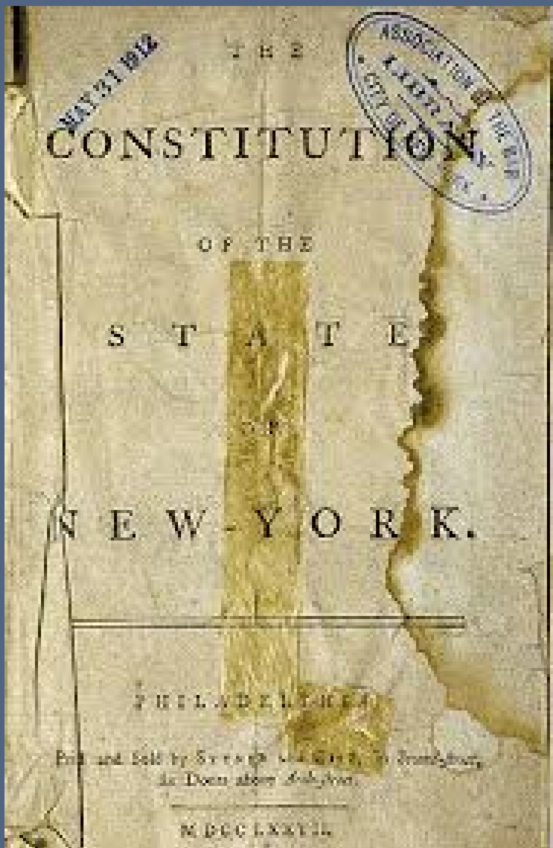

APPENDIX—NYC Property Tax Levy Violates the Constitution

NYS Attorney General Opinion 1977-69

Attorney General of New York — Opinion

OPN. NO

1977-69 (Ops. N.Y. Atty. Gen. Apr 13, 1977)

HON. HUGH L. CAREY

Attorney General of New York — Opinion

Dated: April 13, 1977

NEW YORK CONSTITUTION, Art. VIII, § 10; STATE FINANCE LAW, § 54-a; NEW YORK CITY CHARTER, § 1515 — TAX LEVY FOR DEBT SERVICE

A tax levy by the City of New York for debt service may include an amount for anticipated uncollectible taxes and the entire amount of such levy would be excluded from the City's tax limit.

HON. HUGH L. CAREY Chairman, New York State Emergency Financial Control Board for the City of New York

This is in reply to your letter dated March 31, 1977, requesting my opinion as to whether the City of New York may, in fixing its real estate tax rate outside the constitutional tax limit of 2-1/2% of the average full value of taxable real estate in the City, take into consideration the fact that a portion of those taxes will be uncollectible and fix the rate at a level which, considering such uncollectible taxes, will produce a tax income sufficient to meet budgeted expenses for debt service. In considering the questions posed in your request for my opinion, we have also ascertained that approximately 10% of New York City's tax levy remains uncollected each year.

Article VIII, § 10, of the State Constitution provides as pertinent here:

> "Hereafter, in any * * * city * * *, the amount to be raised by tax on real estate in any fiscal year, *in addition to providing for the interest on and the principal of all indebtedness,* shall not exceed an amount equal to the following percentages of the average full valuation of taxable real estate of such * * * city * * *;
>
> "(f) * * * the city of New York and the counties therein, for city and county purposes, a combined total of two and one-half per centum." (Emphasis added.)

Article VIII, § 10, further provides that the "amount to be raised by tax" for general purposes shall be "in addition to providing for" debt service, thus separating a municipality's power to tax for general purposes, subject to a tax limit, from the power to tax, outside the tax limit, for debt service (see also, Article VIII, § 2, fourth unnumbered paragraph, *id.,* § 12, last sentence).

While the precise question of whether taxes levied for debt service and thereby excluded from a tax limit may include in the levy an amount for the portion of the taxes anticipated to remain uncollected has never been answered, there is, however, substantial authority both for the proposition that the authority to levy a tax for a purpose includes the power to add an amount for anticipated uncollected taxes (*e.g., People* v. *Axelrod,* 373 Ill. 446, 26 N.E.2d 512; *Dobyns* v. *Cheshire,* 9 Cal.App.2d 77, 48 P.2d 743 [Dist. Ct. Cal., 1935]; *Burnett* v. *Grand Rapids,* 264 Mich. 593, 250 N.W. 32; *Norris* v. *Montezuma Valley Irrigation District,* 248 F. 369, 373 [8th Cir., 1918], cert. den.248 U.S. 569; *McQuillin, Municipal Corp.* [3d Ed.], § 44.99) and for the proposition that the power to levy a tax sufficient to pay a debt is implied from the grant to a municipality of the power to incur the debt (*e.g., Scotland County Court* v. *Hill,* 140 U.S. 41; *Quincy* v. *Jackson,* 113 U.S. 332; *People* v. *Schlaeger,* 391 Ill. 314,63 N.E.2d 382; *Wilson* v. *High Point,* 238 N.C. 14, 76 S.E.2d 546. From this it must be concluded that the power to incur a debt presupposes the power to provide sufficient actual funds to pay the debt and to levy a tax which, by virtue of anticipated tax delinquencies, will be adequate to pay the debt.

