



**THE COUNCIL OF THE CITY OF NEW YORK
FINANCE DIVISION
PRESTON NIBLACK, DIRECTOR
FISCAL IMPACT STATEMENT**

PRECONSIDERED SLR: A8286 / S5717

COMMITTEE: State and Federal Legislation

SPONSOR: Council Member Foster

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 2012.

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 2012 current base proportions of any class over the Fiscal 2012 adjusted base proportions to two and one-half 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 legislation would take effect immediately upon enactment.

FISCAL YEAR IN WHICH FULL FISCAL IMPACT ANTICIPATED: Fiscal 2012

FISCAL IMPACT STATEMENT:

	Effective FY11	FY Succeeding Effective FY12	Full Fiscal Impact FY11
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 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

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DATE SUBMITTED TO COUNCIL: June 14, 2011

FIS HISTORY: This is a new bill.

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. For Fiscal 2011, the City Council and the Mayor, together with the State Legislature, limited the increase to two and one half percent. 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 2012. This year the uncapped share for class one (residential one-, two-, and three-unit family homes) has increased by over 12 percent while the uncapped share for class two is slightly higher with an increase of less than 2 percent. The share of class three (utility properties) decreased by about 19 percent, continuing a pattern of decreasing class shares since Fiscal 2002. The uncapped portion borne by class four (commercial and industrial properties) continued the pattern since Fiscal 1994 of decreasing over its share from the prior year, by 2.5 percent this year.

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 27, 2011, at the five percent cap, the Fiscal 2012 tax rate for class one would increase by almost 8 percent from the Fiscal 2011 tax rate. By lowering the cap to two and one-half percent, class one's tax rate still goes up, but by a more modest less than 5 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 two and one-half 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 classes three and four will decrease from the Fiscal 2011 rate.