



# Property Tax Freeze Credit - Fact Sheet

The Property Tax Freeze Credit is a two-year tax relief program that reimburses qualifying New York State homeowners for increases in local property taxes on their primary residences. In order for the credit to be available to the homeowners in a local taxing jurisdiction, the jurisdiction must comply with the New York State Property Tax Cap and, after the first year, must also have an approved Efficiency Plan.

## Eligibility requirements

### 1. Homeowner requirements

To be eligible, homeowners must meet the requirements for the STAR property tax exemption:

- The property must be the homeowner's primary residence.
- The total household income must be \$500,000 or less.

New York City homeowners are **not** eligible for the freeze credit. New York City homeowners and renters are, however, eligible for the New York City Circuit Breaker Tax Credit.

### 2. School district/local government requirements

The requirements imposed on taxing jurisdictions (school districts and local governments) will be phased in over two years.

**Year 1:** The jurisdiction must comply with the property tax cap. This means the increase in the tax levy cannot be more than that allowed by a formula established by State law.

**Year 2:** The jurisdiction must comply with the tax cap and also have an approved Government Efficiency Plan to share services, consolidate or merge, or demonstrate and implement operational efficiencies.

#### Timeline and Requirements for School Districts\*

Year	Eligibility Requirement
Year 1 (2014-15)	comply with tax cap only
Year 2 (2015-16)	comply with tax cap and be part of an approved Efficiency Plan

#### Timeline and Requirements for Local Governments\*

Year	Eligibility Requirement
Year 1 (fiscal years beginning 2015)	comply with tax cap only
Year 2 (fiscal years beginning 2016)	comply with tax cap and be part of an approved Efficiency Plan

\* Different rules apply in Buffalo, Rochester, Syracuse, and Yonkers – see page 2.

### Jurisdictions' eligibility determined separately

Each taxing jurisdiction is treated separately for purposes of eligibility for the credit. For example, a homeowner may be subject to town, village, and fire district taxes. If only the town and village comply with the requirements:

- the homeowner will receive a credit based on increases to town and village taxes, and
- since the fire district did not comply, the homeowner will **not** receive a credit based on the fire district tax.

## Credit amounts

As a general rule, the freeze credit will fully reimburse eligible homeowners for increases to their taxes imposed by all jurisdictions that comply with the eligibility requirements. The freeze credit will be the greater of:

- the actual increase in the homeowner's tax bill, or
- the previous year's tax bill multiplied by an inflation factor (the lesser of 2% or inflation).

Homeowners whose tax bills go down, stay the same, or increase less than the inflation factor will receive a credit equal to the previous year's tax bill multiplied by the inflation factor.

## Calculating increases using baseline year

The increase is calculated as the difference between the homeowner's taxes in:

- the year before the freeze went into effect (baseline year), and
- the current year.

If the taxing jurisdiction is compliant for both years of the freeze:

- In **year one**, the credit will be determined based on the tax paid in year one and the tax paid in the baseline year.
- In **year two**, the credit will be determined based on the tax paid in year two and the tax paid in the baseline year.

If the taxing jurisdiction is only compliant in the second year of the freeze, the credit will be determined based on the tax paid in the second year and the tax paid in the previous year—**not** the baseline year.

## Exceptions

There are some exceptions. The credit will not reimburse homeowners for increases that are the result of:

- improvements to the property that increase its value,
- changes in a property's exemption status, or
- a jurisdiction-wide reassessment to the extent the increase in the homeowner's assessed value exceeds the average change in assessed value.

## How to get the credit

### Freeze Credit Payment Calendar

Year	Eligibility Requirement
2014	Year 1 - school district
2015	Year 2 - school district and Year 1 - local government
2016	Year 2 - local government

Eligible homeowners do not need to do anything to receive the credit. The Tax Department will review eligibility data and calculate the credit for all qualifying taxing jurisdictions. For each of the program's three years (2014, 2015, 2016), the department will mail eligible taxpayers a check that will be the total of the credits for each jurisdiction that is in compliance. Homeowners who do not receive a check and who believe they are entitled to the credit (or who believe the credit should have been larger) will be able to contact the Tax Department to have their case reviewed.

## Co-ops and mobile homes

The credit for co-ops and mobile homes that are not separately assessed will be calculated as such:

- **Co-op owners:** the credit will be 60% of the average credit for the jurisdiction.
- **Mobile home owners:** the credit will be 25% of the average credit for the jurisdiction.

## Buffalo, Rochester, Syracuse, and Yonkers

Different rules apply in Buffalo, Rochester, Syracuse, and Yonkers. These cities impose a single levy that includes both city and school district taxes. For purposes of the freeze credit, 67% of the tax is attributable to school tax and 33% attributable to city tax. These cities must comply with the tax cap in 2014-15 and 2015-16 to be eligible for the freeze credit.

- For 2014, the credit will be equal to that part of the increase attributable to school tax (67%).
- For 2015, the credit will be based on both the city and school tax components.
- For 2016, the credit will be based on 33% of the 2015-16 levy—the amount attributable to city tax.