

## You've got mail

By: [Claude Solnik](#) February 22, 2016



When it comes to property tax rebates (although they're technically being called "credits") for many homeowners, it turns out the check lately has been in the mail.

New York State has been sending checks to cover increases in property taxes on primary residences to taxpayers with incomes up to \$500,000 in areas complying with the state's recommended 2 percent property tax cap.

The state expects to send out roughly two million Property Tax Freeze Credit checks, frequently between \$200 and \$800. About 97 percent of the state complies with the 2 percent limit.

The credit in 2014 applied only to the school portion of property taxes, resulting in more than \$220 million paid to more than two million homeowners.

But the 2015 credit applies to increases in school and municipal taxes, including counties, cities, towns, villages and special districts.

"For people on Long Island, real estate taxes are one of the biggest complaints, because they're so high," said Richard Feldman, senior manager at Garden City-based Margolin, Winer & Evens. "Although the state Legislature doesn't control it, they wanted to do something to help the real estate tax situation."

Credits reimburse for the actual increase to the tax bill or the increase on the previous year's tax bill multiplied by the inflation factor, whichever is greater.

“I was happy,” Karen Marshall, senior tax manager at WeiserMazars, in Woodbury, said of her \$934 credit. “This is pumping money into the economy. People see these checks. It’s like free money for typical households.”

The New York State Tax Department is mailing checks to eligible homeowners who qualify without any action required by taxpayers.

But even if taxpayers don’t have to apply for the credit, they must be in the STAR or State Tax Relief program, providing benefits for those with \$500,000 or less income.

“Thank God I filled out the paperwork,” Marshall said. “You have to be in that program to receive this tax freeze credit.”

While the credit puts more money in taxpayers’ pockets, the cap itself has slowed the rocket of tax growth.

In the first three years of the property tax cap, which went into effect in 2011, the typical taxpayer saved more than \$800 compared to previous growth rates, according to Gov. Andrew Cuomo.

“The tax cap has succeeded in taming out-of-control property tax increases throughout this state,” he said in a written statement.

The governor said Nassau had among the highest savings over the first three years at \$1,923 along with Suffolk at \$1,588, exceeded only by Westchester at \$2,223 and Rockland at \$2,042.

“The total amount credited will be large,” said Peter Buell, a partner in the real estate group at Marcum with Long Island operations in Melville. “On an individual basis, some will be larger than others, depending how much taxes were raised.”

Taxpayers, however, aren’t necessarily aware of what they’re receiving or why when they get this windfall.

“People told me they got this check and had no idea of what it was for,” Feldman said. “I don’t think it came with much of an explanation.”

The check includes a stub indicating what it is, but that doesn’t mean people read, or understand, the information.

“Some people didn’t realize it was a check. It came in one of those envelopes they tear open,” Feldman said. “A lot of people probably thought it’s something that goes with tax information.”

He believes some people will store the envelope along with tax return information, while others may even throw it out.

“People are questioning why they got the check. Once they find out it isn’t a mistake, no one complains about found money,” Feldman said. “The state hasn’t done a good job publicizing it this year. Maybe because it’s not an election year, the politicians haven’t been publicizing it too much.”

The credit doesn’t reimburse homeowners for increases that result from improvements to property that increase value and changes in a property’s exemptions.

New York City is exempt from the tax cap, but city residents may be eligible for the New York City Enhanced Real Property Tax Credit.

The state has set in place an appeals process for homeowners who don't receive rebates but believe they qualify.

"They want to go back to their constituents and say they did something to stop the rise in real estate taxes," Feldman said of legislators' motivation for the credit. "You got your increase back in your pocket."

The funds could lead to more business for companies as well as taxpayers, as consumers find they have a windfall.

"My gut feeling is people are going to spend it," Marshall said. "I think people, especially people who are retired, will cash it out and go to Aqueduct and put it in the slot machine."

There is some downside to this free money, in the form of fewer itemized tax deductions and higher taxes the following year.

"You need to reduce your real estate deductions on your taxes next year," Marshall said.

The wealthiest Long Islanders won't be getting a break, even if they pay particularly higher taxes.

"A good portion of my client base has higher income," Buell said. "People with \$500,000 or more will get nothing."