

DRAFT - April 29, 2014 Property Tax Freeze Credit

The 2014-15 enacted budget establishes a property tax freeze credit for NYS homeowners for 2014-15 and 2015-16 school years. The credit will be implemented as a rebate check based on taxes imposed by school districts and other municipalities that are subject to the property tax levy cap (county, town, village, library, etc.) The rebates for STAR eligible homeowners in each entity will be based on each entity's compliance with the property tax cap i.e., if the school district complies with the cap and the county does not, the homeowner will receive a rebate for the school taxes and not for the county taxes.

The following description applies to the school district property tax freeze credit only.

ELIGIBILITY

- Residential property owners that are eligible for a STAR exemption on their primary residence (except NYC).
 - Homeowners that failed to apply for STAR but are eligible, will also receive the rebate.
- The school district must comply with the property tax levy limit including exclusions (maximum allowable levy) in 2014-15 and/or 2015-16. An approved government efficiency plan is also required in 2015-16.
- Eligible property owners will receive the credit via rebate checks issued by NYS Tax and Finance Department in autumn of 2014 and/or 2015.
- Rebates reimburse homeowners for the dollar increases in their school tax bills.
- In 2014, for homeowners in a tax freeze compliant district, the rebate credit will be equal to: the greater of 2014-15 increase in school taxes OR (1.46% x 2013-14 school tax bill).
 - Example: 2013-14 Tax Bill = \$2,500
2014-15 Tax Bill = \$2,550
Increase in Taxes = \$50
1.46% x 2013-14 Tax Bill = \$36.50
2014 Rebate to Homeowner = \$50
- In 2015, for homeowners in a tax freeze compliant district with an approved efficiency plan, the rebate will be equal to the rebate received in 2014 PLUS the greater of the increase in school taxes in 2015-16 or (2014-15 school taxes x the lesser of 2% or the CPI applicable to the tax levy limit in 2015).

○ Example: 2014 Rebate to Homeowner =	\$50
2014-15 Tax Bill =	\$2,550
2015-16 Tax Bill =	\$2,575
Increase in Taxes =	\$25
CPI up to 2.00% x 2014-15 Tax Bill =	\$51
2015 Rebate to Homeowner =	\$51 + \$50 = \$101

- For eligible homeowners, the rebate will not include the increase in taxes due to assessment increases as a result of:
 - property improvements or
 - loss of exemption(s)
 The rebates will be calculated as if the increase in assessment had not occurred.
- For eligible homeowners who have increases in tax bills due to a general “town or municipality wide” reevaluation, the rebate will be calculated as follows:
 - If the home’s assessment increased more than the average assessment increase for the municipality, the rebate will be based on the average increase in assessment
 - If the home’s assessment increased less than the average assessment increase for the municipality, the rebate will be based on the actual reassessed value of the home.
- Receipt of a rebate is not dependent on if, or when a tax bill is paid.
- Homeowners in a school district that does not comply with the tax cap in 2014 will be eligible for the rebate in 2015 as long as the school district complies with tax cap and has an approved government efficiency plan in 2015. The 2015 rebate will be based only on the increase in their school tax bill in 2015 compared to 2014.

EFFICIENCY PLANS

At this writing, the NYS Division of Budget is developing criteria for the approval of government efficiency plans required by this law. As more information becomes available this document will be updated.

- In 2015, in addition to complying with the property tax cap, the rebate will also be dependent upon a school district having a state approved government efficiency plan.

- The government efficiency plan must demonstrate the school district will achieve three years of savings and efficiencies equivalent to 1% per year of the 2014 school tax levy in each of three years starting in 2016-17.
 - Plans may be regional, multi-district, or individual school district
 - BOCES may convene and facilitate development of an efficiency plan for each BOCES region.
- Plans may include efficiencies already implemented. ***(At this writing, details on how far back or what types of ongoing efficiencies may be included has not been determined.)***
- Savings plans are to be submitted to the Director of the NYS Budget by June 1, 2015.

REPORTING REQUIREMENTS for 2014

(More information on timelines and reporting forms will be available in the coming weeks.)

- April/May 2014 – School districts report 2013-14 school tax data to NYS Tax and Finance
- July 21, 2014 - School districts report to OSC compliance with tax cap (format TBD)
- August 2014 – School districts report tax warrant information to NYS Tax and Finance 10 days after execution of warrant
 - Districts that have October tax warrants will submit information to NYS Tax and Finance after October warrant is finalized
- October 2014 – Rebate checks mailed by NYS Tax and Finance to eligible homeowners