



Town of Smithtown

Office of the Assessor

Peter D. Johnson, Esq., IAO
Sole Assessor
E-Mail: Assessor@tosgov.com

Supervisor
Patrick R Vecchio
Town Council
Thomas J. McCarthy
Edward R. Wehrheim
Robert J. Creighton
Kevin J. Malloy

TO: All Interested Commercial Property Owners

RE: Commercial, Business or Industrial Property Tax Exemption

Pursuant to RPTL 485-b

Generally, New York State law requires that all improvements to real property be taxed to support local services in the area where the property is located.

However, the State has authorized, and the *Town of Smithtown* has recently adopted an exemption to taxation to encourage business investment and development. Section 485-b of the Real Property Tax Law authorizes a partial exemption from real property taxation for commercial, business or industrial property.

The underlying concept allows communities to invest in their future by temporarily foregoing tax revenues in order to attract new commercial and industrial development to the area, thereby broadening the long-term tax base and employment opportunities. The exemption allows a phase-in over a ten (10) year period of any increase in assessment which would otherwise result from certain qualifying improvements to commercial property.

Each taxing jurisdiction (County, Town, school district, et al) must authorize the extent of exemption for their tax levy.

Once certain qualifications are met (see attached application) there are two (2) levels of exemption that may be applicable under RPTL 485-b:

- (a) a 10-year “**basic exemption**” beginning in the first year at 50% of the increase in assessed value due to the improvement and declining by 5% each following year, and
- (b) a 10-year “**accelerated strategic exemption**” at 50% of such value in the first three (3) years and declining from 40% to 5 % during the next seven (7) years.

Both Suffolk County and the *Town of Smithtown* have adopted the Basic exemption, and the Town is presently working with the County Industrial and Commercial Incentive Board to participate in the targeted accelerated strategic exemption program.

In order to maximize the benefit to any business applicant, the Town is reaching out to its local school districts to encourage them to adopt the Basic exemption and, where applicable, permit the accelerated exemption in areas designated by the County Industrial and Commercial Incentive Board.

Dated: January 31, 2012



NEW YORK STATE DEPARTMENT OF TAXATION & FINANCE
OFFICE OF REAL PROPERTY TAX SERVICES

INSTRUCTIONS FOR APPLICATION FOR
REAL PROPERTY TAX EXEMPTION FOR COMMERCIAL,
BUSINESS OR INDUSTRIAL REAL PROPERTY
(Real Property Tax Law, Section 485-b)

1. Authorization for exemption

Section 485-b of the Real Property Tax Law authorizes a partial exemption from real property taxation for commercial, business or industrial property constructed, altered, installed or improved subsequent to July 1, 1976 or a later date as specified in a county's, city's, town's, or village's local law or in a school district's resolution. The cost of such construction, alteration, installation or improvement must exceed \$10,000 or a higher minimum, not to exceed \$50,000, as may be provided in such local law or resolution. Ordinary maintenance and repairs do not qualify for exemption. The property must not be receiving or have received any other exemption authorized by the Real Property Tax Law with respect to the same improvements, unless during the period of the prior exemption, payments in lieu of taxes were made in amounts that were at least equal to the taxes that would have been paid had the property been receiving the section 485-b exemption.

Municipalities may limit the exemption to specific geographic areas and to sectors and subsectors of businesses as defined in the North American Industry Classification System. Where a county restricts the exemption pursuant to the recommendations of its local industrial and commercial incentive board, such restrictions also apply to cities, towns and villages, and school districts therein, unless those municipalities adopt local laws or (school district) resolutions providing otherwise. Consult your assessor to ascertain what limits, if any, apply locally.

