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## **School Tax Relief (STAR) Program Actions**

- **Convert New York City Personal Income Tax Rate Reduction Benefit into a State**

**Personal Income Tax Credit.** Currently, New York City (NYC) (City) taxpayers with incomes below \$500,000 receive an approximate 6 percent rate reduction benefit on their City personal income taxes. The State reimburses the City for the cost of the PIT rate reduction. The Executive Budget converts the rate reduction benefit into a nonrefundable NYS PIT credit for 2.9 million NYC taxpayers, thereby eliminating the need to reimburse the City government. This is consistent with the conversion of the NYC STAR PIT credit from an NYC credit to a State credit in the FY 2017 Enacted Budget

**NYC Assessors' will comment on this proposal.**

- **Allow Taxpayers to Make Partial Real Property Tax Payments.** The Executive Budget reverses the existing general prohibition on partial property tax payments. When a partial payment is made, the outstanding balance may be subject to penalties and interest.

Collecting officers will be required to accept partial payments that meet the applicable restrictions unless local authorities take specific action to restrict or prohibit such payments.

**The NYSAA takes a neutral position on this proposal as this is at local option.**

- **Maintain Basic and Enhanced Exemption Benefits at Existing Levels.** The Executive Budget maintains FY 2018 STAR exemption benefits at no more than their FY 2017 levels, rather than allowing them to grow by 2 percent. The significant reduction in property tax growth resulting from the property tax cap and the ramp up of the new Property Tax Relief Credit have diminished the necessity of growing the STAR benefit.

**The NYSAA takes no position on this proposal.**

•**Make Participation in Income Verification Program (IVP) Mandatory.** The Executive Budget ensures that qualifying seniors enrolled in the PIT Credit program receive the full value of the benefits they deserve and simplifies the process for qualifying senior citizens to keep their Enhanced STAR exemptions by making participation in the Income Verification Program (IVP) for recipients of Enhanced STAR mandatory.

Participation in the IVP is currently optional and seniors who are not enrolled are obligated to re-apply for their Enhanced STAR benefits annually. In cases where a PIT return is filed, the IVP allows seniors who are re-applying for an Enhanced STAR exemption to authorize the assessor to have their incomes automatically verified in subsequent years by DTF. In cases where no PIT return is filed, qualifying seniors will be guided through a simple application process in order to demonstrate their eligibility.

The NYSAA is vehemently opposed to making IVP mandatory. While we realize one of the goals of this proposal is for DTF to have the ability to check for those seniors INELIGIBLE for the Enhanced STAR program...homeowners receiving the exemption on more than one home, those that are over the income limit, etc... Many seniors do not file a tax return and even though there is a provision for a “simple application process” nothing is simple for some of our senior homeowners.

I have submitted a compromise proposal to DTF. In 2013 NYS mandated that all Basic STAR recipients (those homeowners under 65) register with their social security numbers so DTF would have the ability to confirm their eligibility. This compromise would act as a registration for Enhanced STAR recipients without the senior having to “jump through more hoops”. Most of the seniors that do not file a return are not computer savvy so would not feel comfortable trying to do anything “online” which would mean they would have to fill out another form, attach income statements such as their end of the year social security statements (1099), pension statements, interest accounts, etc.....and mail to DTF. Currently these seniors only need to apply with their local assessor....an assessor who will make copies of their statements, who will accept a monthly checking account statement indicating their monthly income, who will mail reminder notices, who will make reminder phone calls and who will actually drive to the seniors home to retrieve the qualifying information needed by the deadline.

In this compromise suggestion, the assessor would gather the needed social security numbers by adding lines for them on the Enhanced STAR application & renewal as well as the Low-Income Senior application & renewal. When inputting the homeowner’s exemption in the assessors’ computer system the assessor would also input the homeowner’s social security numbers. The DTF could programmatically retrieve that information to create the needed database. This would not be an onerous task for the senior, the assessor or DTF and would allow for less calls to the STAR hotline and for many less checks being issued.

So to go along with the compromise proposal, I am requesting that ALL the amendments to the STAR program, relevant to the SENIORS, approved in last year’s budget be REPEALED. Those changes greatly affected our senior population. Some of the issues were:

1. STAR checks were not issued timely....homeowners received the checks well after their school tax bills were due to be paid without penalty....some have STILL not received their STAR checks
2. Enhanced STAR checks were incorrectly calculated resulting in DTF having to contact those seniors to explain the error and then DTF having to reissue 2<sup>nd</sup> checks for the difference.

