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**Nassau County revaluation figures have arrived with many questions from property owners - by Brad Cronin and Sean Cronin**

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All property owners in Nassau County received new assessment notices this past November. These notices also contained new market values for each property. However, they did not contain the figure most important to both commercial and residential property owners: What are my new taxes going to be?

Nassau County has begun to address this concern with a second set of “tax impact notices.” However, these notices provide potential taxes if the assessments are implemented, but also provide another figure that assumes legislation will be passed to phase in any tax increases.

Additionally, the notices predict taxes for 2020 as compared to the 2017/18 tax year. A number of variables have yet to be determined for the 2020/21 tax year, including budgets and resulting tax rates which are sure to rise.

The data used to determine these figures has been reviewed for the past year and examined by consultants hired by the county to perform the revaluation. Under the law, the values must reflect the fair market value as of January 2nd, 2019. Even the most informed experts have acknowledged the difficulty in projecting residential values with rising mortgage rates and the cap on state and local tax (SALT) deductions. Such a monumental change that led to thousands of taxpayers lining up to

prepay taxes last December has only begun to effect purchase prices as the market adjusts to the reality of SALT. Taking prior year sales and applying recent trends may prove to be the exact opposite of the true state of the market on January 2nd, 2019.

Similarly, brick and mortar retail properties continue to change rapidly with the closings of major retailers such as Toys R Us and Sears occurring throughout the year. Retail continues to be a moving target with additional K-Mart's and Bob's Stores closing in just the past few weeks. These closings create thousands of square feet that must be absorbed or repurposed which directly effects the rental rates at those properties, but also for competitors as owners seek to attract the few retail tenants that are opening or relocating. All of these occurrences will have an impact on the market as January 2, 2019, but it remains to be seen if the revaluation figures will be adjusted to reflect that new reality.

The county executive has vowed to "fix" the assessment system, but has recently acknowledged that many taxpayers will be unhappy stating, "About half of Nassau's property owners will see a decrease in their taxes, while the other half will experience increases." In the same statement the county executive acknowledged the political risks of attacking such a lightning rod topic and the universal public hatred of property taxes. However, the only thing property owners dislike more than property taxes are property taxes coupled with additional uncertainty. The current set of circumstances result in new figures that cannot be entirely deciphered as of yet, which has caused alarm for owners.

Even with the best intentions, mass appraisal is a difficult manner in which to arrive at accurate values. Further complicating the process is the fact that Nassau County has also changed the assessment ratios, which have yet to be determined to be accurate. If the tax impact notices are based upon prior inaccurate assessment ratios this would result in misleading conclusions.

The uncertainty surrounding the true impact of the new assessments can have a chilling effect upon owners as they choose whether or not to invest in Nassau County or bring their business elsewhere. The effect will also snowball as existing homeowners allocate increasing amounts of disposable income towards their taxes as they brace for the impact of SALT on top of new assessments and potential increases. These changes in investment and spending have a direct and significant effect on sales tax revenue and local businesses.

Nassau County consistently ranks in the top five of property taxes nationwide by almost any metric. The fact that the underlying taxes are amongst the highest in the country still remains true even when the assessments are accurate or not. A redistribution of these taxes does little to alleviate that burden. Certainly the county should seek to have accurate assessments, but that does not solve the underlying issue of high property taxes which is the major impediment to growth and investment in the future in Nassau County.

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