


NEW YORK STATE

Office of Real Property Services

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Exemption Reporting for Taxing Jurisdictions

Chapter 258 of the Laws of 2008 added Section 495 to the Real Property Tax Law requiring counties, cities, towns, villages and school districts to attach to their tentative/preliminary budgets an exemption report. The measure is effective October 5, 2008 and applies to budgets for fiscal years commencing on and after that date.

The new exemption reports will provide taxpayers, policy makers, media and the general public with greater transparency on property tax exemptions and their effect on overall property taxes.

Exemptions are reductions in property taxes granted to certain groups of property owners (e.g., non-profits, seniors, veterans) and are paid for by increases in property taxes on all other taxpayers (except for the STAR exemption, which is funded directly by New York State). The new exemption reports will show, for each type of exemption, how much of the local property tax base has been removed from taxation.


While exemptions in general serve a valid public purpose, they also erode the tax base and shift the tax burden to other property owners within the taxing district. The extent of this impact has been largely hidden from view because, until now, no systematic reporting is done at the local level. So, while each individual exemption may seem reasonable, the overall impact of all exemptions can often lead to unexpectedly high taxes for the remaining taxpayers who must shoulder the burden.

For detailed reporting requirements and other information, please view the related links (left-side menu).

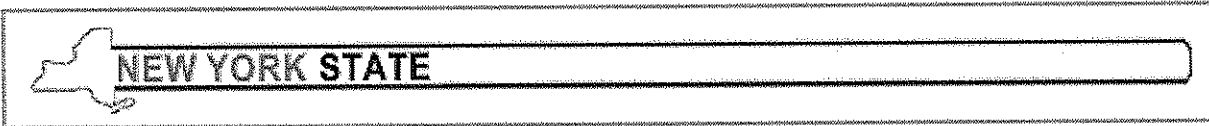
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Q1: How will this work for school districts where their budgets are adopted before the tentative or final rolls are issued?

A1: The latest final roll should be used. For most schools this will mean the prior year's roll.

Q2: Since payments in lieu of taxes are referenced, do PILOTs need to be netted out for IDAs, industrials, utilities, etc., as applicable? Would the PILOT amount be converted to an assessed value?

A2: Entries are by statutory authority, so IDA projects do not have to be entered separately.

Q3: Since sub-division two of the RPTL 495 discusses the inclusion of the exemption report in the notice for preliminary, tentative and final budgets, is this report subject to the public hearing associated with budgets?

A3: The report is not the subject of a separate hearing. It can be discussed at budgetary hearings, but is not subject to change unless factually incorrect.

Q4: Can the amount of exemption be represented graphically (i.e., a pie chart) as opposed to numerically?

A4: No. A chart could be done as a supplement but not as a replacement.

Q5: Does each individual exemption need to be separated out or can some be grouped together (e.g., all veterans' exemptions taken collectively as opposed to each veterans' exemption noted individually by type)?

A5: Each exemption type must be entered by statute unless the exemption's aggregate impact is less than 1%. For example, the veterans' exemptions have separate statutory authorization and thus require separate entries.

Q6: What sanctions will be employed for taxing jurisdictions that do not comply?

A6: There is no specific sanction, but this is an action required of the local government and a court could order compliance.

Q7: For municipalities using RPSV4 software, when will a patch be available to get the necessary reports that will be needed?

A7: On or about 10/1/08.

Q8: If you have a PILOT in your municipality are you also required to report the amount of money received in that year from the PILOT agreement?

A8: The Statute refers to PILOTs "expected to be received", so the report for the 2009 budget would show payments expected in 2009.

Q9: Is there any way RPSV4 can calculate PILOT amount because the payment amounts are not entered into any data bucket? Will this have to be done manually?

A9: No, RPS can not. Yes, it will have to be done manually.

Q10: What is a tentative/preliminary budget?

A10: The statute requires the report to be available when the initial version of a budget is presented. The controlling statute for the local government may use the word "tentative" or "preliminary". In either case it refers to the budget prior to its adoption.

Q11: Is the report required to be filed with the Office of the State Comptroller with the budget?

A11: No, the report is separate from the budget and only needs to be attached locally.

Q12: Are non-assessing villages required to file the report?

A12: Yes, ORPS is currently working on a report for RPS V4 users (95 percent of the state) that would enable towns or cities with non-assessing unit villages in their borders to provide the villages with a report for the exemptions within its boundaries.

Q13: On the report, do exemption categories worth less than 1% have to be listed?

A13: The law states "Exemptions that result in an impact of less than one percent may be aggregated as a single entry." Thus, exemption categories that are less than one percent of the value of the entire roll can be grouped together as one category and labeled as "all other" or some other appropriate title.

Q14: Does the information required by Section 495 to the Real Property Tax Law have to be put in a Legal Notice?

A14: No. It only has to be posted on the municipal bulletin Board and municipal website.

Q15: The form RP-495 has an entry at the bottom for total payments in lieu of taxes. Form RP-495-PILOT requires more specific information. Does a City that receives only one PILOT have to post both documents?

A15: Yes. The law requires that PILOTs be listed by statute. Form RP-495 does not contain this information. Therefore, form RP-495-PILOT must be posted even if only one PILOT is received.

Q16: Does a town that does not impose a real property tax have to post the exemption impact reports?

A16: Yes. These forms are public information that are required as part of the annual budgeting process. A municipality may not know for sure that it will not impose a tax when the preliminary budget is discussed.

Q17: If an exempt entity is making PILOTs and paying special district charges, what is entered on the RP-495 and RP-495PILOT?

A17: Only the PILOTs are included. Special district charges are not included.

Q18: Do the forms RP-495 and RP-495-PILOT have to be prepared if a

tentative budget was submitted prior to October 5?

A18: Yes. The forms must be prepared and posted on the municipal bulletin board and municipal website. The reports must also be part of the final budget.

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