3. New senior homeowners who qualify for the Low-Income Aged Exemption now have to apply & renew with their assessor, have the exemption automatically deducted from their school tax bill and have to WAIT to receive their Enhanced STAR CHECK to pay their school tax bill.
4. DTF having a difficult time qualifying income for seniors that do not file tax return – further delaying their STAR checks
5. DTF STAR hotline number is not toll free. This effects seniors the greatest because they are the ones that would not want to register online and they would also still have “land lines” so they would be charged for toll calls.
6. STAR hotline registration has had up to a 3 hour wait time.
7. Under new program the senior is not notified of what STAR check they qualify for – Basic or Enhanced – and will not know until they actually receive their check...making it extremely difficult for them to budget for their school tax bill.
8. The traditional STAR exemption reduces the amount due in school taxes so when calculating escrow payments the homeowner sees a reduced monthly payment but with the STAR check program the new homeowner pays a greater monthly payment.
9. With the Enhanced STAR Exemption the senior submits their income to the local assessor who then has the ability to qualify them for the Low-Income Senior Exemption...with the new STAR check the assessor does not see the senior’s income and DTF will not share that information with the assessor. Many seniors will “fall through the cracks” and not receive much needed exemptions.

- **Allow for Confidential Intergovernmental Sharing of STAR**

Budget allows DTF to share STAR information with local assessors so they can help DTF locate primary residency changes or duplicate exemptions. This proposal also protects the confidentiality of beneficiary information, preventing its public release as well.

The NYSAA strongly supports this proposal and would hope that DTF would share even more information with the assessors.

- **Make Technical Amendments to Co-op STAR Credit.** Currently, it is possible that a co-op

owner receives a greater STAR credit than their school tax liability. The Executive Budget

amends the STAR Credit law to provide that a co-op STAR PIT credit not exceed what the co-op owner would have been charged in school taxes if it were separately assessed.

Assessors will be required to report the taxable assessed values of individual co-ops to

DTF (currently, DTF is only provided the taxable assessed value of the entire apartment building).

The NYSAA strongly supports this amendment in the continued efforts for equity but would request that an amendment to the Mobile Home STAR Credit be included so that the Credit is based on the actual value of the mobile home. Currently the credit is based on a value of \$20,000 statewide unless the assessor provided DTF with actual mobile homes values that were greater than the \$20,000. Many assessors reported that they had mobile home parks where the values of every mobile home was less than \$20,000....some entire parks with mobile home values as low as \$4,000. This resulted in STAR Check overpayments for new mobile home owners.

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# STAR Personal Income Tax Credit



The FY 2017 Enacted Budget converted the STAR exemption into a refundable Personal Income Tax credit (STAR PIT credit) for new homeowners.

STAR will continue to be a property tax exemption for eligible residents who were enrolled in the FY 2016 STAR Program or residents who applied for the FY 2016 STAR exemption by the application deadline (March 1, 2015 for most municipalities) and that met the eligibility criteria.

## STAR Exemption Prior to 2016 Changes

The STAR benefit is a partial exemption from school taxes for most owner-occupied primary residences.

Eligible properties include one, two, and three family homes; condominiums, cooperative apartments, manufactured homes, farm houses, and the owner occupied portion of mixed use properties.

Under the original STAR exemption, a new homeowner had to apply for STAR benefits by March 1<sup>st</sup> in order to receive the STAR exemption on the September school tax bill of the same year. If the application was received after March 1<sup>st</sup>, the exemption would have been applied to the following year's school tax bill.

## 2016 STAR PIT Credit Overview

Based on changes Enacted in FY 2017, new homeowners applying to the STAR program will no longer receive the benefit as a property tax

exemption, but rather as a refundable personal income tax (PIT) credit.

Existing STAR exemption recipients will NOT be affected if they continue to own their current homes. However, they can choose to convert to the new PIT credit.

The PIT credit will be pre-paid to homeowners as a rebate check by September 30<sup>th</sup> of each applicable year (or as soon thereafter as practicable). There have been numerous instances of delayed check this year.

The monetary advance credit benefit to homeowners will remain the same as the STAR exemption.

## Mobile Homes and Co-Ops

Most homeowners receive their STAR exemption tax benefits directly on their school tax bills.

Owners of mobile homes and co-ops not separately assessed, receive their STAR exemption tax benefits from the property owner. Because these homeowners receive their STAR tax benefit from a different mechanism, for purposes of the STAR PIT credit, owners of mobile homes are given a STAR exemption valued at a minimum of \$20,000.

However, if the local assessor or taxpayer can demonstrate that the mobile home is valued over \$20,000, the tax credit will be adjusted accordingly. The Commissioner of Tax and Finance is authorized to use assessment data to automatically adjust the exemption upward to

match any mobile homes valued over \$20,000. In addition, for purposes of the STAR PIT credit, owners of co-ops are given a 100 percent STAR exemption. Most, if not all, co-ops have a market value over \$30,000 (the amount that is exempt from school tax). Owners of co-ops within Mitchell-Lama developments are eligible for a credit equal to 1/3 the STAR tax benefit amount, the same as current law. This reduced amount is due to these developments being eligible for additional property tax exemptions.

### **Executive Proposal**

#### **Co-Ops**

Under current law, owners of co-ops are given a 100 percent STAR exemption. The majority of co-ops have a market value over \$30,000 (the amount that is exempt from school tax).

