



**THE COUNCIL OF THE CITY OF NEW YORK  
FINANCE DIVISION**

LATONIA MCKINNEY, DIRECTOR

**FISCAL IMPACT STATEMENT**

**INTRO. NO:** 727

**COMMITTEE:** Finance

**TITLE:** A Local Law to amend the administrative code of the city of New York, in relation to the assessment of real property damaged by the severe storm that occurred on the twenty-ninth and thirtieth of October, two thousand twelve.

**SPONSOR(S):** Ignizio, Ferreras, Matteo, Constantinides, Eugene, (in conjunction with the Mayor)

**SUMMARY OF LEGISLATION:** Under State law, the assessments for all residential and most commercial property (those in Classes 1, 2, and 4) are subject to protections that limit how fast they can grow. However, these limits only apply to changes in assessment due to economic forces; changes caused by physical improvements are not subject to these limits. As a result, properties that saw physical damage due to Superstorm Sandy could see large increases in their assessments when they are repaired. As the protections for small residential properties are stronger, this problem is especially acute for those properties. Therefore, in 2014, the City and State adopted legislation providing an abatement of taxes above the level charged prior the storm. However, this abatement represented a short-term fix as it was only authorized for one year (Fiscal 2015).

Intro. No. 727 would provide a long-term solution by allowing the City to limit any increases to assessed value caused by the reconstruction of Superstorm Sandy-damaged property so that a property's assessment would not be any higher than had the storm not happened. In situations where a property is rebuilt to a larger size than prior to the storm, the bill would allow for a further increase above the pre-storm assessment that is commensurate with the increase in square footage. Reflecting the new resiliency standards along the damaged areas, increases in square footage cause by moving improvements above grade to prevent or mitigate flooding would not count towards any square footage increase. The new limitations would also apply to assessments of properties that have already rebuilt.

In short, this bill would ensure that property owners who rebuild properties severely damaged by Superstorm Sandy will not be penalized for rebuilding and that they would see the same tax bill they would have seen had the storm never occurred.

**EFFECTIVE DATE:** This act would take effect on the same date as a chapter of the laws of 2015 amending the real property tax law relating to the assessment of real property damaged by the severe storm that occurred on the twenty-ninth and thirtieth of October, two thousand twelve in a city having a population of one million or more, as proposed in legislative bill numbers A. 5620-B/S. 3688-B, takes effect.

**FISCAL YEAR IN WHICH FULL FISCAL IMPACT ANTICIPATED:** Fiscal 2016

**FISCAL IMPACT STATEMENT:**

	<b>Effective FY15</b>	<b>FY Succeeding Effective FY16</b>	<b>Full Fiscal Impact FY16</b>
<b>Revenues</b>	\$0	(\$2,150,000)	(\$2,150,000)
<b>Expenditures</b>	\$0	\$0	\$0
<b>Net</b>	\$0	(\$2,150,000)	(\$2,150,000)

**IMPACT ON REVENUES:** While the legislation is expected to take effect in Fiscal 2015, the legislation would only impact property tax bills from Fiscal 2016 onwards. As properties damaged by Superstorm Sandy are rebuilt, assessment growth would be limited for those properties, which would have a small negative impact on revenues. In years subsequent to rebuilding, assessments on the properties would rise, reducing the cost of the legislation. It should be noted that while some properties have already rebuilt, a number of them still have not and it is not clear how many will actually rebuild. Therefore, the true cost of the proposed legislation is dependent on if and when these properties rebuild. The figure provided here is based on a preliminary analysis of which properties, as a result of this legislation, would see assessments reductions from the preliminary assessment roll released on January 15, 2015.

**IMPACT ON EXPENDITURES:** The legislation simply adjusts the method in which the City calculates the assessments, and therefore no impact on expenditures is anticipated.

**SOURCE OF FUNDS TO COVER ESTIMATED COSTS:** General Funds

**SOURCE OF INFORMATION:** New York City Council, Finance Division  
New York City Department of Finance

**ESTIMATE PREPARED BY:** Emre Edev, Unit Head

**ESTIMATE REVIEWED BY:** Rebecca Chasan, Assistant Counsel  
Ray Majewski, Chief Economist/Deputy Director  
Tanisha Edwards, Chief Counsel

**LEGISLATIVE HISTORY:** Intro. No. 727 was introduced by the Council on March 31, 2015 and referred to the Committee on Finance. It will be considered by the Committee on April 16, 2015 and upon a successful vote, will be submitted to the full Council for a vote April 16, 2015.

**DATE PREPARED:** April 15, 2015