-12](#)).

- The City's authority to sell certain tax lots to owners of abutting property has been extended (Chap. **505**).
 - The Enhanced Real Property Tax Circuit Breaker – an income tax credit for eligible City residents (Tax Law § 606(e-1)) – has been extended through 2020 (Chapter **20**, Pt. C, Subpart B, § 2).

 - The following enactments impact Nassau County and/or municipalities therein:
 - The County's four-class tax system has been modified to allow the phasing in of assessment increases for property in Nassau that was rebuilt after being severely damaged by Hurricane Sandy (Chap. **411**).
 - The calculation of class tax shares in the County for the four-class tax system established by RPTL Article 18, and for the two-class system established by Article 19, will continue to include a 1% limit upon changes to current base proportions (Chaps. **445, 256**).
 - The obligation of Nassau County and the Town of Hempstead to pay PILOTs on certain property in the Lido Beach area has been extended (Chaps. **38, 41**).

 - The following enactments impact Suffolk County and/or municipalities therein:
 - The calculation of class tax shares in the Town of Islip will continue to include a 1% limit upon changes to current base proportions (Chap. **266**).
 - The Village of Mastic Beach has received special authorization to sell delinquent tax liens (Chap. **257**).
 - The boundaries of the Central Pine Barrens Area and Core Preservation Area have been clarified and revised (Chap. **267**).
-

GOVERNOR'S APPROVAL MESSAGES

APPROVAL MEMORANDUM - No. 1 Chapter 381

MEMORANDUM filed with Assembly Bill Number 6223-A, entitled:
"AN ACT to amend the real property tax law, in relation to exemptions available to veterans"

APPROVED

This bill would create new ranges of real property tax exemptions available to municipalities under the Alternative Veterans' Exemption (RPTL Section 458-a) and the Cold War Veterans' Exemption (RPTL Section 458-b). Those statutes provide authorization to localities to offer various levels of tax exemption rates to certain veterans on qualifying residential real property, at local option.

As drafted, this bill contains several minor technical defects, in that two of the tiers of exemption rates in the Cold War Veterans' Exemption were inadvertently transposed. Accordingly, rather than increasing each tier of exemption rates proportionately, under the current legislation, some tiers have large increases and other tiers have decreases - an unintended result. The Legislature has agreed to pass legislation in the upcoming session to correct this minor drafting error. On that basis, I am signing this bill.

The bill is approved.

(signed) ANDREW M. CUOMO

APPROVAL MEMORANDUM - No. 2 Chapter 406

MEMORANDUM filed with Senate Bill Number 5196-A, entitled:
"AN ACT to amend the real property tax law, in relation to authorizing a residential redevelopment inhibited property exemption in certain cities"

APPROVED

The bill would encourage the investment and rehabilitation in owner-occupied single family residences in cities with a population between 15,250 and 15,500 by providing a local option, multi-year real property tax exemption on a portion of the amount invested into the property. This exemption will provide an incentive to rehabilitate dilapidated homes, which would otherwise be too costly to fix.

While this bill contains a technical flaw, both the Assembly and the Senate have agreed to amend the bill to pass legislation in the upcoming session to correct this minor drafting error. On that basis, I am signing this bill.

The bill is approved.

(signed) ANDREW M. CUOMO

APPROVAL MEMORANDUM - No. 12 Chapter 503

MEMORANDUM filed with Senate Bill Number 5397, entitled:
"AN ACT to amend chapter 510 of the laws of 2013, authorizing the city of Middletown to enter into a contract to sell or pledge as collateral for a loan some or all of the delinquent liens held by such city to a private party or engage a private party to collect some or all of the delinquent tax liens held by it, in relation to the effectiveness thereof"

APPROVED

This bill would make permanent the authorization for the city of Middletown to enter into a contract to sell or pledge as collateral for a loan some or all of the delinquent liens held by the City to a

private party, or to engage a private party to collect some or all of the delinquent tax liens held by its citizens.

The Legislature has agreed to a chapter amendment to add a two year sunset provision on such authority to ensure appropriate oversight over the City's sale of delinquent tax liens. On this basis, I am signing this bill.

This bill is approved.

