

BILL NUMBER: S893

TITLE OF BILL:

An act to amend the real property tax law and the administrative code of the city of New York, in relation to classifying properties held in condominium and cooperative form for assessment purposes as class one-a properties; and to amend the general municipal law and the education law, in relation to establishing limitations upon school district and local government tax levies in the city of New York

PURPOSE OR GENERAL IDEA OF BILL:

The legislation will create a new residential property tax class for coops and condos in the city of New York to bring these properties more in line with the way in which residential one, two and three family homes are assessed.

SUMMARY OF SPECIFIC PROVISIONS:

Section 1 of the bill amends subdivision 1 of section 1802 of the real property tax law by creating class one-a to include all other residential real property held in condominium or cooperative form of ownership which is not designated as class one as well as other technical amendments to conform the section to the addition of the new class one-a.

Section 2 of the bill amends subdivision 1. paragraph (c) of subdivision 2 and subdivision 4 of section 307-a of the real property tax law to include the new class one-a.

Section 3 of the bill amends paragraph (d) of subdivision 2 of section 425 of the real property tax law to add tax class one-a the "equalization adjustment" provisions of the tax law.

Section 4 through 20 amend various sections of the real property tax law and the administrative code of the city of New York to add tax class one-a to each of these sections.

Section 21 amends section 3-b of the general municipal law by adding a new subdivision 3 that requires the annual percentage change for real property tax rates for class one-a properties not exceed the annual percentage change for class one properties.

Section 22 amends the education law by adding a new section 2023-c to require that the annual percentage change in school district tax levies for class one-a properties not exceed the annual percentage change for class one properties.

Section 23 provides for this act to take effect on the first of January next succeeding the date on

which it shall have become a law and shall apply to assessment rolls prepared pursuant to a taxable status date occurring on or after such date; provided, however, that effective immediately, the addition, amendment and/or repeal of any rule or regulation necessary for the implementation of this act on its effective date are authorized and directed to be made and completed on or before such effective date.

JUSTIFICATION:

This bill will create a new property tax class for co-ops and condos in order bring the property tax assessments in line with how taxes are assessed on class one properties which include one, two and three family homes. Currently coops and condos are classified as class two properties which include commercial residential properties. The manner in which they are currently assessed involves a comparison to "comparable" residential rental properties (excluding one, two or three family homes) which is inherently flawed. In fact, a more appropriate comparison for coops and condos is to residential one, two and three family homes or as discussed below certainly to other coops and condos and not residential rental properties.

While coops and condos belong in a class one type of category they cannot be brought completely within the current class one because doing so would cause a significant increase in the current tax levies associated with class one properties. Furthermore, to bring coops and condos into the current class one category without carrying over their existing tax levies would result in a massive loss of revenue to the city of New York. Therefore the most reasonable and responsible change is to create a new class one-a category for coops and condos which will carry with it the current tax levies that are attached to such properties from class two to class one-a.

The creation of this new class will result in coops and condos being assessed based on comparable sales prices to other coops and condos which will be a much more equitable evaluation process. In addition, properties in the new class one-a will also be covered by the current property tax caps that exists for Class 1 properties which cap any single yearly property tax increase at 6% and 20% over a five year period. The bill will also require that the annual percentage changes in real property taxes, including school taxes, for class one-a properties will not exceed the annual percentage changes for class one properties.

PRIOR LEGISLATIVE HISTORY:

2011-12: S.5118A/A.8118A (DenDekker)

FISCAL IMPLICATIONS:

To be determined.

EFFECTIVE DATE:

The act shall take effect on the first of January next succeeding the date on which it shall have become a law and shall apply to assessment rolls prepared pursuant to a taxable status date occurring on or after such date; provided, however, that effective immediately, the addition, amendment and/or repeal of any rule or regulation necessary for the implementation of this act on its effective date are authorized and directed to be made and completed on or before such effective date.