Article VIII, § 10 does not prescribe the procedure for determining whether amounts levied for debt service are properly so levied. Section54-a of the State Finance Law provides a statutory procedure for determining when a municipality has exceeded its tax limit. Thus, the constitutional provision is subject to statutory construction.

I am aware that in 1948, special legislation was adopted for the City of Rochester (L. 1948, ch. 451) which apparently authorized that city to include a reserve for uncollectible taxes in its tax rate for debt service and general purposes, and, in addition, required that any excess taxes collected be applied to future debt service or general purposes in proportion to their share of the reserve. In implementing section54-a of the State Finance Law, the State Comptroller has construed the Rochester statute as valid authority for the exclusion of this part of the levy from the tax limit (see, *e.g.,* Op. St. Compt. 76-96, 76-96A). Section 1515 of the New York City Charter, as adopted by the voters of the City in 1975, effective January 1, 1977, provides:

> "§ 1515 Fixing of tax rate. — The council shall meet not later than the twenty-fifth day of June to fix the annual tax rate. The council shall deduct the total amount of receipts as estimated by the mayor from the amount of the budget, as fixed for the ensuing fiscal year, and shall cause to be raised by tax on real property such sum as shall be as nearly as possible but not less than, the balance so arrived at, by fixing a tax rate in cents and thousandths of a cent upon each dollar of assessed valuation. The tax rate shall be such to produce a balanced budget within generally accepted accounting principles for municipalities."

That Charter provision clearly requires a balanced budget and must be construed as authorizing the inclusion of a reserve for uncollected taxes in the debt service levy since that would be in accord with generally accepted accounting principles for municipalities and necessary to a balanced budget (see, *e.g.,* Leon E. Hay and R.M. Mikesell, Governmental Accounting [5th ed.], p. 70; New York State Department of Audit and Control, Uniform System of Accounts for Cities [1976 ed.], p. 3; State of New York, Budget Manual for Cities, [1976 ed.], p. 10). Indeed, the State Comptroller's Accounting Directive issued pursuant to Public Authorities Law, § 3038(2) requires such a reserve. (Of course, the City should make every effort in succeeding years to collect taxes uncollected in prior years.) The New York City Charter has the same force and effect as a State statute (*Schlakman* v. *Board of Education,* 306 N.Y. 532, 538, affd.282 App. Div. 718, revd. on other grounds, 350 U.S. 551), enjoys the same strong presumption of constitutionality which attaches to all statutes, and is equivalent in both substance and effect to the special act relating to the City of Rochester. With respect to the tax levy for debt service, neither the Rochester statute nor the New York City Charter provision is in conflict with the Constitution but rather construes it.

It should also be noted that since money raised for debt service cannot legally be used for general purposes (*Matthaei* v. *Housing Authority of Baltimore City,* 177 Md. 506, 9 A.2d 835 [Ct. of App. Md., 1939]), the requirement of the Rochester statute that any surplus be applied to future debt service is consistent with general principles of law. Those principles are likewise applicable here.

I, therefore, conclude that New York City may include a reserve for those taxes, which it estimates in each budget year in good faith will be uncollectible, in a tax levy for debt service and, by virtue of the fact that such taxes are restricted to payment of debt service only, the entire amount of a tax levy for debt service would be excluded from the City's tax limit.

NYS COMPTROLLER INSTRUCTIONS— "UNDERSTANDING THE CONSTITUTIONAL TAX LIMIT FOR CITIES

New York State Office of the State Comptroller

Thomas P. DiNapoli • State Comptroller

Understanding the Constitutional Tax Limit

Cities

Understanding Tax Limit – Cities

Real property taxes are the single largest source of revenue for local governments in New York State. In the standard budget process, property taxes are used to cover the difference between appropriations and estimated non-property tax revenues. The New York State Constitution places a legal limit on the authority of cities, as well as counties and villages, to impose property taxes. Statutes intended to enforce these constitutional provisions require the Comptroller to withhold certain local assistance payments if taxes are levied in excess of a municipality's tax limit.