The Executive has proposed repealing the existing STAR PIT Credit calculation for co-ops and requiring local assessors to forward to the Commissioner a statement setting forth the taxable assessed value attributable to each tenant-stockholder. The credit will be equal to the credit that the tenant-stockholder would have received if they were separately assessed.

#### **Application and Credit Procedure**

New homeowners include both those who purchased their homes after the March 1, 2015 taxable status date or those who did not apply for the STAR exemption prior to that date.

New homeowners must apply to the Department of Tax & Finance by July 1<sup>st</sup> to ensure they will receive an advanced credit by September 30<sup>th</sup>, however, they may apply for the credit at any point during the year.

If a property is sold after the seller has paid the school taxes and received a STAR reimbursement check, the credit for that taxable year will stay with the seller. However, buyers are eligible to

claim the credit in instances when the seller has not paid the taxes.

#### **Tax Implications**

Taxpayers that itemize their deductions and include real estate taxes paid (including school taxes) must offset that deduction by the amount of the STAR credit they receive. This is for both federal and state tax purposes.

Since the credit is being prepaid in the fall and in the same year that taxpayers pay their property tax bills, the amount of real estate taxes you can deduct will be the same regardless if you get the credit or the exemption. If you do not itemize your deductions, there will be no tax implications.

#### **Example of STAR Exemption vs STAR PIT Programs**

Two homeowners have the same school property tax bill of \$6,000 with a STAR benefit of \$600. Their final tax liability is \$5,400 for the school year.

Homeowner 1 is in STAR property tax exemption program:

- Pays \$450 each month into escrow (\$5,400/12 months) and receives a tax bill of \$5,400 which is paid from escrow
- The State pays the school district the \$600 in STAR savings on behalf of the homeowner.

Homeowner 2 is in the STAR PIT credit program:

- Homeowner 2 pays \$500 each month into escrow (\$6,000/12 months) and receives a tax bill of \$6,000 which is paid from escrow.
- Homeowner 2 receives a check in September from Tax and Finance for \$600 directly.

#### **STAR Program Eligibility**

Eligibility for the STAR program remains unchanged. The eligibility is as follows:

### Basic STAR

- Available for owner-occupied, primary residences where the resident owner and their spouses income is less than \$500,000.
- The first \$30,000 of the full value of a home is exempt from taxation.
- Eligible residents do not have to apply annually to continue to receive the basic STAR exemption.

### Enhanced STAR

- Provides an increased benefit for the primary residences of senior citizens (age 65 and older) with qualifying incomes (\$86,000 or less).
- The first \$65,500 of the full value of a home is exempt from taxation.

To continue to receive the enhanced STAR exemption, eligible residents must continue to apply annually with their local assessor or, enroll in the income verification program (IVP). Eligible residents cannot claim both the Basic and Enhanced Exemption. However, seniors whose incomes exceed \$86,000 but less than \$500,000 and are otherwise eligible, may still apply and receive the Basic exemption.

### Income Verification

The Commissioner of Tax and Finance will determine eligibility for the credit on or before September 15<sup>th</sup> of each year utilizing information on the applications and from any source that the Commissioner deems reliable and appropriate (i.e. tax returns or information from assessors or school districts).

Income verification for the enhanced STAR PIT credit follows the same rules as the enhanced STAR property tax exemption. The income verification for the enhanced STAR PIT credit includes the income from all the owners and all the owner's spouses that reside at the residence. In addition, the income for the new owners shall be based on the most recent tax return available on the first day of the first month in which they own the new house.

### Executive Proposals

#### Mandatory Income Verification Program

The Executive has proposed requiring enhanced STAR applicants (seniors) to enroll in the Income Verification Program (IVP), beginning with FY 2018 assessment rolls. This program would allow Tax & Finance to determine annual income eligibility for STAR benefits from income tax filings. Enhanced STAR applicants would no longer be required to apply annually provided they file a NYS income tax return every year.

#### Tax Secrecy

The Executive has proposed amending the secrecy provision of the Tax Law in order to authorize the Department to make public the names and addresses of individuals that have applied for or are receiving the STAR PIT Credit. The assessment rolls currently contain the name and address of those receiving the STAR exemption.

#### Cap STAR Benefit Growth

The Executive has proposed capping STAR benefits at 2016-17 levels, beginning with the 2017-18 school year, in an effort to limit state spending on STAR. Current law allows the growth of STAR benefits at a rate not to exceed two percent annually.

## **COMPROMISE - Instead of Proposed Budget Mandatory IVP:**

**This would act as an Enhanced STAR registration program without putting any onus on the senior to call the hotline or do it online**

Add social security number "buckets" in V4/V5 on the exemption screen for Enhanced STAR/Low Income Aged Exemptions.

Add lines for social security numbers on those particular applications and renewals.

As assessor inputs the homeowner's exemption codes they put in their social security numbers

DTF/ORPTS retrieves those social security numbers programmatically

DTF would have data base to examine-like they do for Basic STAR & inform the assessor of double dippers, etc...

