



September 2014

# Property Tax Freeze Credit

*Frequently asked questions about how the new legislation will affect your school taxes*

## Q What is the Property Tax Freeze Credit?

New York's Property Tax Freeze Credit was signed into law in April 2014 as part of the 2014-15 New York state budget. The measure is designed as a short-term tax relief program that reimburses qualifying New York homeowners (outside of New York City) for increases in local property taxes on their primary residences.

Homeowners may be eligible for tax freeze credits on their school taxes in each of the next two years based, in part, on budget decisions made by their local school district. The tax relief program also applies to other taxing jurisdictions, such as towns and counties, although the timeline differs (*see box at right*).

## Q How do I receive the credit?

Eligible homeowners do not need to do anything to receive the tax freeze credit. The New York State Department of Taxation and Finance will review eligibility data, calculate the credit, and mail a rebate check to eligible homeowners this fall. Homeowners who do not receive a check and who believe they are entitled to the tax freeze credit (or who believe the credit should have been larger) should contact the Department of Taxation and Finance to have their case reviewed.



## Property Tax Freeze Credit Payment Calendar for Eligible Homeowners

- **Fall 2014: Year 1** - Tax freeze credit for school districts only  
*Because only school districts have completed a budget cycle since this program began, the checks to be mailed by the state this year will only apply to school taxes.*
- **Fall 2015: Year 2** - Tax freeze credit for school and local government taxes
- **Fall 2016: Year 3** - Tax freeze credit for local government taxes only

*For more information, please visit the New York State Division of Budget website at: [www.budget.ny.gov](http://www.budget.ny.gov) or the New York State Department of Taxation and Finance website at: [www.tax.ny.gov](http://www.tax.ny.gov).*

## FALL 2014: YEAR 1

## Q How do I know if I am eligible to receive the Property Tax Freeze Credit in Fall 2014?

*A homeowner will receive a tax freeze credit (rebate check) for school taxes if:*

- The homeowner meets the requirements for the STAR property tax exemption. Specifically, the property must be the homeowner's primary residence and total household income must be \$500,000 or less.

**AND**

- The homeowner's primary residence is in a school district that has complied with its property tax levy cap for the 2014-15 school year.

*(Continued on page 2)*



(Continued from page 1)

### Q How much will a homeowner receive as a tax freeze credit in Fall 2014?\*

As a general rule the tax freeze credit for school taxes will be the greater of:

- The actual increase in the homeowner's tax bill – i.e., the difference between a homeowner's 2014-15 and 2013-14 school tax bills.

**OR**

- The previous year's tax bill (2013-14 tax bill) multiplied by an inflation factor (the lesser of 2% or the most current change in the consumer price index). For this year, the inflation factor for the school tax freeze credit is 1.46%. Even if a homeowner's tax bill did not increase (i.e., it went down or stayed the same), the homeowner will receive a tax freeze credit using this inflation factor calculation.

#### Example

2013-14 Tax Bill =	\$2,500
2014-15 Tax Bill =	\$2,550
Actual Increase in Taxes =	\$50
1.46% x 2013-14 Tax Bill =	\$36.50

**2014 Rebate to Homeowner = \$50**

There are some exceptions to the credit formula. The credit will not reimburse homeowners for tax increases that are the result of the following: improvements to the property that increase its value; changes in a property's exemption status; or a district-wide reassessment if the increase in the homeowner's assessed value exceeds the average change in assessed value.

### Q What if my school district did not comply with its property tax levy cap?

If the voters in a school district approved a 2014-15 school budget that had a tax levy above the district's tax levy cap, homeowners in that district will not receive a rebate check in Fall 2014.

## FALL 2015: YEAR 2

### Q How do I qualify for a tax freeze credit in Fall 2015?

A homeowner will receive a tax freeze credit (rebate check) for school taxes in the second year of the program if:

- The homeowner meets the requirements for the STAR property tax exemption.
- The homeowner's primary residence is in a school district that has complied with its property tax levy cap for the 2015-16 school year.

**AND**

- The school district in which the residence is located submits a Government Efficiency Plan by June 1, 2015, that is approved by the state Division of Budget. The efficiency plan must identify ways the district has saved or plans to achieve savings through cooperation agreements, shared services, mergers or other efficiencies.

### Q How much will a homeowner receive as a tax freeze credit in Fall 2015?\*

If the homeowner's school district **did not comply** with its tax levy cap in Year 1, the tax freeze credit for school taxes in Year 2 will be the greater of:

- The actual increase in the homeowner's tax bill – i.e., the difference between a homeowner's 2015-16 and 2014-15 school tax bills.

**OR**

- The previous year's tax bill (2014-15 tax bill) multiplied by an inflation factor (the lesser of 2% or the most current change in the consumer price index). The inflation factor used in this calculation will not be known until the end of 2014. Again, even if a homeowner's tax bill did not increase (i.e., it went down or stayed the same), the homeowner will receive a tax freeze credit using this inflation factor calculation.

If the homeowner's school district **did comply** with its tax levy cap in Year 1, the tax freeze credit for school taxes in Year 2 will be the same as above (the actual increase in the homeowner's tax bill or the previous year's tax bill multiplied by an inflation factor, whichever is greater) **PLUS** the credit amount received in Year 1.

#### Example

For a homeowner in a district that did comply in Year 1

2014 Rebate to Homeowner =	\$50
2014-15 Tax Bill =	\$2,550
2015-16 Tax Bill =	\$2,625
Actual Increase in Taxes =	\$75
CPI up to 2% of 14-15 Tax Bill =	\$51

(2% used for example; factor not yet known)

**2015 Rebate to Homeowner: \$50 + \$75 = \$125**  
(Year 1) (Year 2)

\*Different rules apply in Buffalo, Rochester, Syracuse and Yonkers.