

**Report of the**

**Committee on Finance**

**Finance Division**

**Tanisha Edwards, Chief Financial Officer and Deputy Chief of Staff to the Speaker**

**RESOLUTION ESTABLISHING FOR FISCAL 2023 A ZERO PERCENT INCREASE OF THE CURRENT BASE PROPORTION OF ANY CLASS OVER THE ADJUSTED BASE PROPORTION OF THE IMMEDIATELY PROCEEDING YEAR FOR PURPOSES OF DETERMINING THE CURRENT BASE PROPORTION**

**Introduction**. Section 1803-b(1)(b) of the Real Property Tax Law requires the New York City Council (“City Council”) to distribute the tax levy among the four classes of real property based on the adjusted base proportions as computed by the City Council.

Pursuant to 1803-a(1)(5), the adjusted base proportions are computed using the current base proportions as calculated by the City Council. Such calculations are made every year by the City Council to reflect the following changes in each class of real property:

1. Changes in the market value of taxable real property;
2. Physical changes as a result of new construction or demolitions;
3. Changes in taxable status; and
4. Transfers of real property among the four classes of real property as a result of changes in use or for other reasons.

Section 1803-a(1)(c) of the Real Property Tax Law requires that the current base proportion of any class of real property not exceed the adjusted base proportion of the immediately preceding year by more than five percent. Where the computation performed exceeds five percent, the current base proportion of such class or classes shall be limited to such five percent increase, and the City Council shall alter the current base proportions of any or all of the remaining classes so that the sum of the current base proportions equals one.

For Fiscal 2023, the City Council has determined to set a limit of zero percent of the current base proportion of any class over the adjusted base proportion of the immediately preceding year for purposes of determining the current base proportion.

**Analysis.** For Fiscal 2023, the City Council has determined to set a limit of zero percent of the current base proportion of any class over the adjusted base proportion of the immediately preceding year for purposes of determining the current base proportion. State law provides that the current base proportion of any single class may not exceed the adjusted base proportion for that class from the prior year by more than five percent. However, notwithstanding that provision of State law, pursuant to Chapter 215 of the State Laws of 2022, the Council is authorized to adjust the class share cap by changing the percent increase of the current base proportion of any class over its adjusted base proportion of the immediately preceding year for purposes of determining the current base proportion, provided that such percent increase shall be no more than five percent, and provided further that such determination must be made by October 1, 2022. This legislation would make such an adjustment, for Fiscal 2023 only, to cap the maximum class share growth at zero percent for New York City.

Without such action, the State Board of Real Property Tax Services ("SBRPTS") class equalization rates would cause the tax burden on property tax class one (comprised of one-, two, and three-family homes) to increase by 6.8 percent as compared to the Fiscal 2022 class one property tax rate, which, when coupled with assessment increases, would cause significant increases in the tax bills for residential homeowners. Further, class 2 (all other residential property, including most coop and condo homes) would see a 2.7 percent increase over its Fiscal 2022 property tax rate, while Class 3 (utility property) would see an increase of 5.7 percent over its Fiscal 2022 property tax rate, which would cause significant increases in the tax bills for these property owners.

Therefore, in the above-named resolution, a limit of 0 percent of the current base proportion of any property tax class over the adjusted base proportion of the immediately preceding year for purposes of determining the current base proportion shall be enacted. The effect of that change would reduce the class one property tax rate increase to just 1.7 percent, the class two property tax rate (comprised of all other residential property) increase to 0.3 percent, and the class three property tax rate increase to 3.8 percent. Class four’s rate will decrease from the prior year in this scenario, by 1.0 percent.

Preconsidered Res. No.

Resolution establishing for Fiscal 2023 a zero percent increase of the current base proportion of any class over the adjusted base proportion of the immediately preceding year for purposes of determining the current base proportion

By Council Member Ayala

Whereas, Section 1803-b(1)(b) of the Real Property Tax Law requires the New York City Council (the “Council”) to distribute the tax levy among the four classes of real property based on the adjusted base proportions as computed by the Council; and

Whereas, Pursuant to section 1803-a(1)(5) of the Real Property Tax Law, the adjusted base proportions are computed using the current base proportions as calculated by the Council; and

Whereas, Section 1803-a(1)(c) of the Real Property Tax Law requires that if any increase in the current base proportion for any class of real property, as compared with the previous year's adjusted base proportion for such class of property, shall exceed five percent, such excess over five percent must be shifted to any other class of property (this percent limit to be known as the “Class Share Cap”); and

Whereas, Notwithstanding the provisions of section 1803-a(1)(c) of the Real Property Tax Law, for Fiscal 2023, pursuant to Chapter 215 of the Laws of 2022, the Council is authorized to adjust the class share cap by changing the percent increase of the current base proportion of any class over its adjusted base proportion of the immediately preceding year for purposes of determining the current base proportion, provided that such percent increase shall be no more than five percent, and provided further that such determination must be made by October 1, 2022; and

Whereas, For Fiscal 2023, the Council has determined to set a limit of zero percent of the current base proportion of any class over the adjusted base proportion of the immediately preceding year for purposes of determining the current base proportion; now, therefore, be it

Resolved, That the Council of the City of New York establishes for Fiscal 2023 a zero percent increase of the current base proportion of any class over the adjusted base proportion of the immediately preceding year for purposes of determining the current base proportion.

LS #9647

MMB

6/10/22; 10:53 a.m.