Seniors that don't file a tax return or prefers to NOT be on Income Verification Program (IVP) would just apply with LOCAL assessor

Current IVP Enhanced STAR's would continue the same

If IVP undetermined, senior still has ability to bring assessor their income to qualify

Assessor continues to see senior's income to determine eligibility for the low income senior

NEW homeowner senior would only have to interact with assessor....not have to register with NYS and wait for check to pay tax bill

Burden off DTF to administer the program for ALL the new homeowners.... DTF would ONLY have to administer new homeowner Basic STAR

No need for DTF to pre-notify seniors of Enhanced or Basic check qualification

DTF will have adequate time to issue Relief checks...relief program gets MUCH more complicated for fall of 2017

A LOT less checks to process

The assessment community seems to be somewhat united in the effort to defeat the mandatory IVP for Enhanced STAR. Even with the "worksheet" for the non-filers neither the senior nor DTF will easily be able to accomplish their part!

## **NEW Homeowner's STAR Credit Check Issues:**

The STAR exemption has been converted to a new program known as the "STAR Credit Check". In the past it was very simple for property owners to be able to speak to a local official about the ins and outs of the STAR exemption.

There is an extreme lack of communication between NYSDTF and the assessment community. Assessors across the state are advocating for property owners except there is no consistency at the state level. Taxpayers and Assessor's alike must call a STAR hotline for assistance. Callers wait on hold for extended periods of time and end up speaking with someone who has very little knowledge of the STAR program.

To make matters worse, when two property owners call the hotline with the same question they often get two very different answers.

The assessment community has been inundated with office visits, phone calls and emails from concerned property owners.

There are a vast amount of problems with the administration of the STAR checks. The most common errors include property owners being sent checks for the wrong amount, both over and under the amount they are entitled to.

Eligible property owners have been denied the checks. Seniors citizens have been told they would be getting a check comparable to the Enhanced STAR Exemption savings and in actuality receive the Basic STAR amount; approximately half the expected amount. This has put a strain on many senior citizens who were relying on the STAR check to pay their school tax bill.

**To make matters worse, if you are a low income senior, instead of filing one application with your local Assessor, you now have to register with Department of Taxation and Finance, AND apply for the low income senior with your local Assessor.**

### **Action needs to be taken to assist our homeowners:**

More qualified staff must be available to answer the questions of property owners. A system of checks and balance needs to be set up to prevent widespread mistakes of both under and over paying property owners.

This new system was developed under the guise of saving millions of dollars of taxpayer's money; saving money seems highly unlikely now given all the aforementioned mistakes.

### **This now leads us to the following questions:**

Why doesn't the State takeover the Basic STAR process, and keep the Enhanced Program administered back at the local level?

Why is the hot line number not toll free?

How does the State plan to recoup the money it mistakenly overpaid? Or will they even try?

How will the State make sure this doesn't happen again?

How will the State provide better customer service for the property owners?

How is this really saving the tax payers any money?

Why were the checks not mailed out at the beginning of September as promised? They knew this program was coming, but instead the checks were mailed out at the end of the month. Most property owners did not receive their checks until after the school tax bills were past due.

These questions and many more; need to be answered and procedures implemented before the next School billing cycle.



## STAR TIMELINE

- 1997** STAR (School Tax Relief) Legislation Signed  
NYS to reimburse School Districts for homeowners STAR Benefits
- 1998** Enhanced STAR goes into effect for Sept School Taxes  
Homeowners 65 or older, Primary residence  
Adjusted Gross Income limit at \$60,000 (adjusted by COLA every year)
- 1999** Basic STAR available for all homeowner's primary residence
- 2000** Amendment to STAR - mixed use properties now eligible
- 2011** Amendment to Basic STAR - income limit \$500,000
- 2012** Amendment to STAR - SAVINGS CAPPED at 2%
- 2013** Statewide DTF BASIC STAR Registration  
DTF Creates "STAR" team to hold weekly teleconferences for assistance with STAR  
STAR team consists of DTF personnel, County Directors of Real Property and Assessors  
Database created with Social Security Numbers to determine "double dippers"  
Assessors suggest gathering SS#'s on Exemption form (DTF decides not to do this)  
DTF to send new STAR Exemption recipients a registration letter from this point forward (Not done)
- 2016** STAR Amendment - all new homeowners STAR Exemption to STAR CHECK Program  
**April** Assessment community notified April 2016 - AFTER passage of NYS Budget-RETROACTIVE  
All new homeowners MUST register with DTF for STAR Check - STAR Exemptions grandfathered  
STAR Checks to be exact same amount as STAR exemption benefit  
Assessors to notify all STAR Applicants since 3/1/15 exemption denied - register with NYS  
Assessors suggest homeowners notify their escrow accounts of the STAR change  
Seniors now to apply with Assessor for low income exempt AND DTF for Enh STAR (& wait for check)  
Assessors to send DTF list in MAY of the STAR applicants removed due to change in law