The Constitutional tax limit should not be confused with another tax levy limit that is generally referred to as the Tax Cap. The Tax Cap, which was established by the State legislature in 2011, requires a separate filing by all local governments and school districts, except New York City and the "Big Five" dependent city school districts. For information about the Tax Cap, please see **www.osc.state.ny.us/localgov/realprop/index.htm.**

In the current fiscal environment, growing municipal budgets and shrinking non-property tax revenue streams generate pressure to increase property taxes, thus exhausting a greater percentage of the Constitutional tax limit. At the same time, if property values decline overall, the tax limit will decline as well. As a result of these factors (growing expenditures, diminishing non-property tax revenues and a declining or stagnant tax base), some municipalities are rapidly approaching their tax limits. With pressure on the property tax continuing, more local governments may find themselves in this predicament.

As a city advances towards its tax limit, it loses flexibility in its revenue structure and may not be able to sustain the current level of services provided to its citizens. Even routine cost increases can pose serious budget difficulties if there is no corresponding growth in non-property tax revenues. Also, both declines in property values and changes in the amounts excluded from the tax limit will impact the calculation of the taxing capacity of the city. Thus, a city can approach or exceed its tax limit even with no change in real property tax levies from year-to-year.

The Office of the State Comptroller wants to help local governments manage compliance with their tax limits as a component of a comprehensive financial plan. This booklet provides guidance on the implications of the Constitutional tax limit, information on its calculation and instructions for filing. We hope you find it useful in understanding the issues, and we encourage you to contact our office if further assistance is needed.

Taxing Capacity – How it Is Calculated

Simply stated, the Constitutional tax limit is the maximum amount of real property tax that may be levied in any fiscal year. It is computed by multiplying the value of taxable real property by a certain percentage enumerated in the Constitution. The more complex aspect of the process is determining whether the tax levy required by an annual budget stays within the limit.

Taxes levied for certain purposes are not subject to the tax limit. The Constitution and related statutes allow for taxes in the amount of certain appropriations to be excluded when determining the amount of levy that must be below the tax limit. This tax levy amount (total levy minus exclusions) is often referred to as tax levy subject to the limit.

Frequently, the tax levy is expressed as a percentage of the tax limit. For example, if a city with a $1,000,000 tax limit levied taxes of $800,000 (net of exclusions), the city would have used or exhausted 80 percent of its tax limit. A related term is the tax margin which refers to the difference between the tax levy and the tax limit. Using the example above, the city would have a tax margin of $200,000.

There are four components in the calculation of the taxing capacity: the average full valuation of taxable real property, the tax limit percent, the tax levy and exclusions from the tax limit.

Five-Year Average Full Valuation of Taxable Real Property

A key component of the tax limit calculation is the five-year average full valuation of taxable real property. This computation has several parts.

Five-Year Average: The calculation of this value ordinarily requires the use of five sets of assessment rolls – the last completed assessment roll and the four preceding rolls. In general, the last completed assessment roll is the most current final assessment roll for which a final State equalization rate has been established. The full valuation for each of these assessments should be added together and divided by five to establish the five-year average full valuation.

Five year averages for Big Five cities of New York, Buffalo, Rochester, Syracuse and Yonkers, and only these cities, are calculated using special equalization ratios, which are established to calculate a tax limit for a specific fiscal year only.

Full Valuation: The full valuation of the taxable real property on each of the assessment rolls used in the calculation of the average full valuation is computed by dividing the total taxable assessed valuation of the real property on the roll by the final State equalization rate (or special equalization ratio) established for that assessment roll.

Equalization Rate: State equalization rates, and special equalization ratios for the Big Five, are established by the New York State Office of Real Property Tax Services (ORPTS). An equalization rate is a measure of the percentage of full valuation at which taxable real property is assessed on an assessment roll. ORPTS establishes a separate State equalization rate or special equalization ratio for each year's assessment roll. The process of establishing State equalization rates involves the determination of tentative and final equalization rates. Only final State equalization rates and ratios may be used in tax limit calculations.

Tax Limit Percent

The State Constitution limits the taxing power of cities to 2 percent of the five-year average full valuation. For New York City, a tax limit of 2 1/2 percent applies. A city may also enact a local law, subject to a mandatory referendum, to establish a lower tax limit (e.g., 1 1/2 percent). However, enactment of such a local law does not affect the Constitutional tax limit and, therefore, does not reduce the threshold over which the State Comptroller is required to withhold certain local assistance payments.

