What to expect with your 2018 property taxes: Budget properly and stay aware of pertinent dates - by Brad Cronin and Sean Cronin

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The new year is approaching and while the plans of newly elected officials and the repercussions of Washington’s potential limitation on property tax deductions remain unknown, there are a number of issues with more certainty that should be understood in regards to your property tax bill. Below are some of items to be aware of in the upcoming year.

New Budgets, New Tax Rates = New Total Taxes

By and large, budgets go up each year. This increase requires greater funding from all property owners’ taxes. The simple equation is; larger budgets equal a higher tax burden. A higher tax burden must then be distributed to all owners by way of an increased tax rate. Even when your assessment remains the same, your taxes will increase.

This increase can be significant depending on which budget has increased. For instance, an increase in the school budget can have a tremendous increase on your total taxes, since the school tax typically represents 65% of your total taxes. Whereas an increase in county taxes has a far more limited reach and is less noticeable in overall tax payments.

All increases are kept relatively in check by the 2% property tax cap but there are exceptions to this limitation. The exceptions to mean an effective cap higher than 2%, but eliminate the wild double-digit percentage increases of years ago. However, the impact of any increase whatsoever is compounded by the fact that the majority of the assessments have not been updated in years. Nassau County again delayed a revaluation of all properties that was scheduled to occur on January 1st, 2018 and the majority of Suffolk County towns have not performed revaluations in decades.

The stagnant assessments that result from a lack of revaluations lead to an inability for assessment rolls to keep up with market trends. For example the apartment boom that provided some complexes much higher rents is missed on the assessment roll. Conversely, the forced reinvention of retail as a result of the so-called Amazon effect on brick and mortar retail has led to the struggles of malls and shopping centers to not be properly reflected in their assessments. The damage done to the retail market cannot be addressed by property owners without filing a grievance.

Protest Dates

The dates by which owners can grieve their taxes remain the same in 2018. In Nassau County, the grievance period begins at the start of the year with grievances due by March 1st. In Suffolk County, the third Tuesday in May remains the deadline, this year falling on May 15th.

There are also village grievance deadlines should one’s property be located in an assessing village. These deadlines are usually in February but should be checked with your local village.

It is noteworthy that your assessment cannot be increased as a result of filing a grievance. Since both Nassau and Suffolk County have some of the highest taxes in the nation, this is an important fact that allows the owner the ability to have his assessment reviewed and potentially lessen the burden without concern of an assessment increase.

Payment Dates

In Suffolk County, tax bills continue to be issued in early December with the first half payment due January 10th and the second half due May 31st. In Nassau County, school tax bills are issued in October and general bills in January. The first half of the Nassau School tax bill is due by November 13th this year and the second half must be paid by May 10th. The general bill can be paid in halves as well, with the first half due February 10th and second half due August 10th.

However, the amounts that must be budgeted for each bill has drastically changed in Nassau County. The Disputed Assessment Fund (DAF) delays a portion of school tax bills to the January general bill. This has caused a great deal of confusion among taxpayers. Many believed their school taxes were paid in full and were shocked when they received a general bill with an additional amount for deferred school taxes. Property owners must now adjust their accounting to be mindful of this change.

By budgeting properly and staying aware of pertinent dates, property owners can attempt to be proactive in how they handle their property tax burden. New administrations and national tax plans will surely mean change in the upcoming year. This makes it that much more critical that owners manage known issues. By increasing familiarity with the systems and timing above, the level of preparedness with at least some variables in the property tax equation can put owners in a position to handle additional changes as well.

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