## **May**

**Bill introduced at end of May to REPEAL STAR Changes - never goes to floor for vote**

DTF to check for STAR EXEMPTIONS on property (not checking correct assessment roll)

DTF to send mh owners in parks STAR checks based on assessed value of \$20,000 (even if av less)

DTF ask assessor to notify them if mobile homes assessed MORE than \$20,000

DTF STAR Checks to Co-op Owners 100% of STAR even if assessed value less (not equal to exempt)

DTF plan to send STAR Checks at the same time as school tax bills

DTF changes plan to TRY to send STAR checks in September - to be used to pay school taxes

DTF sent assessors list of Basic & Enh STAR recipients for "language" on tax bill (1/2 original)

**Aug** No STAR checks until last week of Sept - into Penalty Period - school schedules won't work

**Sept** DTF sent wrong amt for Enhanced STAR - sent Basic Amount instead

DTF called & sent letters to Enh STAR recipients to inform of error - DTF to send 2nd check

**Oct** DTF DID NOT notify Enh STAR's that were wrong UNLESS FROM ASSESSOR LIST

DTF sent uncapped savings amounts to Basic STAR Recipients - Basic Exmpt not equal to Basic check

DTF - no plans to recoup OVERPAYMENT

Assessors request list of STAR check recipients & amount of checks to confirm they are correct

DTF denies assessors request for list (due to income tax privacy)

Continued calls from homeowners that have not received ANY check (taxes due Sept)

DTF - no checks mailed since 1st batch last week of Sept (taxes due Sept 30)

DTF starts to process Tax Freeze & Tax Relief COMBINED checks

**Nov** Week of 11/16 started to send STAR checks

DTF tells assessors/public that ALL STAR checks should be issued by 1st part of Dec

DTF tells assessors/public that ALL Tax Freeze/Credit checks should be issued by 1st part of Dec

Homeowners start to receive Freeze/Relief checks - some receive 1 check, some 2 checks

No calculations on the checks to enable homeowners to know how check was determined

DTF states there was no particular order as to the issuing of Freeze/Relief Checks

Assessors receive reports of neighbors receiving those check but not all of them

Weekly STAR teleconferences cease

**Dec** Assessors receive reports of 60-120 MINUTE wait for STAR/Freeze/Relief Hot line  
Hot line operators telling callers to contact assessors for a multitude of answers regarding checks  
Homeowners from all over NYS report the hot line is not toll free - real burden to senior population  
Unfortunately assessors Can Not assist the homeowners with any aspect of the checks  
Reports of incorrect Freeze and Relief Checks  
Still no mobile home owners or co-owners STAR checks being issued

**2017 Jan** Many reports of homeowners not receiving STAR checks that were supposed to be issued in Sept  
Many reports of homeowners not receiving Freeze/Relief checks  
DTF issues some INCORRECT Enhanced STAR checks to White Plains  
DTF issues come mobile home owner's STAR checks INCORRECTLY to Mobile Home PARK owners  
Still no STAR team telconference scheduled by DTF despite MANY requests from members

**Why was the STAR Exemption changed to a STAR Check program under the guise of saving taxpayer dollars? Understand, please, that this program is not capable of saving money. The numbers just do not add up! The STAR Exemption deducted the savings automatically from your school bill, now, DTF has to administer, produce, stuff and mail, thousands and thousands of checks each year. As this program grows, and one wonders whether our leaders will switch it back to the exemption program, the number of processed checks will only increase, and therefore, further erode any notion of money savings.**

**Will we ever really truly know the total cost to administer this savings program?**

## Sept 2016 STAR Update

STAR Team Members : Dawn Allen, Christine Bannister, Nicholas Berry, Denise Trudell, Sean Fitzsimmons, Jay Franklin, Steve Harris, Meighan Frye, Lloyd Tasch, Tim Maher, Kim Manley, Geoff Gloak, Teri Ross

With the passing of the NYS Budget on April 1<sup>st</sup>.....the STAR program as we knew it – was transformed into something we could never have imagined....and seems to be changing almost daily.

Replacing the traditional STAR Exemption with the new STAR Credit Check plan was intended to save NYS tons of money and not affect the assessor. Well, we all now know how well that plan worked!

Just in the last couple of weeks most of our offices have been inundated with unhappy homeowners that have still not received their STAR check which was supposed to arrive the same time as their school tax bills. As of this report, DTF can still not confirm when the checks will be mailed.

This change to the traditional exemption program particularly affects our senior population.....especially the low income seniors. Now, they not only have to apply & renew with the assessor for their aged exemption but have to register with NYS and then wait for their STAR check to pay their school tax bills. Some of these seniors do not file income tax. DTF insists that they will have no problem verifying their income but I have my doubts. I am not sure about your seniors but in my town they are usually in line to pay their tax bill the minute they receive it. I have had a couple of them in my office in tears because they haven't received the check yet and can't pay the taxes.

While not only being a burden to the homeowners and additional (not less) work for the assessor, I can't imagine the man hours & money it is taking for DTF to administer this.