2. Duration and computation of exemption

Generally the amount of the exemption in the first year is 50% of the increase in the assessed value attributable to the improvement. The exemption amount then decreases by 5% in each of the next nine years. This declining percentage continues to be applied to the increase in assessed value determined in the first year of the exemption, unless there is a change in level of assessment for an assessment roll of 15% or more, as certified by the Office of Real Property Tax Services, in which case an adjustment is required. A municipality which restricts the exemption to specific types of property and geographic areas may establish a different exemption schedule (i.e., 50% for one, two and three; 40, 30, 20% in years four, five and six; 10% in years seven, eight and nine; and 5% in year ten). Consult your assessor to ascertain the specific schedule or schedules that apply.

3. Application for exemption

The exemption may apply to charges imposed upon real property by or on behalf of a county, city, town, village or school district for municipal or school district purposes and to special ad valorem levies except those levied for fire district, fire protection district or fire alarm district purposes. However, the statute authorizes any county, city, town, village or school district (except the city school district of Buffalo, Rochester, Syracuse or Yonkers) to act independently on its own behalf to reduce the per centum of exemption otherwise allowed pursuant to this section. The exemption does not apply to costs incurred for ordinary maintenance and repairs nor to property used primarily for residential purposes other than hotels or motels. The exemption does not apply to the City of New York.

4. Filing of exemption

Application for exemption from county, city, town and school district taxes must be filed with the city or town assessor, not the Office of Real Property Tax Services. Application for exemption from village taxes must be filed with the assessor who prepares the assessment roll used in levying village taxes. In Nassau County, applications for exemption from county, town or school district taxes must be filed with the Nassau County Board of Assessors. In Tompkins County, applications for exemption from county, city, town, village or school district taxes must be filed with the Tompkins County Division of Assessment.

5. Time of filing application

The application must be filed in the assessor's office on or before the appropriate taxable status date and within one year from the date of completion of the improvements. In towns preparing their assessment rolls in accordance with the schedule provided in the Real Property Tax Law, the taxable status date is March 1. In towns in Nassau County, the taxable status date is January 2. Westchester County towns have either a May 1 or June 1 taxable status date; contact the assessor. In villages and cities, the taxable status dates vary, and the appropriate assessor should be consulted for the correct date.

Once the exemption has been granted, the exemption may continue for the authorized period provided that the eligibility requirements continue to be satisfied. It is not necessary to reapply for the exemption after the initial year in order for the exemption to continue.

Suffolk County

Industrial/Commercial Incentive Plan

What is the Industrial/Commercial Incentive Plan?

The Industrial Commercial Incentive Plan (ICIP) is an economic development tool designed to allow Suffolk County to work with local municipalities to encourage economic development which is consistent with the master plans of their communities. The program allows for towns and villages to determine what geographic areas and industries are to be targeted. The local municipality adopts the plan via resolution and submits its request to Suffolk County for consideration and inclusion in the ICIP draft plan

Real Property constructed, altered, installed or improved for the purpose of commercial, business or industrial activity and which is contained within the geographic areas and/or groups and major divisions described in the adopted plan shall be eligible for an exemption from taxation and special ad valorem levies in accordance with the provisions of Suffolk County Local Law No. 15-1999. The exemption from taxation and special ad valorem levies from each town, village, and school district located within the target area shall apply, unless such town or village, by local law or such school district, by resolution, opts out of the exemption.

Who Designs and Adopts the Final Plan?

The SC ICI Board was established to review plans submitted and to present to the County Legislature a draft plan for its consideration. The ICI Board is comprised of three (3) representatives of the County, representatives from each of Suffolk County's 10 towns, a representative of the villages of the County and a representative from the Nassau/Suffolk School Boards Association.

What is the Real Property Tax Exemption?

Where the County adopts restricted exemptions, the law may provide that such exemptions shall be computed pursuant to the following accelerated strategic exemption schedule:

<u>Year of Exemption</u>	<u>Percentage of Exemption</u>
1-3	50
4	40
5	30
6	20
7-9	10
10	5

Who Implements the Incentives the Policy?