Tax Levy – General City Purposes

The tax levy for purposes of determining a city's taxing capacity is the total amount of real property taxes levied for all funds in the city's annual budget.

The Big Five cities have school districts that are fiscally dependent on their respective city, and education in these cities must be funded within the Constitutional tax limit of the big cities.

Exclusions

Exclusions can have a considerable impact on a local government's taxing capacity. When determining the amount of a tax levy that is subject to the tax limit, the State Constitution allows for the exclusion of taxes in the amount of certain debt service payments and taxes in the amount of direct budgetary appropriations for most capital expenditures (see Local Finance Law section 11.00[a]). The amount of the taxes for these purposes is subtracted from the tax levy resulting in a lower tax levy subject to tax limit and a higher tax margin.

Importance of the Tax Limit in the Budget Process

There is no absolute standard or target for a tax levy as a percent of the constitutional limit; however, based on our experience, cities that have exhausted over 80 percent of their tax limit are in a caution zone, while those over 90 percent are in a danger zone. In instances where municipalities have exceeded their tax limits, our research shows that those municipalities had exhausted 90 percent or more of the limit in the previous year.

Exclusions should be carefully monitored from year-to-year, as any changes will have an impact on taxing capacity. It should be noted that the availability of exclusions must be evaluated on an annual basis, and that exclusions may not be available on a recurring basis. For example, as debt is retired, debt service payments may decline causing the associated exclusion to also decline.

As shown in the sample tax limit computation (Figure 1), the proposed tax levy exhausts 89 percent of the city tax limit. For cities such as this that are nearing their tax limits, their ability to increase property taxes is severely limited, and their ability to maintain existing tax levels may be at risk, because even small variations in exclusions or real property valuation could cause the city to exceed its tax limit. Local governments must therefore be vigilant in managing their tax margin, particularly if they approach the caution zone (80 percent of their tax limit).

Figure 1

SAMPLE TAX LIMIT CALCULATION

Five-Year Total Full Valuation	$ 8,604,639,769
Five-Year Average Full Valuation (1/5 of full valuation)	$ 1,720,927,953
Constitutional Tax Limit (2% of 5-year average)	**$ 34,418,559**
Tax Levy – General City Purposes	$ 32,638,993
Less Total Exclusions	$ 1,998,099
Tax Levy Subject to Tax Limit	**$ 30,640,894**
Percentage of Tax Limit Exhausted	89.0%
Constitutional Tax Margin ($34,418,559 - $30,640,894)	**$ 3,777,665**

Instructions for Completing a City Constitutional Tax Limit Form

Filing Overview

Cities are required to annually file a Constitutional Tax Limit form with the State Comptroller **10 or more days before final budget adoption**, and to file a copy of the adopted budget **within 30 days of its adoption.**

Online Constitutional Tax Limit forms may be accessed by selecting the following link:
https://portal.osc.state.ny.us/Enrollment/login

The online form has two components: the pre-budget adoption part of the form that is due 10 or more days before final budget adoption, and the post-budget submission and certification that is due within 30 days of budget adoption.

Screen-by-screen instructions for navigating the online system can be accessed on the Constitutional Tax Limit webpage.

For the part of the online form that is for post-budget submission and certification, a city indicates the manner in which it is submitting its adopted budget, and it certifies its adopted budget. Adopted budgets may be submitted:

- Online with the online form (either by attachment or by providing a link), after submission of the CTL form
- By email attachment to **LGSAMonitoring@osc.state.ny.us** or
- By mail to our office at:

  Office of the State Comptroller
  Local Government and School Accountability
  Monitoring & Analysis Unit 12-8-C
  110 State Street
  Albany, NY 12236-0001

In the past, cities were required to file a budget certification document with the adopted budget. This is no longer necessary because the budget certification is included in the online form.

If you need assistance in completing the Constitutional Tax Limit filing, please contact the Monitoring and Analysis Unit at (518) 408-4934 or toll free 1-866-321-8503 or email: **LGSAMonitoring@osc.state.ny.us**

If you need assistance with accessing the form (password or login issues), please select option 1 from the automated telephone menu or email **LOCALGOV@osc.state.ny.us**

Tax Limit Form – Filing Instructions

After logging in on the OSC Online Services webpage, select the Local Government Constitutional Tax Limit Filing System from "My Apps" on the right side of the screen. Select the open report. On the next screen, complete and save the Verification information by entering the Budget Adoption Date.

Once the Verification information has been saved, the other pages of the form can be accessed by clicking on the links on the left side of the screen: Tax Limit Form, Schedules, etc.

