

Sachem Central School District

Property Tax Rebate for Compliance with the Tax Cap and eligibility for STAR

	2016/17	2017/18	2018/19	2019/20	2017/18 Brookhaven Basic STAR Maximum Savings \$914	2018/19 Brookhaven Basic STAR Maximum Savings \$914	2019/20 Brookhaven Basic STAR Maximum Savings \$914	2017/18 Islip Basic STAR Maximum Savings \$898	2018/19 Islip Basic STAR Maximum Savings \$898	2019/20 Islip Basic STAR Maximum Savings \$898	2017/18 Smithtown Basic STAR Maximum Savings \$961	2018/19 Smithtown Basic STAR Maximum Savings \$961	2019/20 Smithtown Basic STAR Maximum Savings \$961
BASIC STAR	\$130												
Qualified Gross Income													
Not over \$75,000		28%	60%	85%	\$255.92	\$548.40	\$776.90	\$251.44	\$538.80	\$763.30	\$269.08	\$576.60	\$816.85
Over \$75,000 but not over \$150,000		20.50%	42.50%	60%	\$187.37	\$388.45	\$548.40	\$184.09	\$381.65	\$538.80	\$197.01	\$408.43	\$576.60
Over \$150,000 but not over \$200,000		13%	25%	35%	\$118.82	\$228.50	\$319.90	\$116.74	\$224.50	\$314.30	\$124.93	\$240.25	\$336.35
Over \$200,000 but not over \$275,000		5.50%	7.50%	10%	\$50.27	\$68.55	\$91.40	\$49.39	\$67.35	\$89.80	\$52.86	\$72.08	\$96.10
Over \$275,000		No Credit	No Credit	No Credit	No Credit	No Credit	No Credit	No Credit	No Credit	No Credit	No Credit	No Credit	No Credit
ENHANCED STAR	\$130				Enhanced STAR Maximum Savings \$1,828	Enhanced STAR Maximum Savings \$1,828	Enhanced STAR Maximum Savings \$1,828	Enhanced STAR Maximum Savings \$1,797	Enhanced STAR Maximum Savings \$1,797	Enhanced STAR Maximum Savings \$1,797	Enhanced STAR Maximum Savings \$1,935	Enhanced STAR Maximum Savings \$1,935	Enhanced STAR Maximum Savings \$1,935
		12%	26%	34%	\$219.36	\$475.28	\$621.52	\$215.64	\$467.22	\$610.98	\$232.20	\$503.10	\$657.90

The amount of the credit for 2016/17 is \$130.00.

Above figures based upon the STAR Basic and Enhanced savings in effect for the 2015/16 tax levy (for presentation purposes only).

For School District only

Timeline: Tax Cap, Property Tax Freeze Credit and Property Tax Rebate

2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
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Property Tax Cap: Chapter 97 of the Laws of 2011 (2% tax cap)

Allowable levy growth factor shall be the lesser of 2% or the inflation factor

Property Tax Freeze Credit		Property Tax Rebate: NY State Law 886 (a-1)			
Comply with the tax cap	Comply with the tax cap and be part of an approved efficiency plan	Comply with the tax cap	Comply with the tax cap	Comply with the tax cap	Comply with the tax cap
Freeze credit will fully reimburse inc. in tax bill year 1	Freeze credit will fully reimburse inc. in tax bill year 1 and 2	IF income is less than \$180,000 then 10% to 33% of basic STAR and 12% of Enhance STAR	IF income is less than \$275,000 then 10% to 33% of basic STAR and 12% of Enhance STAR	IF income is less than \$275,000 then 17.5% to 60% of basic STAR and 75% of Enhance STAR	IF income is less than \$275,000 then 10% to 33% of basic STAR and 34% of Enhance STAR

MCTD: metropolitan commuter transportation district

NYS Tax Law 606(n-1)

This is a brief summary of the terms of NYS Tax Law 606(n-1). For those interested, the entire law is available on-line.

Section 606 (n-1) provides for a credit against income taxes (which will be paid via a refund check to the taxpayer) for the years 2016 through 2019 for eligible taxpayers under certain conditions. The three most significant conditions are that the taxpayer:

- Had been a resident
- Owned and primarily resided in real property receiving the STAR exemption
- had qualified gross income no greater than \$275,000

However, no credit shall be allowed if any of the following apply:

- *Such property is located in an independent school district that has adapted a budget in excess of the tax levy limit...To render its taxpayers eligible for the credit the school district must certify its compliance with such tax levy limit...*
- *Such property is located in the city of New York*

The amount of the credit for **2016** is \$185 if the residence is outside the metropolitan commuter transportation district (MCTD) or \$130 if living in the MCTD and outside the city of New York.

