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THE SENATE  
STATE OF NEW YORK

February 3, 2017

CHAIR  
INVESTIGATIONS & GOVERNMENT OPERATIONS  
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HEROIN TASK FORCE  
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MENTAL HEALTH & DEVELOPMENTAL DISABILITIES

The Honorable Nonie Manion  
Executive Deputy Commissioner, NYS Department of Taxation and Finance  
Bldg 9, State Campus  
Albany, NY 12227

Dear Ms. Manion:

Reports continue to be published regarding the Department of Taxation and Finance's delays in sending STAR Tax Credit and Real Property Tax Freeze checks to qualified homeowners.<sup>12</sup> Further, these reports depict residents who have contacted your department inquiring about their checks, who say they have been given ambiguous timeframes as to the estimated time of arrivals by your department.<sup>3</sup>

Since taking office in 2015, my office has received continued inquiries on the status of checks through the Real Property Tax Freeze Credit Program, enacted in 2014.<sup>4</sup> Most of these calls are complaints regarding delayed payment, when a check is received in the subsequent calendar year to the one when it was supposed to have arrived, which creates both federal and state tax implications.<sup>5</sup>

While I understand the complexities inherent within a program of this magnitude, the delays in payment should not subject New Yorkers to negative tax consequences.

It is important that the legislature fully understands the reason behind the delayed transmission of the STAR Tax Credit and Real Property Tax Freeze checks in order to provide the necessary resources and support to ensure this does not happen again. To follow up on your previous work on this issue, as Chairman of the Senate Committee on Investigations and Government Operations, I respectfully request that your Department initiate a comprehensive review in respect to this issue.

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<sup>1</sup> Joseph Spector. "LATE CHECKS: New York's STAR rebate has problems." *Gannett Albany*. September 28, 2016. Retrieved from <http://www.pressconnects.com/story/news/local/new-york/2016/09/28/problems-found-star-rebate-checks/91226484/>

<sup>2</sup> Joseph Spector. "When's your rebate check coming?" *Gannett Albany*. October 21, 2016. Retrieved from <http://www.lohud.com/story/news/politics/politics-on-the-hudson/2016/10/21/whens-your-rebate-check-coming/92519546/>

<sup>3</sup> Chris McKenna. "Late STAR checks part of wider distribution problem in state." January 29, 2017. Retrieved from <http://www.recordonline.com/news/20170129/late-star-checks-part-of-wider-distribution-problem-in-state>

<sup>4</sup> §606 (n-1) Tax L.

<sup>5</sup> See "IRS Memo 200721017" at <https://www.irs.gov/pub/irs-wd/0721017.pdf>

Specifically, your department's review of delinquent checks should address the following:

1. When does Taxation and Finance expect all of the checks to be fully processed?
2. How many applications for either the STAR Tax Credit or Real Property Tax Freeze check has the committee received?
3. Under each program, how many checks have been sent and how many are yet to be processed?
4. What is the average timeframe for processing individual applications?
5. Does the department record the checks as an expense when they are received and are there sufficient funds available to pay all outstanding checks simultaneously rather than in batches? If not, why?

As you may be aware, real property taxes in the Hudson Valley are crippling. My constituents pay the highest property taxes in the United States of America. While the Real Property Tax Cap has aided in controlling growth, most homeowners still struggle to pay burdensome school taxes. The STAR program, created in 1996, aims to provide some relief to homeowners. While the intention of recent changes to the program is to continue that relief, the reality is that new homeowners have paid their school taxes and are waiting an unacceptable amount of time to receive the benefit of the STAR program. Meanwhile, existing homeowners are also suffering from delays. This is unacceptable.

As Chairman, I respectfully request comments and a completed review by the Department of Tax and Finance by no later than 5:00 p.m. on February 17, 2017. In addition, the Committee requests that your staff provide Committee staff with a briefing on how your office will ensure timely compliance with oversight of the implementation of future STAR Tax Credit and Rebate checks in the future.

Please feel free to contact me directly with any questions about this request at (518) 455-3111. Thank you for your prompt attention to this matter.

Sincerely,



Dr. Terrence P. Murphy  
Senator, 40<sup>th</sup> District

CC: Senator Brad Hoylman, Ranking Minority Member

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