

Memo

To: Board of Education

Mr. Bongiovi

From: Lorelei Case 

Date: 01/22/2015

Subject: Veterans' Exemption

In preparation for the veterans' exemption discussion the following information is provided:

1. RPTL Section 458-a is a resolution that provides tax relief to veterans. This was adopted by Orange County as well as close to 100% of the city, towns, and villages within the county including Port Jervis and Deerpark.
 - ❖ This exemption is recapped;

“In general a qualified war time veteran receives a property exemption of 15% of its assessed value not to exceed the maximum value adopted. An additional 10% exemption is available where veterans can document service in a combat zone.”
2. This exemption does not apply to school taxes.
 - ❖ Amendments made to RPTL Section 458a allows school boards to adopt an additional partial exemption for school taxes.
 - ❖ Adopting the additional exemption reallocates the taxes necessary to support the school.
 - ❖ The veteran exemption tax dollars shift the tax burden to the non-veteran tax payers.
 - ❖ The state does not reimburse districts for this exemption.

3. To further assist board members in understanding the impact, the following documents are being reissued.

1. Thomas, Drohan, Waxman, Petigrow, & Mayle, LLP letter drafted 1/6/2014

2. Lorelei Case memo to BOE dated 2/11/2014

- ❖ If the lowest exemption is adopted projected at 2013/2014 rates, \$137,145 in tax dollars would be reallocated to non-exempt tax payers (.51% of tax levy).
- ❖ If the basic exemption is adopted at the 2013/2014 rates, \$274,285 in tax dollars would be reallocated to non-exempt tax payers (1.02% of tax levy).
- ❖ If a greater exemption amount is adopted it will exponentially have a greater impact of tax dollars reallocated.

Should the boards agree to allow the exemption, the resolution must be adopted prior to March 1, 2015.

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January 6, 2014

VIA EMAIL: tbongiovi@pjschools.org

Mr. Thomas Bongiovi
Superintendent of Schools
Port Jervis City School District
9 Thompson Street
Port Jervis, New York 12771

Re: Real Property Tax Law §458-a; Veterans Alternative Exemption

Dear Tom:

We write to advise that Real Property Tax Law §458-a was recently amended to now enable eligible veterans to receive a partial exemption from school taxes levied on their property (Laws of 2013, Ch. 518). Below is a summary of the law, including the nature of the exemptions and the procedures school districts must follow in order for veterans to qualify for the exemptions.

Nature of the Exemptions

- ***Basic Exemption for Qualifying Residential Real Property.*** A school district may provide for an exemption of up to fifteen percent of the assessed value (provided that the exemption may not exceed the lesser of \$12,000 or the product of \$12,000 multiplied by the latest state equalization rate for the assessing unit) of any qualifying residential real property located in such school district if such property is owned by a veteran, spouse of a veteran, or the un-remarried surviving spouse of a veteran and used as their primary residence.
- ***Additional Exemptions.*** Where a veteran served in a combat zone, the veteran may receive an additional exemption of up to ten percent of the assessed value (provided that the exemption may not exceed the lesser of \$8,000 or the product

of \$8,000 multiplied by the latest state equalization rate for the assessing unit) of the qualifying residential real property.

Further, if the veteran has received a compensation rating because of a service-related disability, the veteran may receive an additional exemption to the extent of the product of the assessed value of such qualifying residential real property multiplied by fifty percent of the veteran's disability rating (provided that the exemption may not exceed \$40,000 or the product of \$40,000 multiplied by the latest state equalization rate for the assessing unit).

School District Procedures

- ***Public Hearing/Resolution.*** In order to allow eligible veterans to claim the alternative partial school tax exemption, the school board must, after public hearing, adopt a resolution providing such exemption. This public hearing and resolution must be held and adopted before March 1st in order for the partial exemption to be effective for the 2014-2015 fiscal year.
- ***Additional Benefits Authorized Under §458-a.*** In order to permit school districts a degree of flexibility with regard to the exemptions, §458-a authorizes school districts to conduct a hearing and adopt a resolution regarding:
 - ❖ ***Gold Star Parents.*** A school district may adopt a resolution to permit a “Gold Star Parent”—that is, a parent whose child died in the line of duty during a period of war—to receive the same partial exemption under the law as are granted to veterans.
 - ❖ ***Reduction/Increase of Maximum Allowable Exemption.*** A school district may also adopt a resolution which can either reduce or increase the maximum allowable partial exemption to specified amounts set forth in the law.¹⁰
- ***Separation Requirement.*** If a school board, after a public hearing, adopts a resolution providing the Veterans Alternative Exemption, the procedure for such hearing and resolution must be conducted separately from the procedure for any other hearing and resolution conducted pursuant to §458-a, including the above-mentioned “gold star parent” and “reduction/increase” provisions.

¹⁰ For your reference, we have attached a chart setting forth the alternative maximum allowable partial exemptions that a school district may adopt as a separate resolution after a separate public hearing under NY RPTL §458-a.

MAXIMUM ALLOWABLE PARTIAL EXEMPTIONS UNDER SECTION 458-A OF
THE REAL PROPERTY TAX LAW

BASIC (2)(a)	COMBAT ZONE (2)(b)	SERVICE-CONNECTED DISABILITY (2)(c)
✓\$6,000	\$4,000	\$20,000
✓\$9,000	\$6,000	\$30,000
\$12,000*	\$8,000*	\$40,000*
\$15,000	\$10,000	\$50,000
\$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
\$36,000	\$24,000	\$120,000

ADDITIONAL MAXIMUM ALLOWABLE PARTIAL EXEMPTIONS FOR “HIGH-
APPRECIATION MUNICIPALITIES”** UNDER SECTION 458-A OF THE REAL
PROPERTY TAX LAW

BASIC (2)(a)	COMBAT ZONE (2)(b)	SERVICE-CONNECTED DISABILITY (2)(c)
\$39,000	\$26,000	\$130,000
\$42,000	\$28,000	\$140,000
\$45,000	\$30,000	\$150,000
\$48,000	\$32,000	\$160,000
\$51,000	\$34,000	\$170,000
\$54,000	\$36,000	\$180,000

*Default exemption amount under the law

**With regard to school districts, a “high-appreciation municipality” refers to a school district which is wholly or partly located within a county for which the commissioner has established a sales price differential factor for purposes of the STAR exemption authorized by Real Property Tax Law §425 in three consecutive years. As of 2013, these counties include Albany, Columbia, Dutchess, Nassau, Orange, Putnam, Rockland, Saratoga, Suffolk, Ulster, Westchester and New York City. See <http://www.tax.ny.gov/pit/property/star/diff.htm> (last visited Dec. 31, 2013).