Tax Limit Form – Taxable Assessed Value: For the most recent assessment roll used in the tax limit calculation, enter the total taxable assessed valuation of the taxable real property assessed on the roll. Total taxable assessed valuation is the aggregate assessed value subject to taxation as shown on the assessment roll, for city purposes. Taxable assessed valuation includes special franchise assessments but excludes pension and aged exemptions.

Tax Limit Form – Tax Levy: Enter the total tax levy for general city purposes. This includes levies for all funds in the city's annual budget.

Tax Limit Form – Tax Limit Calculations

This section of the form is computed automatically from database valuation information and from entries made in other parts of the form and its schedules. The five-year average full valuation is the cornerstone for determining the Constitutional taxing power of a local government. Information regarding assessed values and State Equalization rates and ratios are used to calculate the five-year average full valuation. Your city's online form includes prior year Constitutional tax limit data for your city that is currently in our database, and State Equalization rates and ratios provided by the State's Office of Real Property Tax Services (ORPTS). Please review this data before completing your current form. Adjustments may have been made to the data that you originally submitted.

> **State Equalization Rates:** These are pre-loaded into the form, from State equalization rates and special equalization ratios provided by ORPTS. ORPTS establishes a separate equalization rate or ratio for each year's assessment roll. Information on equalization rates can also be found on the ORPTS website. Any questions regarding equalization rates or special equalization ratios should be directed to ORPTS at (518) 474-5666.

This section of the form also includes summary data relating to levy adjustments and exclusions that are detailed in other parts of the form.

Exclusions From the City Constitutional Tax Limit

Debt Exclusions Schedule: Enter and save separate types of excludable debt service using the entry portion of the Debt Exclusions schedule of the form. Once you save an entry, you should see it listed in the correct category below the entry portion of the schedule.

With certain exceptions, the State Constitution generally provides that taxes in the amount required to pay principal and interest on a city's indebtedness are not subject to the tax limit.

Types of Excludable Debt

Revenue Producing Improvement Bonds and Notes: Enter amounts required to pay principal and interest on bonds and notes for revenue-producing public improvements or services other than water bonds and notes, such as electric utilities, sewer systems, and parking facilities. Revenue from such public improvements and amounts required for operations, maintenance and repairs should be entered on Schedule A. (See Schedule A section below.)

Water Bonds and Notes: Amounts required to pay principal and interest on bonds and notes issued for public improvements constructed to provide a supply of water, joint sewer projects and joint drainage projects are excludable. Enter such amounts even if the debt service on the bonds or notes will be paid from a source other than property taxes (e.g., rents or other user fees).

Capital Notes, Bond Anticipation Notes and Other Bonds: Enter the amounts required to pay principal and interest on capital notes, bond anticipation notes and bonds issued for purposes other than revenue-producing improvements, water supply improvements, joint sewage projects or joint drainage projects. Include principal and interest on bond anticipation notes **only if the notes are to be paid from a source other than bond proceeds.** Do not include principal and interest on tax anticipation notes, revenue anticipation notes or budget notes, unless the notes have been outstanding for more than five years after their original date of issue.

Types of Non-Excludable Debt

Debt service payments that **cannot** be excluded from a city's tax limit (that is, they **cannot** be CTL exclusions), generally include amounts required to pay principal and interest on:

- Bonds or notes issued for purposes other than financing capital improvements and contracted to be redeemed in one of the two fiscal years following the year of issue,
- Tax anticipation notes,
- Revenue anticipation notes,
- Certain pension bonds,
- Installment purchase contract debt, and
- Bonds or notes issued for revenue-producing public improvements or services to the extent that revenues from the improvement, after payment of the costs of operation, maintenance and repair, are available to pay debt service.

Schedule A – Revenues Designated For Debt Service

To complete Schedule A, make entries for each type of revenue-producing public improvement or service owned or operated by the city. Select the debt type (that is, excluded from constitutional **debt** limit by LFL section 123 or section 124.10, or not excluded from debt limit). For each type of public improvement or service, enter:

- The Nature of the Improvement.
- The Total Estimated Revenue. This is the revenue expected to be derived from the public improvement or service from sources other than taxes, assessments and subsidies by the city, such as fees, rates or other charges for use of the improvement or service.
- The Amount Appropriated for Operation Maintenance & Repair. This is the total amount appropriated for operation, maintenance and repairs for each type of public improvement or service (excluding depreciation and debt service).

Once you save an entry, you should see it listed in the correct category below the entry portion of the schedule.

