

Veterans' Alternative Tax Exemption

Recent Amendments to Real Property Tax Law Section 458-a



Prepared by Bond, Schoeneck & King, PLLC for the
North Tonawanda City School District

Background

- ❑ In 1986, the exemption became effective for towns, counties, cities and villages only (subject to “opt out”).
- ❑ An amendment passed in December 2013 allows school districts to offer the exemption.
- ❑ Each district has full discretion on whether to offer it.
- ❑ Other Veterans’ exemptions:- *Schools not eligible*
 - Eligible Funds Exemption – RPTL 458
 - Cold War – RPTL 458-b

Issues Presented

- Now that the District has the option of offering this exemption, there are several issues that the District must investigate:
 - 1) Who gets the exemption;
 - 2) Amount of taxes shifted to other property owners; and
 - 3) Effect of the exemption on its STAR reimbursement, if any.

Qualifications

- ❑ Section 458-a provides a partial real property tax exemption to “qualified property” owned by “qualified veterans.”



Qualifications

Who is a “**Veteran**” generally?

- Individual that served in a “period of war”
 - WWI, WWII, Korea, Vietnam, Persian Gulf
- Individuals that received a expeditionary medal
- Unremarried spouses of qualified veterans
- Gold Star Parents (by additional local option)



What “**Property**” does this include?

- Veteran’s primary residence owned by March 1st
- Trust property held for Veteran's sole benefit
- Condo / Co-op by additional local option

Exemption Amount

<u>Classification</u>	<u>Exemption Amount</u>
Veterans	15% Equalized Assessment Value
Veterans Who Served In A Combat Zone	Additional Exemption of 10% Equalized Assessment Value
Veteran Who Received Service-Connected Disability	Additional Exemption of 1/2 of the Disability Rating Multiplied by the Equalized Assessment Value

Exemption Amount

	Wartime	Combat Zone	Disability
Local Law Minimum	\$6,000	\$4,000	\$20,000
	\$9,000	\$6,000	\$30,000
State Default	\$12,000	\$8,000	\$40,000
	\$15,000	\$10,000	\$50,000
City of North Tonawanda	\$18,000	\$12,000	\$60,000
	\$21,000	\$14,000	\$70,000
	\$24,000	\$16,000	\$80,000
	\$27,000	\$18,000	\$90,000
	\$30,000	\$20,000	\$100,000
	\$33,000	\$22,000	\$110,000
Local Law Maximum	\$36,000	\$24,000	\$120,000

*Any variation from the “**State Default Level**” must be adopted in a separate resolution, after the district holds a second public hearing.*

Tax Levy Basics

$$\text{Taxable Value} \quad \times \quad \text{Tax Rate} \quad = \quad \text{Budget or Levy}$$

(\$/1000) (cap = +/-2% increase)

- ❑ If taxable value drops, the tax rate must increase to meet the budget or levy
 - ❑ **ONLY** the **LEVY** is “capped” by the Governor’s Tax Cap law
- ❑ This is why one’s tax burden may increase beyond the “cap” in any one year

Financial Impact

- ❑ Does this exemption affect the district's budget or levy = **No**
- ❑ Does this exemption affect what taxpayers will pay = **Yes**
- ❑ **Using minimum exemption *not taking STAR into consideration***

Veteran Household



Total Assessment = \$100,000

Current School Tax = **\$2,174**

Future School Tax = **\$2,071**

Non-Veteran Household



Total Assessment = \$100,000

Current School Tax = **\$2,174**

Future School Tax = **\$2,203**



(Figures are used for illustration purposes only)

Financial Impact

- ❑ Total exemption could cause a \$16 million to \$41 million drop in taxable value (estimates only)
- ❑ Impact on other taxpayers = **to be determined**
 - ❑ It is estimated that the increase per \$1,000 of assessed value would be \$0.29 (Minimum), \$0.68 (Match city) or \$0.74 (Maximum).
 - ❑ Based on 2013-14 figures



Financial Impact

STAR's Roll

2014

\$65,000 Assessed Value
-\$63,300 Star Exemption
\$1,700 Taxable Value

State Reimbursement = **\$63,300**

- ❑ District will receive \$14,550 less in STAR Reimbursement. *Multiply this figure by our tax rate. This represents the amount of funds lost to the state.*



2015

\$65,000 Assessed Value
-\$16,250 25% Veterans Exemption
\$48,750
-\$48,750 Star Exemption
\$0 Taxable Value

State Reimbursement = **\$48,750**



Local Options

- ❑ Exemption level caps may be changed
 - ❑ However, the District cannot just offer one of the 3 service categories (Wartime, Combat Zone or Disability)

- ❑ Gold Star Parent Option

- ❑ Cooperative Apartment Corporation Option



Procedure

Basic Exemption – Must Do This First!

Step 1: Public Hearing

Step 2: Resolution

Changing The Exemption Cap Level

Step 1: Enact the Basic Exemption

Step 2: Public Hearing

Step 3: Resolution

Enacting the Gold Star Parents or Co-op Option

Step 1: Enact the Basic Exemption

Step 2: Public Hearing

Step 3: Resolution

- ❑ Each resolution requires a simple majority vote, not a supermajority vote.
 - ❑ No public vote is required under the law.
 - ❑ All can occur in one day provided proper notice is provided.
 - ❑ Needs to occur by March 1st

North Tonawanda City School Specific Information

- Eligible:

1. Veteran Basic- 908
2. Combat Zone- 804
3. Disabled - 248-----Total 1,960

- Non Binding Proposition-

1. May 2015 approved 852 **Yes** 359 **No**
2. Vote was on Minimum Limits 6K,4K,20K

- Niagara County Schools

1. Districts currently approved Barker, Niagara Wheatfield
2. At Minimum Limits

Updated information will be available at February meeting

Additional Information

For additional information, visit:

- ❑ <http://www.tax.ny.gov/pdf/publications/orpts/pub1093.pdf>
- ❑ <http://www.tax.ny.gov/pit/property/exemption/altvetoverview.htm>



Thank you



Commitment • Service • Value • Our Bond

Rebecca M. Speno, Esq.
(315) 218-8535
rspeno@bsk.com

Alan Getter CPA
Assistant Superintendent
(716)807-3504
agetter@ntschoools.org

