



CHESTER UNION FREE SCHOOL DISTRICT

Tax Exemptions 2024

A review of Real Property Tax exemptions for Chester Union Free Schools and recommendations for action

Why does the District adopt tax exemptions?

- The District-wide impact of these exemptions are the same, they shift the tax burden from those with the exemption to those without. Like all tax policy, the use of exemptions is to recognize actions that are seen as “a benefit to the community” or to incentivize future actions.

Senior Citizens Exemption (RPT Section 467)

- A partial exemption of 5% up to 50% of Real Property Tax (RPT) for homeowners 65 years old or older is available based on the homeowners' income.
- The District sets the income levels pursuant to a schedule up to a maximum of \$58,400
- Currently, Chester UFSD levels are \$24,000 - \$32,999
- **Recommended Action** – To increase the income thresholds to the state maximum of \$50,000 to \$58,400.

Persons with Disabilities/Low Income Exemption (Sec 459-c)

- A partial exemption of 5% up to 50% of Real Property Tax (RPT) for qualified disabled homeowners is available based on the homeowners' income.
- If the property receives a senior citizens exemption they would not receive this as well.
- Currently, Chester UFSD does not offer this exemption.
- **Recommended Action** – To offer this exemption and to set the income thresholds to the state maximum of \$50,000 to \$58,400.

Veterans Exemptions (Sec 458)

- Veterans can receive one of three exemptions, 15% for service during war time, 10% for service in combat zones and an additional exemption for service-connected disabilities. In addition, members who served during the cold war may receive a 15% (up to \$12,000) exemption.
- Currently, Chester UFSD has adopted these exemptions to the limits allowed by law.
- **Recommended Action** –No changes are recommend to this program at this time.

Volunteer Firefighters and Ambulance Workers

(Sec 466-a)

- This exemption under section 466-a, formerly 466-f in Orange County, allows for up to a 10% exemption. The BOE must determine the number of years of volunteer service (between two and five years) to be eligible for the exemption.
- Currently, Chester UFSD has adopted the 466-f exemption for which 14 properties receive an exemption. Section 466-f is due to expire in 2025.
- **Recommended Action** – To adopt a resolution to approve the new Section 466-a exemption and to set the minimum service requirement to two years.
 - *Options to extend this benefit to a lifetime exemption as well as to un-remarried spouses are also available.

Volunteer Firefighters and Ambulance Workers

- **Option 1** – Extends the exemption to allow Volunteers with more than 20 years of active service to have the exemption for life as long as their primary residence is located within the School District.
- **Option 2** - to extend the tax exemption to qualified, un-remarried spouse, where the Volunteer had at least 20 years of volunteer service and received the exemption prior to their death, as long as their primary residence is within the school district.
- **Option 3** - to extend the tax exemption to un-remarried spouses killed in the line of duty as long as the Volunteer had at least 5 years of active service in the fire company/ambulance service and was receiving the exemption prior to their death, as long as their primary residence is within the school district.
- **Recommended Action** – To offer option 1, 2 and 3 extensions.

Other Real Property Tax Exemptions in place now that need consideration

- **Solar, Wind, or other energy systems** (Sec. 487) - This exempts construction, alteration and installation of solar, wind or farm waste energy systems for a period of 15 years. This exemption is automatic unless the District passes a resolution to “opt-out”.
- **Business Investment Property** (Sec. 485-b) – This exempts construction, alteration and installation of certain commercial property from taxation of 5% to 50% of the value over ten years. This exemption is automatic unless the District passes a resolution to “opt-out” by reducing the percentage of the exemption to “zero”.
- **Recommended Action** – Opt out of both exemptions. This “opt-out” is prospective only, and will not affect applications begun prior to the opt-out.

Exemptions in a Nutshell

CUFSD Exemptions		Yes	No	Yes, but not to the max
Senior Citizen-Increase income limits				
Disabled-Adopt exemption				
Vol Fire/EMS-Adopt Basic 10% after 2 years (can be 2 to 5 years)				
Vol Fire/EMS-Add 20 year permanent				
Vol Fire/EMS-Add un-remairied spouse				
Vol Fire/EMS-Add un-re if member killed after 5 years				
Opt-Out Solar & Wind				
Opt-Out Business Investment				

Income Defined – 2023 Local Options

In 2023, NYS made the definition of income “fluid”, subject to local determination. To qualify for certain RPT exemptions the level of ones income needs to be calculated. This can differ from town to town to school district depending on the treatment of **five areas**:

Taxable IRA Distributions – The old rules deduct this amount from income. We can choose to not deduct IRA distributions.

- This differs by town: Blooming Grove does not deduct while proposed language from Chester and Goshen will deduct.
 - With increased income eligibility, not deducting this gives a truer income for exemption purposes.

Income Defined – 2023 Local Options

Social Security Benefits on in FAGI– The old rules add the amount of Social Security income that was not included in federal adjusted gross income. We can choose to not add this amount.

- This consistent with all three towns: Blooming Grove, Chester and Goshen will include ALL Social Security income.
 - We should be consistent with the towns.

Uninsured Medical Costs– The old rules deduct this amount from income. We can choose to not deduct uninsured medical costs.

- This differs by town: Blooming Grove and Chester do not deduct while Goshen will deduct.
 - With increased income eligibility, not deducting this gives a truer income for exemption purposes.

Income Defined – 2023 Local Options

Tax Exempt Interest & Dividends– The old rules add the amount of tax exempt int. & div. that was not included in federal adjusted gross income. We can choose to not add this amount.

- This is added by Blooming Grove. Chester and Goshen have not settled this yet.
 - Adding this gives a truer income for exemption purposes.

Loss Limitation– The old rules include the addition to income. We can choose to not add loss limitations for business or farming losses.

- Losses from IRS Schedules C, D, E and F are limited to \$3,000 each and \$15k in total by Blooming Grove. Chester and Goshen have not settled this yet.
 - With increased income eligibility, adopting these limits would be consistent.

Income in a Nutshell

CUFSD Income		current	keep	change
Deduct IRA Distributions		deduct		
Social Security not in FAGI		add		
Uninsured Medical and Prescription		deduct		
Tax Exempt Interest		add		
Losses Limited		add		

Tax Exemptions – Next Steps

- For all real property tax exemption adoptions, opt-outs or level changes require a public hearing.
 - This can be scheduled to coincide with our February 14th Board of Education Meeting
- Prepare the resolutions based on feedback from the hearing.
- Include tax exemption resolutions for Board consideration on February 28th.
- Forward adopted resolutions to Orange County and the towns' assessors to have them in place for the next tax year.