Schedule B – Other Revenues Pledged By Law or Contractual Obligations To Apply Against Debt Service (e.g., Unexpended Bond Proceeds)

Make entries for other non-property tax revenues that are designated by law or by contractual obligation to be applied against debt service, and for revenues other than real property taxes that are to be applied to the payment of any debt shown in the Debt Service Schedule. Do not duplicate revenues reported in Schedule A. Funds applied to debt service solely at the option of the municipality should not be included in this schedule. For each entry, provide the Page Number or Budget Code for the revenue, a description of the revenue (the authority, statute or charter provisions requiring that these revenues be applied to such debt service) and the amount.

Schedule C – Budgetary Appropriations for Objects or Purposes for Which a Period of Probable Usefulness Is Provided by Section 11.00 of the Local Finance Law

Whenever a city (other than New York City) provides a direct budgetary appropriation for the payment of the cost of an object or purpose for which a period of probable usefulness has been determined by law, the taxes required for such appropriation can be excluded from the tax limitation. Local Finance Law section 11.00 provides specific periods of probable usefulness for numerous objects and purposes. Each entry made on Schedule C must include selecting the appropriate paragraph of Local Finance Law Section 11 from the list provided from " Select Section 11" link. This will identify the purpose for which the appropriation is made and the authority for the exclusion. Do not include appropriations that are to be funded by specific aid such as CHIPS aid, and do not include appropriations that are to be financed by bonds or notes at a later date.

Other Exclusions Schedule (Down Payments on Bonds To Be Issued)

Under certain circumstances a municipality is required to provide a down payment of at least 5 percent of the estimated cost of a capital improvement or equipment purchase (Local Finance Law, section 107.00). If this share is provided by the tax levy, make an entry in this schedule for the amount of money raised for this purpose.

Review and Submission of Pre-Budget Part of the Form

Review your schedule entries and the pre-budget part of the Constitutional Tax Limit Form for accuracy. Failure to supply sufficient budget references and related information for debt or other exclusions as appropriated in the adopted budget may result in disqualification of such exclusions, which could adversely affect your municipality's tax margin.

When satisfied that entries are correct, submit the pre-budget part of the form, which is due 10 or more days before final budget adoption.

Submission of Certified Adopted Budget

Please refer to the **Filing Overview** section above. This part of the form is due within 30 days of final budget adoption.

Need Assistance?

If you need assistance in completing the Constitutional Tax Limit filing, please contact the Monitoring and Analysis Unit at (518) 408-4934 or toll free 1-866-321-8503 or email: **LGSAMonitoring@osc.state.ny.us**

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TAX LIMITS FOR CITIES INSTRUCTIONS FROM COMPTROLLER

Constitutional Tax Limit Instructions for Cities

CONTENTS:

Understanding Tax Limits

Real property taxes are the single largest source of revenue for local governments in New York State. In the standard budget process, property taxes are used to cover the difference between appropriations and estimated non-property tax revenues. The New York State Constitution places a legal limit on the authority of cities, as well as counties and villages, to impose property taxes. Statutes intended to enforce these constitutional provisions require the Comptroller to withhold certain local assistance payments if taxes are levied in excess of a municipality's tax limit.

In the current fiscal environment, tax limits are taking on an increasing importance on the ability of local governments to use real property taxes to balance their budgets. Growing municipal budgets and shrinking non-property tax revenue streams generate pressure to increase property taxes, thus exhausting a greater percentage of the limit. At the same time, if property values decline overall, the tax limit will decline as well. As a result of these factors (growing expenditures, diminishing non-property tax revenues and a declining or stagnant tax base), some municipalities are rapidly approaching their tax limits. With pressure on the property tax continuing, more local governments may find themselves in this predicament.

As a city advances towards its tax limit, it loses flexibility in its revenue structure and may not be able to sustain the current level of services provided to its citizens. Even routine cost increases can pose serious budget difficulties if there is no corresponding growth in non-property tax revenues. Also, both declines in property values and changes in amounts excluded from the tax limit will impact the calculation of the taxing capacity of the city. Thus, a city can approach or exceed its tax limit even with no change in real property tax levies from year-to-year. As of fiscal year ending 2012, two cities had exhausted more than 90% and two cities had exceeded more than 80%.

The Office of the State Comptroller wants to help local governments manage compliance with their tax limits as a component of a comprehensive financial plan. This booklet provides guidance on the implications of the Constitutional tax limit, information on its calculation as well as reporting instructions. We hope you find it useful in understanding the issues and encourage you to contact our office if further assistance is needed.

