



Note: This document pertains to the STAR exemption. The STAR exemption is no longer available to new applicants. Instead they may be eligible for the STAR Credit which is issued in the form of a check from NYS. Information on the STAR Credit is available at www.tax.ny.gov/star

Administering STAR for Cooperative Apartments

What is STAR?

The School Tax Relief (STAR) Program, which became law in 1997, provides a partial exemption from school property taxes for owner occupied, primary residences such as one, two and three family houses, condominiums, *cooperative apartments*, and manufactured homes (also known as mobile homes in Real Property Tax Law).

There are two types of STAR exemptions. Owners who are aged 65 or older, with a combined income of \$86,300 or less (increased annually for cost-of-living adjustments) are eligible for the Enhanced STAR exemption. The Enhanced STAR exemption is worth \$68,700 in full value assessment (2019-2020 school year).

Secondly, owners who occupy their primary residences and whose total income is less than \$250,000 are eligible for the Basic STAR exemption. The Basic STAR exemption is \$30,000 in full value.

In counties where the median home value is higher than the statewide median home value, the Basic and Enhanced STAR exemptions are prorated up so that homeowners in these areas will realize equivalent tax relief.

Responsibilities of owners of cooperative apartment corporations

STAR Legislation specifically requires cooperative apartment corporations and their managing agents to be responsible for the administration of the tax reduction received by the cooperative apartment owner. Most people who receive the STAR exemption will see the tax savings directly on their school tax bills. However, for cooperative apartment share-holders, the tax savings will appear on the school tax bill for the cooperative cooperation.

The corporation, through its managing agent, **must credit** the tax savings against the fees of the cooperative apartment shareholder who has received the exemption.

How STAR exemption is calculated

The assessor is responsible for calculating the STAR exemption. Let's take the case of the Riverview Cooperative Corporation located in Anytown, NY that assesses at 10% of market value. Riverview's building has 8 units and an assessed value of \$50,000. Each unit is occupied by a tenant-shareholder.

In order to calculate the STAR exemption, the assessor first must know the number of shares attributable to each unit and the total number of shares of the corporation. When the assessor has obtained this information from the managing agent, the assessor calculates an estimate of an "assessed value" for each unit that has an exemption.

How to apply

The cooperative apartment shareholder must apply to the local assessor in order to receive the STAR exemption. The assessor is responsible for reviewing the applications and the required documentation. For the Basic STAR exemption, the homeowner must provide proof of ownership and proof of primary residency as requested by the assessor. For the Enhanced STAR exemption, the home-owner must also provide proof of age and proof of income (copy of either federal or state income tax forms). Enhanced STAR applicant must reapply each year to prove income eligibility except for those who elect to participate in the STAR income verification program. Basic STAR applicants apply once but must notify the assessor of changes in eligibility.

If Anytown assessed at 100% of market value, the Enhanced STAR exemption would exempt up to the

first \$68,700 of assessed value for each cooperative apartment unit and the Basic exemption would exempt up to the first \$30,000. Because Anytown assesses at 10% of market value, the STAR exemption is adjusted so that Enhanced STAR exempts up to the first \$6,870 and the Basic up to the first \$3,000 of assessed value for each exempt cooperative apartment unit. When the assessor calculates the STAR exemption, the assessor should provide the managing agent with the **STAR exempt amount attributable to each unit that receives the STAR exemption.**

Table 1. Riverview Cooperative Corporation Certified STAR Enhanced Exemption = \$6,530 Certified STAR Basic Exemption = \$3,000				
Unit #	Shareholder	Assessed Value Attributable To Exempt Unit	Star Exemption Type	Exempt Amount Attributable to Unit
1	Adams	\$8,000	Basic	\$3,000
2	Best	\$4,000	Sr. Citizen (\$1,600)*	\$4,000
			Enhanced (\$2,400)	
3	Carlson	n/a	none	n/a
4	Daniels	n/a	None	n/a
5	Evans	\$7,000	Enhanced	\$6,870
6	Fine	\$5,000	Basic	\$3,000
7	Green	n/a	None	n/a
8	Hanks	\$6,000	Enhanced	\$6,000
Exemption Total				\$22,870

In the example of Riverview Cooperative Corporation, three shareholders, Best, Evans and Hanks, applied and were approved for the Enhanced STAR exemption. The assessed value for the units of Best, Evans and Hanks are \$4,000, \$7,000 and \$6,000 respectively. The Enhanced STAR exempt amounts attributable to these units are \$2,400 (in addition to \$1,600 senior citizen), \$6,870 and \$6,000 respectively. Adams and Fine were approved for the Basic exemption of \$3,000 each. The total of all STAR exemptions is \$22,870. The STAR law states that the exemption cannot exceed the total assessed value attributable to the cooperative apartment.

How to Distribute the Benefits to Shareholders

1. OBTAIN INFORMATION FROM YOUR ASSESSOR

The managing agent needs to obtain from the assessor the following:

Exempt amount attributable to each exempt cooperative unit.

