



The year ahead in state/local property taxes: Cuomo's tax program provides little relief to commercial owners

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Governor Cuomo's Property Tax Relief Program

Almost \$2 billion (\$1.7 billion) in property tax credits and not a dime of relief to commercial property owners is what governor Cuomo's proposed property tax relief program outlined last month. The governor's plan is politically savvy as it directly targets voters by providing tax credits to those homeowners who earn less than \$250,000. That homeowner must also be located in a community that has stayed within the two percent property tax cap and their property taxes must exceed 6% of their income in order to be eligible. It's a program that will be popular amongst homeowners who struggle to pay New York property taxes, but the omission of a program to help commercial property owners is glaring. The governor identified property taxes as hurting the state's competitiveness, yet, as currently constituted, his program amounts to a short-term band-aid to a problem that requires a substantive solution.

Property Tax Cap

By linking eligibility to the municipalities that stay within the property tax cap, the tax credit program would apply a great deal of pressure to those districts already struggling with the cap. Unfunded state mandates remain a significant issue and have forced many communities to face difficult cost saving measures to remain within the 2% tax cap while still providing services that attract and retain businesses and residents.

While it can be overridden, the wild fluctuations of double digit percentage tax increases have largely been stabilized since the cap's implementation. However, it should not be taken for granted that there is an expiration date on the property tax cap. The tax cap was approved by the Sheldon Silver led Democratic state assembly only by agreeing to the law extending New York City's rent regulations. While the property tax cap does not expire until 2016, the agreed upon rent regulations expire in June 2015. The June 2015 timing is significant as the agreed upon bill allows the tax cap to last until June 2016 at a minimum, but "thereafter only so long as" the rent regulations are in effect. Therefore, the tax cap will cease to exist next year unless the further negotiations allow the rent laws to be extended. The recent grand jury indictment of Sheldon Silver has changed the political landscape and brought Carl Heastie as the new leader of the Assembly to replace Silver. It remains to be seen if Heastie will have the same ability to satisfy the powerful unions who have long opposed the tax cap.

Nassau and Suffolk Counties

Statewide measures directly influence commercial property owners, but owners still must seek relief locally. In Nassau County the last day to file a grievance and challenge your property's assessment is March 2nd and in Suffolk County the grievance deadline is May 19th.

Nassau County grievances will protest the 2016/17 tax year. This is the first year scheduled to

implement the disputed assessment fund which, for those who are grieving or "disputing" their assessment, will take 10% of their tax payment and put it in a special escrow fund. This fund aims to be the source of refunds for successful assessment challenges. The goal of this structure is to eliminate the need to borrow money for successful for tax grievances.

In Suffolk County, only the town of Southampton is scheduled to perform an assessment revaluation in 2015. The values resulting from that assessment roll should be closely reviewed so that the viability of grievance can be examined prior to the May 19th deadline. The other towns in Suffolk County have not performed a revaluation in many years. Their assessments will remain the same unless a physical improvement has occurred at the property. However, the assessment ratio in each jurisdiction changes on an annual basis and can have a large impact on the property tax case. These new assessment ratios should be examined by counsel in regards to each owner's assessment in order to analyze their case.

Property taxes remain problematic in New York, particularly, in Long Island. Reviewing the changes as they apply to your property on a statewide and local level is critical to understanding and managing this burden in the most efficient manner.

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