Taxing Capacity – How it is Calculated

Simply stated, the Constitutional tax limit is the maximum amount of real property tax that may be levied in any fiscal year. It is computed by multiplying the value of taxable real property by a certain percentage enumerated in the Constitution. The more complex aspect of the process is determining whether the tax levy required by an annual budget stays within the limit.

Taxes levied for certain purposes are not subject to the tax limit. The Constitution and related statutes allow for taxes in the amount of certain appropriations to be excluded when determining the amount of levy that must be below the tax limit. This tax levy amount (total levy minus exclusions) is often referred to as taxes subject to the limit.

Frequently, the tax levy is expressed as a percentage of the tax limit. For example, if a city with a $1,000,000 tax limit levied taxes of $800,000 (net of exclusions), the city would have used or exhausted 80 percent of its tax limit. A related term is the tax margin which refers to the difference between the tax levy and the tax limit. Using the example above, the city would have a tax margin of $200,000.

There are four components in the calculation of the taxing capacity: the average full valuation of taxable real property, the tax limit percent, the tax levy and exclusions from the tax limit.

Five- Year Average Full Valuation of Taxable Real Property

A key component of the tax limit calculation is the five-year average full valuation of taxable real property. This computation has several parts.

> Five-Year Average: The calculation of this value ordinarily requires the use of five sets of assessment rolls--the last completed assessment roll and the four preceding rolls. In general, the last completed assessment roll is the most current final assessment roll for which a final State equalization rate has been established. The full valuation for each of these assessments should be added together and divided by five to establish the five year average full valuation.
>
> Five year averages for Big Five cities of New York, Buffalo, Rochester, Syracuse and Yonkers, and only these cities, are calculated using special equalization ratios, which are established to calculate a tax limit for a specific fiscal year only.
>
> Full Valuation: The full valuation of the taxable real property on each of the assessment rolls used in the calculation of the average full valuation is computed by dividing the total taxable assessed valuation of the real property on the roll by the final State equalization rate (or special equalization ratio) established for that assessment roll.
>
> Equalization Rate: State equalization rates, and special equalization ratios for the Big Five, are established by the New York State Office of Real Property Tax Services (ORPTS). An equalization rate is a measure of the percentage of full valuation at which taxable real property is assessed on an assessment roll. ORPTS establishes a separate State equalization rate or special equalization ratio for each year’s assessment roll. The process of establishing State equalization rates involves the determination of tentative

and final equalization rates. Only final State equalization rates and ratios may be used in tax limit calculations.

Tax Limit Percent

The State Constitution limits the taxing power of cities to 2 percent of the five-year average full valuation. For New York City, a tax limit of 2 ½ percent applies. A city may also enact a local law, subject to a mandatory referendum, to establish a lower tax limit (e.g., 1½ percent). However, enactment of such a local law does not affect the *Constitutional* tax limit and, therefore, does not reduce the threshold over which the State Comptroller is required to withhold certain local assistance payments.

Tax Levy – General City Purposes

The tax levy for purposes of determining a city's taxing capacity is the total amount of real property taxes levied for all funds in the city's annual budget.

The Big Five cities have school districts that are fiscally dependent on their respective city, and education in these cities must be funded within the constitutional tax limit of the big cities.

Exclusions:

Exclusions can have a considerable impact on a local government's taxing capacity. When determining the amount of a tax levy that is subject to the tax limit, the State Constitution allows for the exclusion of taxes in the amount of certain debt service payments and taxes in the amount of direct budgetary appropriations for most capital expenditures (see Local Finance Law §11.00[a]). The amount of the taxes for these purposes is subtracted from the tax levy resulting in a lower tax levy subject to tax limit and a higher tax margin.

Importance of the Tax Limit in the Budget Process

As a city advances towards its tax limit, it loses flexibility in its revenue structure and may not be able to sustain the current level of services provided to its citizens. Even routine cost increases can pose serious budget difficulties if there is no corresponding growth in non-property tax revenues. Since tax limits are computed based on the full valuation of real property, cities that are experiencing stagnation or a decline in property values are generally at a higher risk of approaching or exceeding their tax limit. Also, changes in exclusions from the tax limit will impact the calculation of the taxing capacity. Thus, a city can approach or exceed its tax limit, even with no change in property tax levies from year to year.

There is no absolute standard or target for a tax levy as a percent of the constitutional limit; however, based on our experience, cities that have exhausted over 80 percent of their tax limit are in a caution zone, while those over 90 percent are in a danger zone. In instances where municipalities have exceeded their tax limits, our research shows that those municipalities had exhausted 90 percent or more of the limit in the previous year.

