

**NEW YORK STATE SENATE
INTRODUCER'S MEMORANDUM IN SUPPORT
submitted in accordance with Senate Rule VI. Sec 1**

BILL NUMBER: S5737

SPONSOR: GOLDEN

TITLE OF BILL: 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 two thousand fourteen

SUMMARY OF PROVISIONS: This bill would amend section 1803-a of the Real Property Tax Law to cap the maximum class growth rate at one percent for fiscal year 2014.

JUSTIFICATION: State law requires New York City to adopt class shares based on rates calculated by the State Board of Real Property Services (SBRPS) in order to distribute the tax levy among the four classes of real property. This year the State Board's class equalization rates would cause the tax burden on property tax class one, comprised one-, two-, and three-family homes, to increase, as it has done over the past several years.

This bill is designed to provide relief for the residential property tax class one without placing a burden on to class two which is the other residential tax class. The "uncapped" current base proportions of class one would grow by over 4 percent from fiscal year 2013, under the State Board's calculations. Currently, State law provides that the current base proportion of anyone class may not exceed the adjusted base proportion for that class from the prior year by more than five percent.

This legislation would adjust that rule, for one year only, to cap the maximum class growth at 1 percent for New York City. The effect of this change would be to reduce the amount by which the current base proportions for any class, including one, is allowed to grow, resulting in citywide savings of about \$120 for a typical owner of a class one single family home. Bringing the cap any lower than 1 percent would provide greater savings to class one owners, but would cause the tax rate for class two to increase. Under a cap of 1 percent, class two properties will see virtually the same tax rate as they did in fiscal year 2013.

Failure to enact this legislation would leave the City Council no option but to adopt the default SBRPS formula for establishing class shares. In that case, the estimated tax rate increase for class one would be over 6%, which when coupled with assessment increases, would cause significant increases in the tax bills for residential homeowners. That tax rate increase for class one, resulting from SBRPS procedures, is avoidable only through passage of this legislation.

FISCAL IMPLICATION: Council Finance estimates this legislation, like all similar previous legislations, will have no impact on expenditures and revenues.

EFFECTIVE DATE: Immediately.
