

**WHAT SCHOOL BUSINESS OFFICIALS**  
**NEED TO KNOW ABOUT WHAT IS**  
**GOING ON IN THE STATE OF NEW**  
**YORK WITH TAX REFORM AND**  
**PROPERTY TAX EXEMPTIONS**

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February 26<sup>th</sup>, 2014

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# **NEW LAW**

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- ✘ Signed by Governor December 18<sup>th</sup>, 2013
- ✘ Bill number A565 (Assembly) S119 (Senate)
- ✘ Allows School District Opt-In on 458- Alternate Veterans Exemption



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**RPTL 458-a/Chapter 18**  
**School District Opt-in for**  
**Alternate Veterans Exemption**

# THREE TYPES OF VETERANS EXEMPTIONS

- ✘ Alternate Veterans - Took effect in mid 1980's. Must have served ACTIVE DUTY in a designated period of War. If non-Combat, allows for 15%, Combat receives 25%. Is capped based on amounts adopted by Jurisdiction.
- ✘ Pro-Rata/Eligible Funds - Initial Exemption that was replaced with Alternate exemption. More lucrative. Similar periods of war.
- ✘ Cold War - Adopted in 2008. Allows for 10% or 15% (also capped). Awarded to those who served in "non periods of war" (most are 1956-1961 & 1976-1990).

# WHAT CAN SCHOOL DISTRICTS OPT-IN?

- ✘ Alternate Veterans is what the law is based on

***BUT***

- ✘ Those with Pro-Rata/Eligible funds can re-apply for Alternate Veterans for the School District Portion if the District Opts in.
- ✘ That will increase exemption amount.
- ✘ Cold War Veterans left out for now.



# WHAT CAN SCHOOL DISTRICTS ADOPT?

- ✘ You do not have to adopt at the same level as the Town or County. Hand out lists the amounts.
- ✘ Your Assessor can provide what his/her amounts are, plus give you a number that shows reduction in Taxable Assessed Value (TAV) based on current numbers.
- ✘ If you adopt a lower level, your TAV reduction would be reduced (ORPTS is attempting to provide us a model to determine)
- ✘ Best way to determine effect of Pro Rata/Eligible funds effect is take total current number of exemptions times max amount.
- ✘ Note that the exemption amounts are multiplied against your municipalities current Equalization Rate - if your municipality is at 50%, and they are at the \$12/8/40,000 rate, your cap would be \$6/4/20,000 amounts.

# EXAMPLES

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- ✘ ASSUME MUNICIPALITY IS AT \$12,000 CAP ON WARTIME/\$8000 ON COMBAT/\$40,000 ON DISABILITY.
- ✘ Your assessor provides the following amounts
  - + Wartime amount totals \$13,000,000
  - + Combat amounts to \$9,000,000
  - + Disability amounts to \$2,000,000
- ✘ Total reduction on your TAV would be \$24,000,000.
- ✘ BASED ON IF YOU ADOPTED THE 12/8/40 - IF YOU ADOPTED 6/4/20, YOUR AMOUNTS WOULD BE LOWER.



# EXAMPLES

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- ✘ PRO RATA/ELIGIBLE FUNDS
- ✘ To estimate, take total number of exemptions (assume you have 500) times maximum amount of example (assume \$20,000) and effect on TAV would be \$10,000,000.
- ✘ This is WORST CASE SCENARIO.

# EFFECT ON BUDGET

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- ✘ After numbers are received, you can estimate effect on Budget.
- ✘ Work with your Assessor to secure current numbers.
- ✘ Like all exemptions, it does create a re-distribution of the levy to those with out the exemption.
- ✘ It also has another effect of lowering TAV as this exemption is taken before STAR is calculated.

# SUMMARY

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- ✘ There is no obligation to adopt for 2014/15 Budget year.
- ✘ Review options with your local Assessor. They can give current numbers and hopefully provide a better estimate if you adopt a lower amount.
- ✘ Some school districts are looking at Public hearings to discuss with the public.