The local municipality (town/village) implements the specific tax incentive program. Once the Plan is adopted Suffolk County will promote the program to create public awareness.

How Does a Business Owner Apply for the ICIP?

The Town and Village assessors are the contact person to determine eligibility and to file for the benefits associated with the ICIP.



NEW YORK STATE DEPARTMENT OF TAXATION & FINANCE
OFFICE OF REAL PROPERTY TAX SERVICES

APPLICATION FOR REAL PROPERTY TAX
EXEMPTION FOR COMMERCIAL, BUSINESS OR INDUSTRIAL PROPERTY
(Real Property Tax Law, Section 485-b)

(Instructions for completing this form are contained in Form RP-485-b-Ins)

1. Name and telephone no. of owner(s)

2. Mailing address of owner(s)

Day No. () _____

Evening No. () _____

E-mail address (optional) _____

3. Location of property (see instructions)

Street address

Village (if any)

City/Town

School district

Property identification (see tax bill or assessment roll)

Tax map number or section/block/lot _____

4. Description of property for which exemption is sought:

a. New construction Alteration Installation Improvement

b. General description of property (if necessary, attach plans or specifications): _____

c. Type of construction: _____

d. Square footage: _____

e. Total cost: _____

f. Date construction, alteration, installation or improvement was started: _____

g. Date completed (attach copy of certificate of occupancy or other documentation of completion): _____

h. Describe any real property replaced or removed in connection with the new construction, alteration, installation or improvement: _____

5. Use of Property.

- a. Describe the primary use of the property and the type of business to be conducted. _____
- b. Describe any other use or uses of the property. _____
- c. Is any part of the real property used for a purpose other than buying, selling, storing or developing goods or services; the manufacture or assembly of goods or the processing of raw materials; or hotel or motel purposes? Yes No
- d. If yes, describe in detail the other use or uses of the property and state the extent to which the property is so used (e.g., 30% of floor space, 25% of income, etc.).

6. Other exemptions.

- a. Is the property receiving or has it ever received any other exemption from real property taxation? Yes No
- b. If yes, what exemption was received? _____ When? _____

Were payments in lieu of taxes made during the term of that exemption? Yes No

If yes, attach a schedule showing the amounts and dates of such payments, and the purposes for which such payments were made (i.e., school district, general municipal, etc.). Also attach any related documentation, such as a copy of the agreement under which such payments were made.

CERTIFICATION

I, _____, hereby certify that the information on this application and any accompanying pages constitutes a true statement of facts.

Signature

Date

FOR ASSESSOR'S USE

- 1. Date application filed: _____
- 2. Applicable taxable status date: _____
- 3. Action on application: Approved Disapproved
- 4. Assessed valuation of parcel in first year of exemption: \$ _____
- 5. Increase in total assessed valuation in first year of exemption: \$ _____
- 6. Amount of exemption in first year:

	Percent	Amount
County	_____	\$ _____
City/Town	_____	\$ _____
Village	_____	\$ _____
School District	_____	\$ _____

Assessor's signature

Date

Commercial, Business or Industrial Property Exemption/RPTL 485-b

CALCULATION OF EXEMPTION:

1. General Municipal and School District Taxes: The schedule to be followed in calculating the exemption depends on which of the two types of exemption available the taxing jurisdiction has chosen to grant: the basic exemption or the accelerated strategic exemption.

- a. Basic Exemption: Unless reduced by local law or resolution, the following percentages of the increase in assessed value resulting from the construction or improvement should be applied:

<u>Year of Exemption</u>	<u>Percentage of Exemption</u>
1	50
2	45
3	40
4	35
5	30
6	25
7	20
8	15
9	10
10	5

- b. Accelerated Strategic Exemption: The following percentages of the increase in assessed value attributable to the construction or improvement should be applied:

<u>Year of Exemption</u>	<u>Percentage of Exemption</u>
1-3	50
4	40
5	30
6	20
7-9	10
10	5