Although some in the assessment community felt that to have STAR out of the hands of the assessor would free them up for their other duties, I still firmly believe that the assessor is the best advocate for their taxpayers.

There will be much more on STAR during DTF's update scheduled for 11:00 today.

Please feel free to contact me with any assistance I or the other STAR committee members might provide. Teri L Ross, IAO – NYSAA 1<sup>st</sup> Vice President – Town of Queensbury Assessor [terir@queensbury.net](mailto:terir@queensbury.net)

## Testimony given at Jan 30, 2017 Assembly Real Property Committee Hearing

Good Afternoon. Thank you Assemblywoman Galef and your committee for inviting me to speak today. My name is Teri Ross. I am the assessor for the Town of Queensbury (we are located between Saratoga & Lake George), I am also the President of the New York State Assessors' Association and have been a member of the STAR Teleconference Committee since its inception in 2013.

The STAR Committee was originally created with DTF, Assessor and County Director members to assist DTF with the first statewide Basic STAR registration. We have continued to hold weekly teleconferences to advise DTF with the Tax Freeze and the new Tax Relief and STAR credit check programs.

I am submitting written testimony as well as my verbal remarks. The first topic I would like to discuss is the change to the STAR program included in last year's budget bill. This modification effects only new homeowners. Homeowners that received the STAR exemption on their 2015 school tax bill are "grandfathered" into the traditional program which automatically reduces the homeowner's school tax bill, sometimes quite significantly depending on their eligibility. Now, new homeowners must register with NYS DTF and instead of the automatic reduction of the tax bill, they will receive a check for their STAR benefit. The STAR check is to be the exact same benefit amount as the person receiving the exemption.

This new program has been fraught with adverse consequences from the start. I will highlight just a few:

1. The STAR change was approved with the budget in April 2016 but it was made retroactive to March 1<sup>st</sup>, 2015. Meaning that all the new homeowners since March 2015 that had applied with their assessor for their STAR exemption, been granted the exemption and had incorporated it into their escrow calculations now had to be notified by their assessor that they were being denied the exemption because of the new program. In some cases, more than a year after they applied for the exemption. The assessors were required to send notices to the effected homeowners – in my town around 400 were mailed - to inform them that they were now mandated to register with DTF, either online or by phone, by July 1<sup>st</sup> to receive a STAR check in September to help pay their school taxes. DTF supplied the assessment community with the notice we were to use but most assessors modified the "canned" notice to include an explanation of the new program, an apology for the confusion, advise them to contact their escrow companies to recalculate the escrow portion of their mortgage payments and to offer to assist them in any way possible.
2. One of the biggest impacts of the new program was to our senior population. Normally the new homeowner that was a senior would apply for their Enhanced STAR Exemption with their local assessor. The assessor would then ensure that they applied for all the exemptions they would be qualified for, such as the Low Income Aged Exemption and or the Veteran's Exemption. Since the seniors no longer have to visit the assessors' office for their Enhanced STAR exemption because they have to register with DTF, we are very afraid that they will "fall through the cracks" and not receive the exemptions they might be entitled to.
3. Another consequence with the senior portion of the new program is that if, in fact, the senior does become aware of and applies with the assessor for the Low Income Aged Exemption (where that benefit automatically reduces their school tax bill) they still have to register for the

Enhanced STAR Check with DTF and wait for the check to come in the mail to be able to pay the tax bill. If their income is very low, under the old program, their "net" school tax bill was zero, meaning they had no out of pocket expenses to deal with. DTF would not even share with the local assessors if the senior did receive a check so we could ensure it was correct.

4. Issue # 3 for the seniors is that quite a few of them are no longer required to file NYS Income Tax which means that DTF will have a problem verifying their income very year for the Enhanced STAR check. The local assessor does whatever possible to verify these incomes....we request the senior's end of the year social security statements, pension reports, etc...which in many instances they can't find. So the assessor will accept and make copies of their bank statements that indicate the senior's monthly income. The assessors mail reminder notices as well as make reminder calls and in fact, most assessors I know will drive to the homebound senior's home to pick up this information just to ensure these seniors receive their exemptions annually. Honestly, how DTF is going to perform these essential services? Making our seniors "jump through hoops," when previously they just had to deal with their LOCAL assessor, seems totally unfair. That assessor is their best advocate. Approximately 35% of our Enhanced STAR exemption recipients DO NOT file a NYS income tax anymore. That percentage increases to over 50% of our seniors that receive the Low Income Aged exemption no longer file a NYS income tax.
5. Under the traditional STAR exemption program, assessors are Required TO NOTIFY SENIORS THAT FAIL TO QUALIFY OF THE Enhanced STAR exemption. Under the new check program, DTF will NOT be informing the registrants of which – either Basic STRA or Enhanced STAR – program they qualify for, which means our seniors will NOT know which check they be getting until they receive it ....making it very difficult for them to budget. Our senior taxpayers are NOT receiving equal treatment; people on a fixed income have a right to know which program they are approved for ahead of receiving a tax bill.
6. Before the April change, qualifying mobile home owners in mobile home parks received the STAR Exemption, through the park, based on the value of their individual mobile home. The park owner then would pass on the STAR savings either by reducing the owners lot rent or by issuing the owner a check. Coincidentally, this was a fairly easy way for assessors to keep track of mobile home sales (no deed is recorded) because the owner of the mobile home would have to apply with the assessor for their exemption by producing a bill of sale. Now, the new mobile home owner just registers with DTF to receive the check and the check is based on a value of \$20,000 not the actual value of the mobile home. After many requests from the assessors and county directors on the STAR team DTF did relent and allow the assessor to submit spreadsheets indicating the value of the mobile homes over \$20,000 to be used for the STAR check calculation but many entire mobile home parks have homes valued for much less than even \$10,000. Those STAR checks will still be based on a \$20,000 value. Unexpectedly, the assessor is now left with no notification of new owners within the park. Much like the tax freeze checks, NYS continues to give money away instead of calculating the exemption accurately.
7. A different issue arose with Co-op owners. Their STAR Exemptions were based on the value of their individual units...again provided to DTF by the assessor. In some cases the STAR exemption wiped out the entire school tax bill. The STAR checks for new co-op owners are NOT based on their individual unit's value but on 100% of the STAR Exemption which means in some instances there are receiving a STAR check for MORE than their school tax bill would have been.

