A closer look at Nassau County's reassessment: What the county's reassessment really means? - by John Terrana and Robert Renda

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As has been widely reported, Nassau County recently completed the first county-wide reassessment in eight years. The results of the reassessment were published earlier this month on the 2020/21 Tentative Assessment Roll. The goal of the reassessment is a laudable one in that it aims to provide a fair assessment for every property owner in Nassau County. Unfortunately, based upon our review of the reassessment, we do not believe the county's goal will be accomplished.

Our review indicates that many properties are being over assessed. In addition, many properties whose assessments were finally fair after years of tax certiorari challenges, have seen dramatic increases. In the majority of these instances, the resolution of the tax certiorari challenge was reached as a result of a mutually agreed upon value for the property by Nassau

County and the property owner. For example, we recently filed a tax certiorari challenge for a commercial property for the 2019/20 tax year. After negotiations with Nassau County, we settled on a value of $3.5 million for the property. As a result of the reassessment, Nassau County has set the value at $6 million for the 2020/21 tax year.

Further exacerbating the situation are the “Tax Impact Notices” which were sent out by Nassau County. The purpose of these notices was to give property owners an estimate of the actual “tax dollar” impact the reassessment would have on their properties. Unfortunately, the Tax Impact Notices significantly understate the increase in taxes. This is problematic as it will likely lead many property owners to forgo challenging their assessment, when in reality they should.

First, the tax estimates in the “Tax Impact Notices” are calculated using the 2017/18 tax levy. However, the new assessments will be used for the 2020/21 tax levy. As real estate taxes have historically increased every year, it is reasonable to assume that the actual real estate taxes paid in 2020/21 will be significantly higher than the Tax Impact Notices indicate, given the three-year gap between 2017/18 and 2020/21.

Second, state law requires that any increase in assessment on commercial properties, other than increases attributable to a physical change, be phased in over a five-year period. The assessment which a property is taxed upon during the five-year phase in period is referred to as a “transitional assessment.” The county has based the estimates in the Tax Impact Notices on the first years’ transitional assessment, i.e. the estimates are based upon only 20% of the increase in assessment. This ignores the fact that the assessment will increase by 20% annually for the four years following the reassessment thereby causing significant, additional increases in the taxes over this period of time.

Finally, all commercial properties have to pay a “Disputed Assessment Fund” or “DAF” charge. The “DAF” charge represents a significant portion of a property’s real estate tax bill. Nassau County did not account for the “DAF” charge in the tax estimates on the Tax Impact Notices. Again, this leads to an understatement of what the actual tax bill will be as a result of the reassessment.

The reassessment is a complex matter and will significantly increase real estate taxes for many properties. It is imperative that property owners consult with their property tax attorneys to determine the consequences of the reassessment and explore all possible courses of action.

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