In future years the credit is a percentage of STAR savings and the percentage is based on various income levels. The credit (refund) increases during the three year period as per the following schedule:

Qualified Gross Income	2017	2018	2019
Not over \$75,000	28%	60%	85%
Over \$75,000 but not over \$150,000	20.5%	42.5%	60%
Over \$150,000 but not over \$200,000	13%	25%	35%
Over \$200,000 but not over \$275,000	5.5%	7.5%	10%
Over \$275,000	No Credit	No Credit	No Credit

For a taxpayer who owned and primarily resided in real property receiving the enhanced STAR exemption, the amount of the credit shall equal the STAR tax savings associated with such enhanced STAR exemption. Multiplied by the following percentage

Taxable Year	Percentage
2017	12%
2018	26%
2019	34%

As noted above, the law provides that this income tax credit will be paid in a separate check to the taxpayer by October 31 (or as close as possible to October 31).

NYS Tax Law 606(n-1)

As you can see, in 2017-2019 the amount of the credit (refund check) increases each year. This will make it more difficult to pierce the cap each year since the amount of the refund check will be greater. The credit (refund) in 2016 is a fixed amount.

It is important that school district business officials, superintendents and Board of Education members understand the ramification of this law. If the district is successful in "piercing the cap" the taxpayers will not be eligible for the credit.

NYS Tax Law

Section 606 - Credits against Tax.

(n-1) Property tax relief credit. (1) An individual taxpayer who meets the eligibility standards in paragraph two of this subsection shall be allowed a credit against the taxes imposed by this article in the amount specified in paragraph three of this subsection for tax years two thousand sixteen, two thousand seventeen, two thousand eighteen, and two thousand nineteen.

(2) (a) To be eligible for the credit, the taxpayer (or taxpayers filing joint returns) on the personal income tax return filed for the taxable year two years prior, must have (i) been a resident, (ii) owned and primarily resided in real property receiving the STAR exemption authorized by section four hundred twenty-five of the real property tax law, and (iii) had qualified gross income no greater than two hundred seventy-five thousand dollars. Provided, however, that no credit shall be allowed if any of the following apply:

(i) Such property is located in an independent school district that is subject to the provisions of section two thousand twenty-three-a of the education law and that has adopted a budget in excess of the tax levy limit prescribed by that section. To render its taxpayers eligible for the credit authorized by this subsection, the school district must certify its compliance with such tax levy limit in the manner prescribed by subdivision two of section two thousand twenty-three-b of the education law.

(ii) Such property is located in a city with a dependent school district that is subject to the provisions of section three-c of the general municipal law and that has adopted a budget in excess of the tax levy limit prescribed by that section. To render its taxpayers eligible for the credit authorized by this subsection, the city must certify its compliance with such tax levy limit in the manner prescribed by subdivision two of section three-d of the general municipal law.

(iii) Such property is located in the city of New York.

(3) Amount of credit. (a) For the two thousand sixteen taxable year (i) for a taxpayer residing in real property located within the metropolitan commuter transportation district (MCTD) and outside the city of New York, the amount of the credit shall be \$130; (ii) for a taxpayer residing in real property located outside the MCTD, the amount of the credit shall be \$185.

(b) For the two thousand seventeen, two thousand eighteen and two thousand nineteen taxable years (i) For a taxpayer who owned and primarily resided in real property receiving the basic STAR exemption, the amount of the credit shall equal the STAR tax savings associated with such basic STAR exemption, multiplied by the following percentage:

(A) for the two thousand seventeen taxable year:

Qualified Gross Income	Percentage
Not over \$75,000	28%
Over \$75,000 but not over \$150,000	20.5%
Over \$150,000 but not over \$200,000	13%
Over \$200,000 but not over \$275,000	5.5%
Over \$275,000	No credit

(B) for the two thousand eighteen taxable year:

Qualified Gross Income	Percentage
Not over \$75,000	60%
Over \$75,000 but not over \$150,000	42.5%
Over \$150,000 but not over \$200,000	25%
Over \$200,000 but not over \$275,000	7.5%
Over \$275,000	No credit

(C) for the two thousand nineteen taxable year:

Qualified Gross Income	Percentage
Not over \$75,000	85%
Over \$75,000 but not over \$150,000	60%
Over \$150,000 but not over \$200,000	35%
Over \$200,000 but not over \$275,000	10%
Over \$275,000	No credit

(c) For a taxpayer who owned and primarily resided in real property receiving the **enhanced STAR exemption**, the amount of the credit shall equal the STAR tax savings associated with such enhanced STAR exemption, multiplied by the following percentage:

Taxable Year	Percentage
two thousand seventeen	12%
two thousand eighteen	26%
two thousand nineteen	34%

(d) In no case may the amount of the credit allowed under this subsection exceed the school district taxes due with respect to the residence for that school year.