RESOLUTION AMENDING AND RESTATING THE RESOLUTION COMPUTING AND CERTIFYING BASE PERCENTAGE, CURRENT PERCENTAGE AND CURRENT BASE PROPORTION OF EACH CLASS OF REAL PROPERTY FOR FISCAL 2019 TO THE STATE BOARD OF REAL PROPERTY TAX SERVICES PURSUANT TO SECTION 1803-a, REAL PROPERTY TAX LAW

Introduction. Section 1803-a, Real Property Tax Law, requires the City Council to certify to the State Board of Real Property Tax Services (the "SBRPTS") certain calculations used in the process of updating the class shares from the previous year. These calculations are made every year by the Council to reflect the following changes in each class of real property:

a. Changes in the market value of taxable real property (as determined by SBRPTS sample studies),

b. Physical changes as a result of new construction or demolitions,

c. Changes in taxable status, and

d. Transfers of real property among the four classes of real property as a result of changes in use or for other reasons.

Under SBRPTS regulations, the Council must update the class shares by making two separate certifications. The action to be taken in the above-referenced resolution constitutes the first step of establishing the class shares of the four classes of taxable real property in the City to which the tax levy for the Fiscal 2019 budget will be applied. The purpose of this step is to give effect to the latest class equalization rates required by Article 18, Real Property Tax Law. Using these rates, new estimates of market values for each class are calculated.

The second step, certifying the "adjusted base proportions", is the subject of a separate resolution that takes account of all the changes that are included in the final assessment roll, after Tax Commission review of taxpayer protests. Attached hereto, as Exhibit A, are definitions of terms that are used in the analysis below.

Analysis. The class equalization rates described above produce prospective current base proportions that show increases in Classes 1 and 2 above the Fiscal 2018 adjusted base proportion, or "class shares" (as shown in column R of SBRPS Form RP-6700 attached to the above-captioned resolution), and decreases in the class shares of Classes 3 and 4. Pursuant to Section 1803-a(1)(c) of the Real Property Tax Law if the increase in any class exceeds 5 percent, the Council is directed to shift the

excess (and <u>only</u> the excess) to any other class or classes so long as the shift does not cause the current base proportion of any other class to increase by more than 5 percent. However, pursuant to an amendment to the Real Property Tax Law enacted during the 2018 session and codified in Section 1803-a(1)(dd) of the Real Property Tax Law, the City is authorized to limit the increase for Fiscal 2019 so that the current base proportion of any class does not exceed the adjusted base proportion of the previous year by 0.5 percent. Class 1 and 2 exceed this cap. Therefore, in the above-captioned resolution, the excess above 0.5 percent from Classes 1 and 2 are shifted to Classes 3 and 4.

As shown in the chart below, the shift of the increase from Classes 1 and 2 to Classes 3 and 4 will result in the Fiscal 2019 current base proportions of all four classes to show the following changes from their adjusted base proportions in Fiscal 2018.

Class	Percent Change Before Shifting Excess to Classes 3 & 4	Percent Change After Shifting Excess to Classes 1 & 2
1	+ 6.6	+ 0.5
2	+ 1.1	+ 0.5
3	- 14.5	- 5.6
4	- 1.1	+ 0.2

However, these "current base proportions" must still be adjusted for the physical changes and transfers among classes, which are contained in the final assessment roll. These adjustments will be made in a separately amended and restated resolution constituting the Council's second step. The "adjusted base proportions" thus derived will be the class shares used for allocating the real property tax levy for Fiscal 2019.

EXHIBIT A

"Class equalization rate" represents the percentage that the total assessed value of each class is of the market value of the class, as shown in SBRPTS sample studies.

"Base percentage" represents the percentage of total market value that each class constitutes in the 1989 base tax roll. The 1989 base tax roll is the one that was used in setting the tax levy for Fiscal 1990.

"Current percentage" is similar to the base percentage, but applies to the most recent year for which the SBRPTS has established class equalization rates (in this case, the 2017 tax roll).

"Local base proportions" are the class tax shares used to fix the tax rates for Fiscal 1991.

"Current base proportions" are the local base proportions modified to take into account the market value changes revealed by the latest class equalization rates.