Exclusions should be carefully monitored from year-to-year, as any changes will have an impact on taxing capacity. It should be noted that the availability of exclusions must evaluated on an annual basis, and that exclusions may not be available on a recurring basis. For example, as debt is retired, debt service payments may decline causing the associated exclusion to also decline.

As shown in the sample tax limit computation (Figure 1), the proposed tax levy exhausts 89 percent of the city tax limit. For cities such as this that are nearing their tax limits, their ability to increase property taxes is severely limited, and their ability to maintain existing tax levels may be at risk, because even small variations in exclusions or real property valuation could cause the city to exceed its tax limit. Local governments must therefore be vigilant in managing their tax margin, particularly if they approach the caution zone (80 percent of their tax limit).

Figure 1

SAMPLE TAX LIMIT CALCULATION	
Five-Year Total Full Valuation	$ 8,604,639,769
Five-Year Average Full Valuation (1/5 of full valuation)	1,720,927,953
Constitutional Tax Limit (2% of 5-year average)	$ **34,418,559**
Tax Levy – General City Purposes	$ 32,638,993
less Total Exclusions	1,998,099
Tax Levy Subject to Tax Limit	$ **30,640,894**
Percentage of Tax Limit Exhausted	89.0%
Constitutional Tax Margin ($34,418,559 - $30,640,894)	**$ 3,777,665**

Instructions for Completing
City Constitutional Tax Limit Form

GENERAL INSTRUCTIONS

- Please do not put information in shaded areas of the report form. These areas, including EDP codes, are for OSC use only.
- The prior year Constitutional tax limit data for your city is included in your form on page 1. This is the information that is currently on our database. Please refer to this data before completing your current form. We may have made adjustments to the data that you originally submitted.
- Please note that the chief fiscal officer must file with this office a certified copy of the 2013 budget within 30 days of its adoption. The certification should be attached to the budget. The following statement is an example of a budget certification:

I certify that this is a true copy of the budget of the City of ______________ for the fiscal year ending December 31, 2013 as it was adopted by the City on _______________.

I also certify that the date of the most recent assessment roll is [ ] **and the taxable assessed valuation on which taxes are levied for the fiscal year ending December 31, 2013 is** [$]**.**

Signed _________________

Title _____________________

Whether you choose the paper or electronic format, you are required to file the Constitutional Tax Limit Form with the State Comptroller **10 or more days before budget adoption**.

Electronic forms may be accessed by clicking on the following link: https://nysosc11.osc.state.ny.us/product/efsdex.nsf
If you choose to file a paper form, please return the completed form to our office at:

Office of the State Comptroller
Local Government and School Accountability
Monitoring & Analysis Unit 12-8-C
110 State Street
Albany, NY 12236-0001

If you require additional forms or assistance in completing these forms, please contact the Monitoring and Analysis unit at (518) 473-0006 or email: LGSAMonitoring@osc.state.ny.us

Instructions for Filing an Electronic Budget

- To file an electronic budget, a city must include a signed certification that contains the city's name, the file name of the electronic budget that is attached to the email, and the fiscal year end. After the certification is signed, it can be scanned and sent as an attachment to the email. The budget may be in a PDF, Microsoft Word, or Microsoft Excel file. A sample of a certification is provided below:

Example:

I certify that the document transmitted to the Office of the State Comptroller as an attachment to the email [specify file name as shown on e-mail] is a true and correct copy of the budget of the City of _______________ for the fiscal year ending December 31, 2013 as it was adopted by the City on ________________.

I also certify that the date of the most recent assessment roll is ____________ and the taxable assessed valuation on which taxes are levied for the fiscal year ending December 31, 2013 is $____________.

Signed __________________

Title ______________________

Please note that the chief fiscal officer must file with this office, a certified copy of the 2013 budget within 30 days of its adoption.

Electronic budgets may be filed by using the following link: https://nysosc11.osc.state.ny.us/product/efsdex.nsf

Instructions for Completing
City Constitutional Tax Limit Form

DETAILED INSTRUCTIONS

General Information

Contact Information: Please provide the name, title, phone number and e-mail address (if available) for the chief fiscal officer. For forms filed electronically, the email used to submit the form will serve as the signature.

Date of Most Recent Assessment Roll: This is the date that the most current final assessment roll was completed, signed and verified, after hearing of grievances. This assessment roll may or may not be the last completed assessment roll used in the tax limit calculation.

Tax Limit Calculation (Page 1)

The five-year average full valuation is the cornerstone for determining the Constitutional taxing power of a local government. