AN ACT to amend the real property tax law, in relation to the assessment of real property damaged by the severe storm that occurred on the twenty-ninth and thirtieth of October, two thousand twelve in a city having a population of one million or more

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1. Section 1. The real property tax law is amended by adding a new section 1805-a to read as follows:

§ 1805-a. Assessment of real property damaged by the severe storm that occurred on the twenty-ninth and thirtieth of October, two thousand twelve in a city having a population of one million or more. 1. Generally. Notwithstanding any provision of any general, special or local law to the contrary, any city having a population of one million or more is hereby authorized and empowered to adopt and amend local laws in accordance with this section to provide that the assessed value of affected real property, as defined in subdivision three of this section, shall be subject to the limitations provided in this section.

2. Definitions. As used in this section:

(a) "Actual assessed value" means the assessed value of real property prior to the calculation of any transitional assessed value, and which is not reduced by any exemption from real property taxes.

EXPLANATION--Matter in italics (underscored) is new; matter in brackets [−] is old law to be omitted. LBD09139-05-5

(b) "Aggregate physical increase" means the sum of physical increases
for assessment rolls completed from two thousand fourteen through two
thousand twenty.

(c) "Annual tax" means the amount of real property tax that is imposed
on a property for a fiscal year, determined after reduction for any
amount from which the property is exempt, or which is abated, pursuant
to applicable law.
(d) "Annual tax attributable to improvements" means the annual tax,
multiplied by a fraction, the numerator of which is equal to the
assessed value attributable to improvements on the property for the
fiscal year, and the denominator of which is the total assessed value of
the property for such fiscal year.
(e) "Assessed value" means the assessed value of real property that
was used to determine the annual tax, and which is not reduced by any
exemption from real property taxes. For real property classified as
class two or class four real property, as defined in subdivision one of
section eighteen hundred two of this article to which subdivision three
of section eighteen hundred five of this article applies, unless other-
wise provided, the assessed value is the lower of the actual assessed
value and transitional assessed value.
(f) "Assessed value attributable to improvements" means that portion
of the assessed value that was used to determine the annual tax attrib-
utable to improvements, and which is not reduced by any exemption from
real property taxes.
(g) "Commissioner of finance" means the commissioner of finance of a
city having a population of one million or more, or his or her designee.
(h) "Department of finance" means the department of finance of a city
having a population of one million or more.
(i) "Improvements" means buildings and other articles and structures,
substructures and superstructures erected upon, under or above the land,
or affixed thereto, including bridges and wharves and piers and the
value of the right to collect wharfage, cranage or dockage thereon.
(j) "Physical decrease" means the decrease in assessed value from the
assessed value on the preceding assessment roll as a result of
destruction of property caused by the severe storm that occurred on the
twenty-ninth and thirtieth of October, two thousand twelve, such
decrease to which subdivision five of section eighteen hundred five of
this article applies.
(k) "Physical increase" means the increase in assessed value from the
assessed value on the preceding assessment roll as a result of an addi-
tion to or improvement of existing real property as provided in subdivi-
sion five of section eighteen hundred five of this article, for the
purpose of reconstruction or repair in connection with the damage caused
by the severe storm that occurred on the twenty-ninth and thirtieth of
October, two thousand twelve, such increase to which subdivision five of
section eighteen hundred five of this article applies subject to the
provisions of this section.
(l) "Total square footage of the improvements on the property" means,
with respect to an assessment roll, the square footage used by the
department of finance in determining the assessed value attributable to
improvements on the real property for such assessment roll.
(m) "Transitional assessed value" is the transition assessment calcu-
lated pursuant to subdivision three of section eighteen hundred five of
this article, and which is not reduced by any exemption from real prop-
erty taxes.

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3. Affected real property. For purposes of this section, "affected
real property" means any tax lot that contained, on the applicable taxa-
ble status date, class one, class two or class four real property as
such class of real property is defined in subdivision one of section
eighteen hundred two of this article, as to which:
(a) the department of finance reduced the assessed value attributable
to improvements on the property for the assessment roll completed in two
thousand thirteen from the assessed value attributable to improvements on the property for the assessment roll completed in two thousand twelve as a result of damage caused by the severe storm that occurred on the twenty-ninth and thirtieth of October, two thousand twelve; and

(b) the department of finance increased the assessed value attributable to improvements on the property by means of a physical increase for an assessment roll completed from two thousand fourteen through two thousand twenty.

4. Limitation on increases of assessed value. Notwithstanding subdivision five of section eighteen hundred five of this article and any other provision to the contrary, increases in the assessed value of affected real property shall be limited in the manner specified in this subdivision.

(a) Except as provided in paragraph (c) of this subdivision, for affected real property for which the assessed values on the assessment rolls completed in two thousand fourteen and two thousand fifteen do not reflect a physical increase, the amount of the aggregate physical increase shall not exceed the amount of the physical decrease reflected in the assessed value on the assessment roll completed in two thousand thirteen. Any increase in assessed value from the preceding year in excess of the physical increase reflected in the current assessed value, such physical increase limited as provided in the preceding sentence, shall be subject to the limitations on increases provided in subdivisions one, two and three of section eighteen hundred five of this article. In no event shall the assessed value of the affected real property appearing on an assessment roll completed for any given year from two thousand fifteen to two thousand twenty exceed what the assessed value would have been that year but for any physical decreases or physical increases reflected in the assessed values on the assessment rolls completed from two thousand thirteen to two thousand twenty.

(b) For affected real property for which the assessed value on the assessment roll completed in two thousand fourteen or two thousand fifteen reflects a physical increase, the assessed value as it appeared on the assessment roll completed in two thousand fifteen shall be recalculated as if the limitation in paragraph (a) of this subdivision had been in effect for the assessment rolls completed in two thousand fourteen and two thousand fifteen. The recalculation of the assessed value that appeared on the assessment roll completed in two thousand fifteen shall not affect the amount of taxes that were due and payable for the fiscal year beginning on the first of July, two thousand fourteen. The assessed value on the assessment rolls completed for each of the years from two thousand sixteen to two thousand twenty shall be subject to the limitation on increases provided in paragraph (a) of this subdivision. Notwithstanding section fifteen hundred twelve of the charter of the city of New York and any other provision to the contrary, the commissioner of finance is authorized to correct as provided in this paragraph the assessed value of affected real property appearing on the assessment roll completed in two thousand fifteen. Such correction shall be made no later than ninety days after the effective date of a local law adopted in accordance with this section.

(c) Notwithstanding paragraphs (a) and (b) of this subdivision, in the event that the total square footage of the improvements on the affected real property appearing on any assessment roll completed from two thousand fourteen to two thousand twenty exceeds the total square footage of the improvements on the property appearing on the assessment roll completed in two thousand twelve, the amount of the aggregate physical increase shall not exceed the amount computed by multiplying the sum of the physical increases as calculated subject to this subdivision by a fraction, the numerator of which is equal to the amount of the total square footage of the improvements on the property for the current assessment roll, and the denominator of which is equal to the amount of
the total square footage of the improvements on the property for the
assessment roll completed in two thousand twelve. For purposes of this
paragraph, if improvements on the property located below grade were not
included in the total square footage of the improvements on the property
for the assessment roll completed in two thousand twelve, such improve-
ments shall not be included in the total square footage for subsequent
assessment rolls if the improvements were moved above grade or other
building elevations were constructed on the property to prevent or miti-
gate flooding as part of reconstruction or repair in connection with the
damage caused by the severe storm that occurred on the twenty-ninth and
thirtieth of October, two thousand twelve.
5. Rulemaking. The commissioner of finance shall be authorized to
promulgate rules necessary to effectuate the purposes of this section.
§ 2. This act shall take effect immediately.
BILL NUMBER: S3688B

SPONSOR: LANZA

TITLE OF BILL: An act to amend the real property tax law, in relation to the assessment of real property damaged by the severe storm that occurred on the twenty-ninth and thirtieth of October, 2012 in a city having a population of one million or more

PURPOSE:

This legislation provides for the assessment of real property in cities having a population of one million or more, which was damaged by Hurricane Sandy.

SUMMARY OF PROVISIONS:

Section one of this bill adds a new section 1805-a to the Real Property Tax Law to authorize New York City to limit increases in the assessed value of certain class one, class two and class four properties. The properties that will be subject to the limitations in this section must satisfy the following conditions:

1. The Department of Finance reduced the assessed value of the building on the property on the assessment roll completed in 2013 from the assessed value on the assessment roll completed in 2012 as a result of damage caused by Hurricane Sandy.

2. The Department of Finance increased or will increase the assessed value of the building on the property as a result of the repair or reconstruction of damage caused by Hurricane Sandy on any assessment roll completed from 2014 through 2020.

For properties that satisfy these conditions and have not performed repairs or reconstruction as of the assessment roll completed in 2015, the physical increase to their assessed value as a result of repairs or reconstruction that will be performed will be limited to the amount of the physical decrease reflected on the assessment roll completed in 2013. Any increase in excess of the amount of the physical decrease reflected on the assessment roll completed in 2013 will be treated as an equalization (non-physical) increase and subject to the limitations for equalization increases prescribed in sections 1805(1) and 1805(2) of the Real Property Tax Law. The assessed values of the properties that satisfy the requisite conditions will not be higher than they would have been but for Hurricane Sandy. For class four and larger class two properties subject to transitional assessments, the limitation on physical increases will apply to the lower of the actual assessed value or the transitional assessed value.

For properties that satisfy these conditions and have already performed repairs or reconstruction that constitute a physical increase reflected
on an assessment roll completed as of 2015, the assessed value as it appeared on the assessment roll completed in 2015 will be recalculated as if section 1805-a had been in effect. The Department of Finance is authorized to correct the 2015/2016 assessed value in accordance with section 1805-a within ninety days of the effective date of a local law adopting these provisions. Subsequent physical increases reflected on an assessment roll completed from 2016 through 2020 will also be subject to the limitations described in the preceding paragraph. To the extent that the square footage used to determine the assessed value of the building on the property on a given assessment roll exceeds that reflected on the assessment roll completed in 2012, the bill provides that the Department of Finance will recalculate the limitation on physical increases by multiplying it by the percentage of the excess square footage of the building.

Section two provides that the bill shall take effect immediately.

JUSTIFICATION:

In its report, "One City, Rebuilding Together: A Report on the City of New York's Response to Hurricane Sandy and the Path Forward," the City set forth a number of policies to streamline the recovery process and prioritize rebuilding. The policies outlined in the report included, but were not limited to, improving the experience of homeowners navigating the preconstruction process, enhancing coordination amongst city, state and federal partners, and engaging local communities in the rebuilding process. Notably, the report also recommended providing additional financial relief to homeowners. This legislation continues the City's commitment to do that. This bill would provide real property tax relief to New York City residents who have already repaired or rebuilt properties that were damaged by Hurricane Sandy or who will repair or rebuild properties through fiscal year 2020. Even if the repair or rebuilding merely restores a building to its condition prior to the storm, the assessed value, and therefore the real property taxes, of some of these properties will be higher after the rebuilding than it was prior to the storm. Last year the City provided an abatement to owners who had rebuilt their properties and whose property taxes were higher in fiscal year 2015 than in fiscal year 2013. The abatement, however, provided only temporary relief and did not address the long-term negative impact on assessed values of properties that are rebuilt. In order to further assist these property owners, this bill authorizes New York City to enact a local law limiting the amount that assessed values can increase as a result of the repair or rebuilding of properties severely damaged by Hurricane Sandy.

The amount of increase in assessed value will be limited to the amount that it would have increased if Hurricane Sandy had not occurred for affected property which, for purposes of this legislation, includes certain class one, class two and class four properties. In the event that the repair or rebuilding resulted in an increase in the square footage of the affected property, the bill provides that the Department of Finance will adjust the limitation on increases in assessed value by the percentage that is attributable to the excess square footage of the property.

As the worst natural disaster ever to hit the City of New York, Hurricane Sandy cost forty-four New Yorkers their lives. Many more residents lost homes or businesses, and entire communities were sent reeling by the storm's devastating impact. There is a great deal more work to do to help the hardest-hit communities get back on their feet and we must continue to be vigilant in marshaling City resources to provide relief to those who need it most.
Unfortunately, the statutory real property tax assessment structure does not contemplate the unique circumstance that many property owners find themselves in as a result of Hurricane Sandy: that these property owners would, in effect, suffer a tax penalty for rebuilding their storm-torn properties.

This legislation provides an absolutely necessary measure of relief to owners of class one, class two and class four properties who begin the rebuilding process to return to normalcy.

**EFFECTIVE DATE:**
Immediately.