

Local Law Filing

(Use this form to file a local law with the Secretary of State.)

Text of law should be given as amended. Do not include matter being eliminated and do not use italics or underlining to indicate new matter.

County City Town Village
(Select one.)

of SCHOHARIE

Local Law No. 5 of the year 2014

A local law ENACTING A PROPERTY TAX EXEMPTION FOR CERTAIN ALTERATIONS OR
(Insert Title)
IMPROVEMENTS MADE TO REAL PROPERTY

Be it enacted by the Board of Supervisors of the
(Name of Legislative Body)

County City Town Village
(Select one.)

of SCHOHARIE

as follows:

FOR TEXT OF LOCAL LAW SEE PAGES THAT FOLLOW

(If additional space is needed, attach pages the same size as this sheet, and number each.)

SECTION I: TITLE

This Local Law, which is a verbatim adoption of New York State Real Property Tax Law Section 421-f, may be cited as the “The Home Improvement Exemption Law.”

SECTION II: PURPOSE AND INTENT

This Local Law, using Section 421-f of the Real Property Tax Law, authorizes a partial exemption from real property taxation of the increase in assessed value attributable to reconstruction, alterations or improvements made to residential property, and shall apply to taxes and special ad valorem levies, but shall not apply to special assessments.

SECTION III: EXEMPTION CRITERIA

As explained in New York State Real Property Tax Law Section 421-f, the following criteria must be met to be eligible for the exemption:

1. The property for which the exemption is sought must be a one or two family residence;
2. The greater portion of the residence (as measured in square footage) after capital improvement must be at least five years old;
3. The capital improvement must be commenced after the date this Local Law is enacted;
4. The exemption applies to reconstruction, alterations or improvements;
5. The exemption does not apply to ordinary maintenance or repairs; and
6. The value of such reconstruction, alteration or improvement must exceed the sum of Three Thousand (\$3,000) Dollars.

SECTION IV: APPLICATION AND DOCUMENTATION

The property owner interested in receiving said exemption must:

1. Properly complete and file the “Application for Real Property Tax Exemption for Capital Improvements to Residential Property (RP-421-f)” in the Assessor’s office in the Town where the real property is located on or before the taxable status date of March first; and
2. Provide sufficient documentation to the Assessor’s office in the form of construction contract, building permit, and receipted bills to support the cost of capital improvement.

SECTION V: EXEMPTION LIMIT

The exemption shall be limited to Eighty Thousand (\$80,000) Dollars in increased market value with any additional value attributable to the new construction not being eligible for the exemption.

SECTION VI: DETERMINATION OF MARKET VALUE.

The market value of the new construction shall be calculated by dividing the increase in assessed value attributable to the new construction by the latest State equalization rate or special equalization rate, unless such rate is 95 percent or more, in which case the increased assessed value shall be deemed to equal the market value.

SECTION VII: ANNUAL QUALIFYING EXEMPTION PERCENTAGE.

If the above criteria are met, the value of an improvement qualifying for an exemption shall receive the following exemption percentages:

1. 100% in the first year after the exemption is granted;
2. 87.5% in the second year after the exemption is granted;
3. 75% in the third year after the exemption is granted;
4. 62.5% in the fourth year after the exemption is granted;
5. 50% in the fifth year after the exemption is granted;
6. 37.5% in the sixth year after the exemption is granted;
7. 25% in the seventh year after the exemption is granted;
8. 12.5% in the eighth year after the exemption is granted;
9. 0% for every year thereafter.

SECTION VIII. EXEMPTION RETENTION CONDITIONS.

Once the exemption has been granted, it shall not be necessary to reapply for the exemption after the initial year in order for the exemption to continue. There is no need to reapply in subsequent years, but if the property ceases to be used primarily for residential purposes, or if title to the property is transferred to persons other than the heirs or distributees of the owner, the exemption is terminated. The exemption will automatically be recalculated in any year in which there is a change in level of assessment for the final assessment roll of 15 percent or more. No local law or resolution may repeal or reduce an exemption granted pursuant to Section 421-f until expiration of the period of that exemption.

SECTION IX. EFFECTIVE DATE.

This Local Law shall take effect immediately upon this filing thereof in the Office of the Secretary of State of the State of New York.

Exemption Administration Manual - Part 1
Residential - Other Than Multiple Dwellings

Section 4.01 - RPTL Section 421-f

Home Improvements

Exemption Code(s): 4421_ **Year Originally Enacted:** 1993

Related Statutes: None

SUMMARY: Outside New York City, to the degree allowed by local option, one- and two-family residential buildings that are reconstructed, altered, or improved under certain conditions (see below) are exempt from taxation and special ad valorem levies to the extent of an annually declining percentage of at least some of the increase in the property's assessed value attributable to the reconstruction, alteration, or improvement. No exemption is allowed for special assessments. Local taxing jurisdictions may limit the types of construction projects eligible for exemption and the percentages of exemption.

A. ELIGIBILITY REQUIREMENTS

1. **Ownership Requirements:** Property must be owned by a private individual or individuals. If title to the property is transferred to someone other than the heirs or distributees of the owner, the exemption must cease.
2. **Property Location Requirements:** Property must be located outside New York City.
3. **Property Use Requirements:** Property must be used as a residential building for not more than two families. The value of the construction project must exceed \$3,000 and must be of the type allowed exemption by the taxing jurisdiction (see Local Option below); the project may not be one of ordinary maintenance or repairs. The greater portion of the building, as so measured by the square footage, of the building reconstructed, altered or improved, must be at least five years old.
4. **Certification by State or Local Government:** None required.
5. **Required Construction Start Date or Other Time Requirement:** Reconstruction, alteration, or improvement of the building must commence after the effective date of the local law or resolution allowing the exemption.

