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|  | **The Council of the City of New York**  **Finance Division**  **Latonia Mckinney, Director**  **Fiscal Impact Statement**  **Preconsidered Intro. No.**  **Committee:** **Finance** |
| **Title:** A Local Law to amend the administrative code of the city of New York, in relation to the eligible funds exemption for veterans | **Sponsor(S):** Council Members Ferreras-Copeland, Matteo and Ulrich |

**Summary of Legislation:** Currently, the Department of Finance administers two property tax exemptions for veterans: the Eligible Funds Exemption and the Alternative Veterans Exemption. The property tax operates as a combination of two sub-rates: the school tax rate and the non-school tax rate. In June 2017, the Council enacted Local Law 120, which extended the Alternative Veterans Exemption to cover school taxation. For the Eligible Funds Exemption, the property owner is still responsible for paying the school tax rate on the exempted value. This preconsidered legislation would establish that the Eligible Funds Exemption is also applicable to the school tax portion of the property tax, therefore aligning it with the Alternative Veterans Exemption.

**Effective Date:** This legislation would take effect January 1, 2018.

**Fiscal Year In Which Full Fiscal Impact Anticipated:** Fiscal 2019

**Fiscal Impact Statement:**

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|  | **Effective FY18** | **FY Succeeding Effective FY 19** | **Full Fiscal Impact FY 19** |
| **Revenues** | ($828,000) | ($1,760,000) | ($1,760,000) |
| **Expenditures** | $0 | $0 | $0 |
| **Net** | ($828,000) | ($1,760,000) | ($1,760,000) |

**Impact on Revenues:** It is anticipated that this legislation would reduce revenues by $828,000 in Fiscal 2018 and $1.76 million in Fiscal 2019, the first full year the legislation is implemented. This is based on the Department of Finance’s estimate that extending the Eligible Funds Exemption to school taxation will provide recipients with an average additional benefit of approximately $500 for the full year. The legislation will only be in effect for the second half of Fiscal 2018, and recipients will receive the full benefit beginning in Fiscal 2019. The cost is expected to increase slightly each year due to the increases in assessed values throughout the City.

**Impact on Expenditures:** It is estimated that this bill would not have an impact on expenditures.

**Source of Funds To Cover Estimated Costs:** General Fund

**Source of Information:** New York City Council Finance Division

New York City Department of Finance

**Estimate Prepared By:** Davis Winslow, Economist

**Estimate Reviewed By:** Raymond Majewski, Deputy Director, NYC Council Finance Division

Emre Edev, Assistant Director, NYC Council Finance Division

Eric Bernstein, Counsel, NYC Council Finance Division

**Legislative History:** The Committee on Finance (Committee) held a hearing on this preconsidered introduction on November 15, 2017, and the legislation was laid over. The Committee will vote on the legislation on November 16, 2017. Upon a successful vote by the Committee, the preconsidered introduction will be submitted to the full Council for introduction and for a vote on November 16, 2017.

**Date Prepared:** November 15, 2017