These are just a few of the negative effects of the new STAR check program. I would now like to discuss the administration of that program.

1. Extremely long STAR Registration Hot Line wait times...some as long as 3 hours, Hot Line number is not toll free adversely affecting the senior population as they would most likely still be using land lines, untrained Hot Line Staff.....many, many, many homeowners given erroneous information.
2. Originally STAR checks were to be mailed about the same time the homeowner would receive their school tax bill which would be the beginning of Sept. The first round of STAR checks were not mailed until the last week of Sept. meaning that many homeowners did not receive their check to help pay their school tax bill until after the school tax payment deadline of Sept 30<sup>th</sup> .....so they incurred penalties for late payment.
3. Incorrect Enhanced STAR checks were produced.....DTF sent Basic check amounts to the seniors who should have received the Enhanced amount....which is approximately twice as much.
4. DTF then had to contact (by phone or mail) all the seniors who received the wrong amount to inform them that they would be sending a second check for the difference.

Example: I have a senior whose children recently purchased a very modest home for her – titled in her name and she is responsible for the taxes. She applied with my office for the Low Income Aged Exemption which previously would automatically qualify her for Enhanced STAR. I had to send her a denial letter for her Enhanced STAR telling her she had to be on the check program and needed to register with NYS...which she did. As soon as she received her school tax bill she came to my office asking when she would be receiving her End STAR check. She was very worried about paying the tax bill. Every week after that she was in my office asking about the check and at one point actually cried while she was at my counter because she wanted to pay her bill but could not do it without the check. The check finally arrives in the mail but it was only for half of what it should have been.....she had to borrow money from her children to pay the tax bill and then she had to wait until the end of November before she received the second check making up the difference. This poor woman only makes \$11,000 per year and is distraught about the same thing happening this September.

5. Not only were STAR checks sent for less than they should have been, checks were also sent for more than they should have been. We have had reports of new owners receiving STAR checks for MORE than their neighbor received for their STAR exemption. I believe this occurred because DTF did not take into consideration the 2% cap on STAR savings that was instituted a few years ago. When DTF was informed of this miscalculation, asked if they were aware of it and what they were going to do to recoup that overpayment we were told that if a homeowner thought they received too much they should contact DTF. I don't believe many homeowners would follow that advice; and how many would they know it was wrong? Again, NYS is giving away money without calculating the correct amount in the first place.
6. After the errors in the checks were discovered no new STAR checks at all were mailed for about 2 months.....prompting numerous calls to assessors, who could do absolutely nothing about the situation except to tell the homeowner that they needed to call the hot line. A very frustrating circumstance for assessors who are very often the first line of communication for our taxpayers.
7. In May assessors were required to send DTF a list of the new homeowners that had the STAR exemption removed due to the changes in the program. The homeowners on that list that registered with DTF before July 1<sup>st</sup> were the only ones slated to receive their STAR checks in

September and the only ones contacted by DTF regarding the incorrect check amounts. Other new homeowners since April/May that also registered with DTF before July 1<sup>st</sup> and that received checks had no idea if what they received was correct or not? The assessors then requested a list of homeowners that had been sent STAR checks (and the amount of those checks) so we could verify they received the correct amount; but we were told that they couldn't give us that information due to income privacy rules. So most assessors took it upon themselves to contact all the new homeowners that we thought should have qualified for an ENH check to let them know many of the checks were incorrect.....these homeowners were so grateful the assessors reached out to them because DTF hadn't. This is another instance where the taxpayers of NYS would have benefitted from cooperation between DTF and the assessment community.

