

September 2022

Real Property Tax Alert

Commercial Phase-ins

Any commercial assessment increase not related to new construction must be phased in over the next 5 years at 20% per year. As we enter the 3rd year since the 2020/21 County-wide reassessment, a reminder, that if your assessed value this year (2022/23) is greater than your assessed value for 2019/20, 2020/21 or 2021/22, you should check your tax bills to make sure your 2022/23 taxable assessed value is less than the total 2022/23 assessed value.

Residential TPP Phase-ins

The intent of the "Taxpayer Protection Plan (TPP)" program included in the 2020/21 County-wide reassessment was to help property owners facing large assessment increases by phasing in higher taxes over five years. The unfortunate by-product of the TPP was smaller tax decreases for those who received an assessment reduction. As the TPP benefits which started in 2020/21 continue to burn-off, owners of houses with large assessment increases (from 2019/20 to 2020/21) will most likely see steep tax increases in 2022/23 (TPP - year 3). Even though an assessment reduction may not completely stop a tax increase due to TPP phase-in, it can still lessen the impact.

HIEX - The Home Improvement Exemption

Effective as of the 2021/22 tax year in Nassau County, a new law was passed providing an 8-year phase-in of taxes for newly constructed homes (HIEX). The exemption applies to a maximum of \$750,000 of a home's total market value and gives owners of new homes the ability to spread their first assessment over an eight-year period, and homeowners with significant renovations to phase-in assessment increases over the same period.

The Court of Appeals reaffirms the right of non-owner, commercial tenants to grieve real property tax assessments

In the matter of *DCH Auto v. Town of Mamaroneck, et al.*, New York State's highest court restored the generally accepted principle that a tenant obligated to make property tax payments pursuant to a net lease possesses the right to contest the assessments placed on leased property even though it leases, not owns, the property. Commercial landlords should make sure their leases are clear on which party has the right to file, and tenants should review their lease to make sure they are authorized to contest the property tax assessments.

You Can Still Switch From a Non-Rising Star

If your income is greater than \$250,000 and less than or equal to \$500,000 and you currently receive the Basic STAR exemption, you now automatically receive a check for the STAR credit instead of a reduction on your school tax bill. No need to switch.

If your income is \$250,000 or less and you currently receive the STAR exemption, you can choose to register for the STAR credit to receive a check instead; you may receive a greater benefit, and your savings will never be less than the STAR exemption benefit. The value of the STAR **credit** savings may increase by as much as 2% each year, but the value of the STAR **exemption** savings cannot increase. For 2021, the STAR credit was between 2% and 6% greater than the STAR exemption.

One word of caution, if your bank is paying your taxes via a mortgage escrow, the initial switch will create an escrow deficit. Your tax bills will rise by the amount of the STAR but you will receive a check from New York State for that amount.

To switch to the STAR credit, go to
<https://www.tax.ny.gov/pit/property/star/default.htm>

If you have any questions regarding real property taxes, we would be happy to assist you.

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