



## **Tax bills are coming to Nassau and Suffolk Counties – What do they mean for your property? - by Brad and Sean Cronin**

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In the coming months, both Nassau and Suffolk County property owners will receive significant tax bills. In Nassau County, the first bill will arrive in early October for the school taxes which typically

represent 60% to 70% of a property's burden. Suffolk County issues all tax responsibilities on one bill that arrives the first week in December. Unless, your property is located in a village, this bill accounts for your total annual tax burden. The typical concerns of increased tax rates and budgets have been exacerbated this year by the Nassau County revaluation and below we'll examine the validity of these fears.

### There will be No Impact From Nassau County's Revaluation on the October School Bill

While no one ever looks forward to receiving their tax bill, there has been more apprehension than usual this year about future tax bills in Nassau County. The concern stems from a plethora of notices, tax impact statements, followed by amended and updated notices. The county's efforts at transparency have been helpful in some respects, but confusing in others.

Our office has received a tremendous number of inquiries as to how these notices will impact the coming tax bills. The irony is that these notices bear no relation whatsoever to the October school tax bill. This is due to the extreme lag time in Nassau County between the publishing of the assessment roll, its finalization and the corresponding tax bills being issued. In fact, the new assessments published on January 2nd will not even have any effect on the January 2020 general tax bills either.

### When will Revaluation Effect Tax Bills?

The new assessments from the county's first revaluation in years will finally be seen on tax bills in October 2020 and January 2021. While potential tax impact statements have been published, these should only be used as a guide since there are a great deal of unknowns regarding those bills.

### Budgets for "Revaluation Tax Bills" Have Yet to be Determined.

The first unknown is what budgets will they be fulfilling. Assessments are multiplied by tax rates to satisfy local budget amounts. Therefore, if school budgets increase, the tax rate typically increases in order to match that escalation. The budgets that determine the tax rates for the "revaluation tax bills" in October 2020 and January 2021, will not be determined until a year from now, thus leaving a significant variable in any future projections.

### Taxpayer Protection Plan and Transitional Assessments

The second variable that must be considered are all the new assessed values and if properties will be fully assessed next year. Assuming the tax cap is not pierced, the burden resulting from the budgets will be redistributed based on each property's new assessment. In order to calculate the tax rate, an analysis of which properties increased in assessment and which decreased will have to be performed in order to derive the new tax rate.

Absent the phase in of any assessments, simple math would indicate that if your assessment doubled, you should expect your taxes to do the same. Given that other assessments have changed

as well, that calculation cannot be applied. Still, many property owners who have seen such an increase are bracing for the worst.

There are however, protective mechanisms by which owners are insulated from having full assessment increases take effect next year. Under the law, commercial property owners will have increases based on value phased in at 20% per year over a five-year period. While this is helpful to temper the shock of an increase, it also leaves those taxpayers whose assessments have stayed the same in the revaluation to carrying more than their fair share of the tax burden. Accordingly, tax rates must be increased for everyone to compensate for 80% of the increase in assessment being delayed to subsequent tax years.

Similarly, the county executive is still waiting for the Nassau County legislature to pass a similar measure for Class 1 residential properties that would limit both increases and decreases in assessment by 20% per year. The legislature has stated their desire to implement the plan, but only after they are satisfied with their review of other aspects of the revaluation.

#### Immediate Bills Known, Future Unknown

All these unknowns mean that we do not know all the figures we are multiplying (assessments and transitional assessments) and we do not know the amount of revenue they are required to create (budgets for school, town and county).

Our office is frequently asked to project taxes on existing properties, new construction and conversions. Applying a percentage increase of existing taxes can lead to very misleading figures. These projections require a level of sophistication that considers and applies all the forthcoming changes. If projecting taxes beyond this year, developers must consult with their tax expert in order to ensure they have the most informed expectations.

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