8. The STAR Team's weekly teleconferences have apparently now ceased. We have not had one since before Thanksgiving. When asked, DTF responded that they would be reinstated after the 1<sup>st</sup> of the year. After many email inquiries we were recently informed that DTF was too busy and that if the assessors and county directors had questions we could bring them up at the RPTAC meeting on Feb 1<sup>st</sup>. This was simply a "slap in the face" to the assessment community...again, we are on the front lines....we are used to advocating for our citizens and that is just not happening.
9. Assessors continue to be inundated with calls from homeowners that STILL have not received their STAR checks and also from mobile home owners that recently received denial letters from DTF informing them they were NOT eligible for a STAR check ...when that was not the case. DTF sent 18,000 notices....I have no idea how many of them were WRONG. When an assessor called the hotline to question why these people received denials and to ask if DTF had referenced the mobile home park worksheets that the assessors provided....the answer was that the assessors had submitted those worksheets to ORPTS and were not shared with DTF? Really?
10. Last Wednesday, I was informed by an assessor that in his mobile home parks, the mobile home owners had finally started to receive their STAR checks but that they came with the Mobile Home Park owner's name on them. He also said that some MH Park owners don't want to give the check to the MH owners as the "park owner pays the tax bills"?
11. After all the previous errors with STAR checks, DTF began mailing checks to the City of White Plains last week.....the assessors' phone started ringing off the hook because the Enhanced checks were WRONG. DTF will now have to issue 2<sup>nd</sup> checks for the difference.

Please don't misunderstand, I do not place the blame for the inaccuracies and missteps in administering this program solely on the shoulders of DTF. In my humble opinion, I believe that they received a raw deal. These changes were placed in their laps and they were charged with "making it work". They have done their best to fulfill their obligation to the Governor and Legislature. The big problem is that not one of them has ever worked in an assessors' office. They do not understand the relationship we have with our taxpayers. They may realize the mechanics of what we do, but not the interaction we have with our citizens. I've said it numerous times, the assessors' office is the first place the public turns to when they have a question....questions about budgets, zoning, building codes, boundary disputes, town policy, legal matters, taxes, etc....Do not get me wrong....I am not complaining....I feel this is part of my job. I just can't do what DTF actually recommended, point to a poster on the wall and tell the taxpayer to call the tax department. Almost all of the notices and press release from DTF have included a statement "do not call the assessor", but is just not the real world. The public is accustomed to coming to the assessor – again, I feel, although we may not be the best but we are certainly the most convenient source of information for our taxpayers. Please let me continue to be that source – a real person, not a website or



phone operator. It would be my sincere request that all the changes made to the STAR program in the 2016 budget be repealed. It can't possibly be more efficient OR less expensive to send a million STAR checks to individuals rather than roughly 720 wire transfers to the various school districts and by adding applicants social security numbers to the STAR Exemption forms it would enable DTF to still be able to weed out any "double dippers". However, if the Governor and Legislature are convinced that this is saving taxpayer dollars, I would plead that you at least repeal the portions that effect the senior population. Please stop making it so difficult for these seniors to receive all the exemption for which they are entitled. Give the administration of the Enhanced STAR program back to the local assessor, where we can once again be their best advocate. Please repeal the changes to the STAR and please enable me to continue to serve the citizens of NYS to the best of my ability.

As far as the Tax Freeze and Tax Relief programs are concerned they have also been difficult for DTF to administer this year. Some of the confusion and issues are:

1. Last fall the public was informed that these "rebates" were to be combined into one check therefore potentially saving taxpayer dollars. In a lot of cases that did not happen. There are numerous reports of homeowners receiving either a tax relief or tax freeze check (not one combined check). When questioned DTF's response was "that will happen sometimes"?
2. The STAR Team had suggested that the calculation for the check be included on the check stub...essentially so those receiving the check would know what it was for....the decision was made not to do that which has led to hundreds of call to assessors and I imagine thousands to the hotline.
3. Instances where homeowners, even one of our assessors, who received 2 checks....both over \$200. The assessor did not cash the checks knowing that one of them had to be in error so she emailed DTF on January 5<sup>th</sup> for an explanation. She still has not received an answer.
4. These Freeze/Relief checks were sent randomly.....so we have had many calls asking why all their neighbors received a check but they did not....we can't help them so they need to call the hotline. Once again, generating hundreds of unnecessary calls, and thus, adding to the lengthy wait time and jamming up the phone lines.
5. Just had a call yesterday saying that this person had called the hotline to inquire about his Freeze/Relief check and was told that he needed to call the assessor to see if he was going to get a check?

In conclusion, I have heard a statistic about the cost for each Freeze/Relief check that DTF generates. It costs DTF \$3 for each check and they have already sent over 2 million checks. I believe these rebate programs are very costly and ineffective in providing real tax relief to our citizens. My suggestion would be to forward the money spent on this program directly to the school district with the requirement that the money HAS to be used to reduce the tax levy. That would be REAL tax relief!

Once again, thank you for allowing me to speak in front of this committee. I would be happy to answer any questions.