

VETERANS PROPERTY TAX EXEMPTION PROPOSAL

PROBLEM: New York State appears to offer a reduction in assessed property value for veteran homeowners, with rates between 15% and 25% based on wartime and combat service eligibility criteria. In New York City’s five boroughs, this results in eligible veteran homeowners being told they “only have to pay school tax.” Yet those tax rates have ballooned by more than 60% since 2003; the current school tax rate (which veterans must pay) is 11.5%. A 2013 NYS law, however, gives school districts the option of adopting the tax exemption for veterans, which NYC’s school district has not yet explored. Additionally, differences between property tax exemptions offered by NYS and NYC for veterans are confusing and difficult to understand.

PROPOSAL: The NYC Veterans Alliance proposes a working group to clarify existing NYS and NYC veterans property tax exemption policy and its impacts on qualifying NYC veteran homeowners and propose next steps to NYC and NYS officials to implement policies that achieve true tax relief for qualifying NYC veterans as intended by law.

BACKGROUND: The information below is derived from what is currently accessible online, and is intended as a starting point for this initiative.

NY State Veterans Tax Exemptions. New York State currently offers eligible veterans a choice to apply for one of three property tax exemptions for their primary residence. These exemptions are managed by the NYS Department of Finance and Taxation, and administered by county and municipal tax assessors:

1. [Alternative Veterans Exemption](#) – Offering a 15% reduction in property’s assessed value for veterans who served in wartime, and additional 10% reduction for veterans who served in combat zones. Those with service-connected disabilities receive an additional reduction, regardless of combat service.
2. [Cold War Veterans Exemption](#) – Offering a 10 or 15% reduction in property’s assessed value for veterans who served between 1945 and 1991 and were discharged under honorable conditions. Exemption may be used for a period of 10 years. Those with service-connected disabilities receive an additional reduction, which does not expire after 10 years.
3. [Eligible Funds Exemption](#) – Offering reduction in portion of property (typically less than \$5,000 in value) purchased by veteran, spouse, dependent parent, or child using money from a VA pension, POW compensation, bonus, or insurance money received upon discharge.

NYC Veterans Tax Exemption. The [NYC Department of Finance website](#) lists this somewhat differently. The Veterans Exemption is described as applying to qualifying veterans, spouses or un-remarried widows/widowers of veterans, and Gold Star parents:

- Eligibility is based on wartime service (the Cold War option is not mentioned).

- Maximum exemption amounts are based on property class: Class 1 refers to one- to three-unit residential properties; Class 2 refers to residential property with more than 3 units, including co-ops and condos; and Class 4 refers to commercial property and lofts.
- For wartime veterans, a 15% reduction in assessed property value is offered, with a maximum of \$4,140 for Class 1 properties or \$24,300 for Classes 2 and 4.
- For veterans who served in a combat zone, an additional 10% reduction is offered, with a maximum of \$2,760 for Class 1 properties or \$16,200 for Classes 2 and 4.
- For veterans with a service-connected disability, the assessed value is multiplied by 50% of the veteran's disability rating, for a maximum of \$13,800 for Class 1 properties, or \$81,000 for Classes 2 and 4.

Elsewhere on the NYC DOF website is a [listing of tax rates](#), which states that homeowners who receive the Veterans Exemption only have to pay school tax. The current rate for Class 1 properties is 11.5%, which is an increase of more than 60% since 2003.

NYS RPTL 458-A: Option for School Boards to Adopt Alternative Veterans Exemption. In December 2013, Governor Cuomo signed into law [Real Property Tax Law 458-A](#), which permits school districts the option to adopt the Alternative Veterans Exemption described above, but the tax burden would be shifted to non-exempt homeowners of the school district. The law requires that school districts hold a public hearing prior to adopting the veterans exemption. Some have described this as a ["lose-lose" situation](#) that would penalize non-exempt homeowners in districts with large numbers of veteran homeowners. Other districts, including [Rochester](#) and [Yonkers](#), have opted into the veterans school tax exemption.

NEXT STEPS: We will convene an initial Stakeholders Meeting in August 2016 to discuss strategy, goals, and timeline.