The assessor calculated the amount of the exemption to each of the three applicants.

2. Obtain information from tax bill

School tax rate STAR savings

The school tax rate is an amount that is usually shown in dollars per thousand of valuation. The savings for STAR and other exemptions are shown on the school tax bill. The bill also indicates that the total exemption for the Corporation itself is \$22,870.

3. Calculate shareholder savings

Shareholder savings can be determined by multiplying the school tax rate by the exempt amount attributable to each unit. Individual unit or shareholder's savings are determined by the following formula.

$$\frac{\text{Tax rate}^{**} \times \text{exempt amount of unit}}{1,000} = \text{Shareholder Savings}$$

In the example of Riverview Cooperative Corporation, the school tax rate is \$200/\$1,000 of assessed value. Three of the shareholders, Best, Evans, and Hanks received the Enhanced STAR exemption. The exempt amounts attributable to units occupied by Best, Evans and Hanks are \$4,000, \$6,870, and \$6,000, respectively. For Adams and Fine, the exempt amounts are \$3,000 each.

*Best, in Table 1, qualifies for a 40 percent senior citizen exemption of \$1,600 which must be applied first. The remaining assessed value is \$2,400. The STAR exemption in this example cannot exceed \$6,870 or 100% of the remaining total, which is \$2,400. Best receives a \$2,400 exemption for STAR. Managing agents must also account for other exemptions which may apply in addition to STAR. While STAR applies to all qualified cooperative apartments, municipalities may, **at local option**, choose to grant certain other exemptions (i.e., senior citizen exemptions and/or veterans exemptions) to tenant shareholders of cooperative apartments.

** The actual school tax rate should be used in the calculation. The tax rate should not be rounded to the nearest dollar. In municipalities where the tax rate is expressed in dollars per \$100 of assessed value, the product should be divided by 100.

Table 2. Riverview Cooperative Corporation

Unit #	Shareholder	Exempt Amount Attributable to Unit	Shareholder Savings
1	Adams	\$3,000	\$600
2	Best	\$4,000	\$800
3	Carlson	n/a	n/a
4	Daniels	n/a	n/a
5	Evans	\$6,870	\$1,374
6	Fine	\$3,000	\$600
7	Green	n/a	n/a
8	Hanks	\$6,000	\$1,200
TOTAL		\$22,870	\$4,574

For Example:

The exempt amount attributable to Best is \$4,000. The savings for Best is \$800, i.e.,

$$\frac{\$200 \times \$4,000}{1,000} = \$800$$

The STAR exempt amount attributable to Adams and Fine is \$3,000. The STAR savings for each is \$600.

$$\frac{\$200 \times \$3,000}{1,000} = \$600$$

The sum of each shareholder's savings should equal the STAR Savings shown on the school tax bill (\$4,574).

Shareholder's savings are calculated differently for shareholders residing in cooperative apartments organized as a limited-profit (Mitchell-Lama) company. As these facilities are generally exempt from real property taxation, the benefits are instead "STAR savings," equal to one third of the "base figure" normally used to calculate both the Basic and Enhanced STAR exemptions (with adjustments for location and equalization), multiplied by the applicable school tax rate (or by the city tax rate, in the cities of New York, Buffalo, Rochester, Syracuse and Yonkers). The "STAR savings" for any individual unit may not exceed the amount payable or chargeable to the unit for real property taxes or payments in lieu of taxes. The assessor should provide a breakdown of such credits by unit so that they are properly credited and allocated to eligible recipients.

Cooperative apartment corporations must provide to each eligible tenant-shareholder a written statement detailing the full amount of the STAR exemption (or STAR-related savings, in the case of cooperatives organized as a Mitchell-Lama project) to be credited

to such tenant-stockholder, including information regarding how the amount was calculated, and how the exemption or saving is being credited to the tenant-shareholder. Such a written statement must be mailed to each eligible tenant stockholder within 60 days of the corporation's receiving the exemption or savings.

Once the individual savings have been calculated, the cooperative apartment corporation is required to credit those savings against the taxes otherwise payable by the tenant-shareholder. This may be accomplished by:

- (1) dividing the total savings by twelve and crediting the result against the monthly fees and charges payable each month for the next year;**
- (2) dividing the total savings by six and crediting the result against monthly fees and charges over six months in the next year;**
- (3) crediting the total savings against fees and charges of any single month of the next year, with any balance to be credited in full against fees and charges for the following month(s) of that year until exhausted; or**
- (4) paying the total savings to the tenant-shareholder as an up-front, lump sum payment.**

In any case, such payment(s) must be made during the current assessment cycle. If the apartment is transferred, any payments remaining in the current cycle should continue to be applied to that same apartment despite the transfer. However, in order for the apartment to qualify for STAR in future assessment cycles, a new application will have to be filed with the assessor by the applicable taxable status date.

If you have any questions or need additional information regarding applying for the STAR program or the calculations of the STAR program exemptions, please contact:

**NYS Department of Taxation and Finance
Office of Real Property Tax Services
(518) 474-2819**