



# DEPARTMENT OF FINANCE

## PROPERTY DIVISION

### STATEMENT OF ASSESSMENT PROCEDURE – 12/10/09 (Supersedes Statement of Assessment Procedure 05/26/06)

#### WHEN WILL EQUIPMENT BE SEPARATELY ASSESSED?

This statement of assessment procedure explains how the Department of Finance will assess generators and other equipment located within certain properties. This statement supersedes the previous Statement of Assessment Procedure on this subject published 5/26/2009.

#### Background

New York State Real Property Tax Law provides that equipment such as boilers and generators are real property. Section 102(12)(f) defines real property to include the following:

(f) Boilers, ventilating apparatus, elevators, plumbing, heating, lighting and power generating apparatus, shafting other than counter-shafting and equipment for the distribution of heat, light, power, gases and liquids...

Buildings increasingly contain back-up generators or other emergency power generators or equipment. This Statement provides guidance on how such generators or equipment will be treated for the purpose of real property tax assessment.

#### Procedure

Starting with the fiscal year 2010/2011 assessment roll, the City will be following new procedures outlined below.

As used in this SAP, "equipment" shall include, but not be limited to, generators, other emergency power generating equipment, and other equipment included in RPTL section 102(12)(f).

##### (1) Building and equipment have the same owner:

- For a newly constructed building or structure that includes such equipment, the market value will be based on the cost approach (reproduction cost new less depreciation).
- For all other buildings or structures with such equipment, the market value will be based on the income capitalization approach. The property's rental income should reflect any higher rents received due to the building's generator or other equipment. Furthermore, any rent or other sums received specifically for the generator or other equipment should be included as rental income on the RPIE.

##### (2) Building and equipment have different owners:

- The equipment will be assessed and taxed to the owner of such equipment (for example, the tenant).
- The equipment will be given a separate identifying number (REUC indicator) for such purposes. The market value will be based on a cost approach (reproduction cost new less depreciation).
- Additionally, any payments received by the owner of the underlying parcel representing rent for space used to locate the equipment should be reported to Finance on the annual RPIE form.

This revised Statement of Assessment Procedure is being promulgated to ensure conformity with existing law and uniformity of tax treatment among taxpayers.