B. LOCAL OPTION: Yes, local taxing jurisdictions are allowed several choices:

1. **Exemption --** To allow the exemption, a county, city, town, or village, through its governing board, must enact a local law. A school district, other than one subject to Article 52 of the Education Law, is authorized to allow the exemption, through adoption of a resolution by its governing board. In all cases, the taxing jurisdiction must hold a public hearing before acting to allow the exemption.
2. **Percentage of Exemption --** Any taxing jurisdiction allowing the exemption may reduce the percentage of exemption allowed in each year by state law (see Calculation of Exemption below).
3. **Maximum Value of Improvement --** State law limits the exemption to a maximum of \$80,000 in increased market value. Local taxing jurisdictions may reduce this maximum to any amount less than \$80,000, but not less than \$5,000.
4. **Type of Improvement --** In its local law or resolution allowing the home improvement exemption, a taxing jurisdiction may limit the forms of reconstruction, alteration, or improvement eligible. It may further limit exemption to improvements that would otherwise result in an increase in the assessed value of the property but that consist of addition to or remodeling or modernization of an existing residence to prevent physical deterioration or to comply with applicable building, sanitary, health, or fire codes.

C. LIMITATION ON EXEMPTION:

	General Municipal Taxes	School District Taxes	Special Ad Valorem Levies	Special Assessments
1. Amount	Yes*	Yes*	Yes*	No exemption allowed
2. Duration	8 years*	8 years*	8 years*	No exemption allowed
3. Taxing Jurisdiction	Ex**	NA	Ex**	Tax
a. County or County Special Districts	Ex**	NA	NA	Tax
b. City	Ex**	NA	Ex**	Tax
c. Town or Town Special District	Ex**	NA	NA	Tax
d. Village	NA	Ex**	NA	NA
e. School District	NA	Ex**	NA	NA
	Ex - Exempt	Tax - Taxable	NA - Not Applicable	

D. * See Calculation of Exemption below.

** If allowed by local option.

E. **PAYMENTS IN LIEU OF TAXES:** None required.

F. CALCULATION OF EXEMPTION:

- General Municipal and School District Taxes:** The extent of the exemption is determined by the "exemption base" and the percentage of that base allowed as exempt each year. The exemption base is defined as the increase in assessed value as determined in the initial year of the term of exemption, except as follows.

In any year in which a change in level of assessment of 15% or more is certified for a final assessment roll pursuant to the rules of the State Office of Real Property Tax Services, the exemption base must be multiplied by the following fraction:

$$\frac{\text{Total assessed value of parcel on final assessment roll}^*}{\text{Total assessed value of parcel on immediately preceding final assessment roll}}$$

* After accounting for physical or quantity changes to parcel since immediately preceding assessment roll.

Unless limited by local law, the exemption equals the base exemption, or the base exemption adjusted as described above, multiplied by one of the following percentages:

Year of Exemption	Percentage of Exemption Base
1	100
2	87.5
3	75
4	62.5
5	50
6	37.5
7	25
8	12.5

Local taxing jurisdictions may reduce the percentage of exemption for any year.

The maximum exemption allowed by state law is \$80,000 in increased market value due to the improvement. The market value of the new construction is calculated by dividing the increase in assessed value attributable to the construction by the latest state equalization rate or special equalization rate, unless such rate is 95% or more, in which case the increased assessed value is to be considered equal to the market value. In Nassau County, the Class 1 ratio is to be used to determine the market value of the improvement. Local taxing jurisdictions may reduce the maximum exemption allowed to any amount less than \$80,000, but that amount may not be less than \$5,000.

2. **Special Ad Valorem Levies:** See General Municipal and School District Taxes above.
3. **Special Assessments:** No exemption allowed.

G. CODING OF EXEMPTION ON ASSESSMENT ROLL:

Code	Description of Alternative Codes Possible
4421_	

- H. **Assessment Roll Section(s):** Taxable (RPS Section 1).
- I. **NOTE:** This code should not be used to identify property that is exempt under any of the statutes listed under Similar Exemptions below. For coding of such property, see the Exemption Profile for the statute that applies.
- J. **FILING REQUIREMENTS (Owner or Occupant of Property):**

Form RP-421-f -- Application for Real Property Tax Exemption for Capital Improvements to Residential Property

See sample form and instructions following Exemption Profile.

- K. **REPORTING REQUIREMENTS (Assessor):** None.

L. SIMILAR EXEMPTIONS:

Subject	Statute
Certain living quarters constructed to be occupied by a senior citizen or disabled individual	RPTL §467-d
First-time homebuyers of newly constructed homes	RPTL §457
New residential property in certain cities	RPTL §485-m

Private one- and two-family dwellings and certain multiple dwellings in New York City

RPTL §421-b

Residential improvements in Cities with population of less than 200,000 and more than 150,000

L.1986, Ch. 889

Residential investment in certain municipalities

RPTL §§485-h, 485-i, 485-j, 485-k, 485-l, 485-m

Residential property improvements in certain cities

RPTL §485-j

Residential property improvements in certain towns

RPTL §485-l