(signed) ANDREW M. CUOMO

APPROVAL MEMORANDUM - No. 22 Chapter 564

MEMORANDUM filed with Assembly Bill Number 1421, entitled:

"AN ACT to amend the real property tax law, in relation to a real property tax exemption for farm dwellings owned by a limited liability company"

APPROVED

Any bill that would modify tax benefits must be evaluated to ensure both that it advances sound tax policy and that any associated fiscal costs are carefully managed. In this instance, current law favors some farmers over others, and this bill would correct that inequity. For that reason, I am signing this bill.

This bill is approved.

(signed) ANDREW M. CUOMO

APPROVAL MEMORANDUM - No. 34 Chapter 580

MEMORANDUM filed with Senate Bill Number 5826-A, entitled:

"AN ACT to amend the real property tax law, in relation to authorizing eligible surviving members of the household to apply for a transfer of the head of household's benefit under the SCRIE and DRIE programs"

APPROVED

This bill would ensure that surviving household members who are otherwise eligible for the "Senior Citizen Rent Increase Exemption" (SCRIE) or the "Disabled Rent Increase Exemption" (DRIE) programs have a longer application window to apply for a benefits takeover, thus easing the devastating impact of a loved one's death or departure.

As drafted, however, this bill contains a technical flaw that would create significant uncertainty for those applying on the basis of permanent departure. The Legislature has agreed to pass legislation in the upcoming session to address this concern. On that basis, I am signing this bill.

This bill is approved.

(signed) ANDREW M. CUOMO

CHAPTER INDEX

Chap.	Bill No.	Subject	Page
14	A.5620-b	Superstorm Sandy & Rebuilt Property in NYC	5
19	S.5997	RPTL §421-a Exemption Extender	5
20/Pt.C/Spt.B	S.6012	Property Tax Relief Credit	4
20/Pts.A&C	S.6012	Tax Cap Extender; Rulemaking Authorizations	4
20/Pt.A	S.6012	RPTL § 421-a & Other NYC Housing Exemptions	5
38	S.4024	Lido Beach PILOTs	6
41	S.4140	Nassau County/Lido Beach PILOTs	6
59/Pt. E	A.3009-b	STAR & Recoupment of Improperly Granted Exemptions	2
59/Pt. F	A.3009-b	STAR & Unenrolled Registrants	2
85	S.4978-a	NYSHFA-Financed Housing Exemption Extender	1
122	A.7274-a	Superstorm Sandy & Rebuilt Property in Affected Areas	2
150	S.1790	Oneonta Residential Investment Exemption	5
249	A.2454	Log-Grown Mushrooms & Agricultural Assessment	1
251	A.5150-b	Limited 2015 Tax Payment Deadline Extender	4
256	A.5933	Nassau County AAU 1% ABP Cap	6
257	A.6212-a	Village of Mastic Beach Tax Lien Sales	6
266	A.7281	Town of Islip 1% ABP Cap	6
267	A.7578	Central Pine Barrens	6
271	A.7936	NYC ICAP Extender	6
273	A.8239	Single Room Occupancy Exemption Extender	5
381	A.6223-a	Alternative Veterans Exemption Limits	2, 7
400	S.4283	Vietnam Veterans of America	3
406	S.5196-a	Batavia Residential Redevelopment Inhibited Exemption	5, 7
407	S.5777	Land Bank Acquisitions	4
411	A.7156	Superstorm Sandy & Rebuilt Property in Nassau County	6
424	A.2124-a	SCRIE/DRIE Administration	5
445	A.7186	Nassau 1% ABP Cap	6
451	A.7375	Enhanced STAR IVP Participation	2
500	S.5288	Tax Foreclosures & Mineral Rights	3
503	S.5397	Middletown Tax Liens	5, 7
505	S.5467-a	NYC Tax Lot Sale Extender	6
507	S.5537	Dutchess County Tax Payment Deadlines	5
512	S.5767	Village Tax Lien Sale Opt Out Extender	3
538	S.2938-a	Veterans Exemptions & Intra-County Transfers	3
553	S.5721-a	SCRIE/DRIE Administration	5
563	S.5867	IDA Reform	4
564	A.1421	STAR & Farm LLCs	1, 8
580	S.5826-a	SCRIE/DRIE Administration	5, 8

For the 2015 Legislative Status Chart, see <http://www.tax.ny.gov/research/property/legal/legis/15bills.htm>.