THE COUNCIL OF THE CITY OF NEW YORK
FINANCE DIVISION

LATONIA MCKINNEY, DIRECTOR

FISCAL IMPACT STATEMENT

PRE CONSIDERED SLR: S6626 / A8323
COMMITTEE: State and Federal Legislation

TITLE: AN ACT to amend the real property tax law, in relation to the determination of adjusted base proportions in special assessing units which are cities for the fiscal year 2018.

SPONSOR(S): Karen Koslowitz

SUMMARY OF LEGISLATION: This legislation would amend Subdivision 1 of section 1803-a of the real property tax law by adding a new paragraph (w), which would limit the increase in the Fiscal 2018 current base proportions of any class over the Fiscal 2018 adjusted base proportions to zero percent. The bill also provides for revising the current base proportions and adjusted base proportions, resetting the real property tax rates, and sending out amended real property tax bills in the event that the Department of Finance has mailed out property tax bills before enactment of this law.

EFFECTIVE DATE: This law would take effect immediately.

FISCAL YEAR IN WHICH FULL FISCAL IMPACT ANTICIPATED: Fiscal 2018

FISCAL IMPACT STATEMENT:

	Effective FY18	FY Succeeding Effective FY19	Full Fiscal Impact FY18
Revenues (+)	$0	$0	$0
Expenditures (-)	$0	$0	$0
Net	$0	$0	$0

IMPACT ON REVENUES: There would be no impact on revenues resulting from the enactment of this legislation.

IMPACT ON EXPENDITURES: There would be no impact on expenditures as a result of the enactment of this legislation.

SOURCE OF FUNDS TO COVER ESTIMATED COSTS: N/A

SOURCE OF INFORMATION: New York State Board of Real Property Services (SBRPS)
New York City Department of Finance
New York City Council Finance Division

ESTIMATE PREPARED BY: Maria, Senior Economist, NYC Council Finance

ESTIMATE REVIEWED BY: Raymond Majewski, Deputy Director/Chief Economist, NYC Council Finance
Emre Edev, Assistant Director, NYC Council Finance
Eric Bernstein, Counsel, NYC Council Finance

LEGISLATIVE HISTORY: This bill will be voted out of the State and Federal Legislation Committee as a Preconsidered SLR on June 15, 2017. Upon successful vote by the Committee, the Preconsidered SLR will be introduced and submitted to the full Council for a vote on June 15, 2017.

FIS SUMMARY: Under current law, the annual increase in the current base proportions for each of the four classes of property is limited to five percent over the prior year's adjusted base proportions. The State Board of Real Property Services (SBRPS) has calculated the class equalization rates used in determining the current base proportions or class shares of the real estate levy for Fiscal 2018. This year the uncapped share for class one (residential one-, two-, and three-unit family homes) has increased by over 4 percent while the uncapped share for class two is slightly higher with an increase of 0.1 percent. The share of class three (utility properties) decreased by about 6.4 percent. The uncapped portion borne by class four (commercial and industrial properties) sees a decrease in its share from the prior year, by 0.7 percent.

This year, the Council and the Mayor determined that maintaining the five percent cap on increases in class shares would present a hardship for class one homeowners. Based on the final assessment roll, released by the Department of Finance on May 25, 2017, at the five percent cap, the Fiscal 2018 tax rate for class one would increase by 6.5 percent from the Fiscal 2017 tax rate. By lowering the cap to zero percent, class one's tax rate still goes up, but by a more modest 2 percent.

There is no impact on revenues since the real estate tax levy remains the same, whether the increase in class shares is capped at five percent or zero percent. However, a cap of lower than five percent causes a shift in a small portion of the levy of class one onto classes three and four. Even with this shift, the tax rate for class four will decrease from the Fiscal 2017 rate. The tax rate for class three continues to increase with the zero percent cap, but the subsequent tax rate is comparable to historical rates.

DATE PREPARED: June 8, 2017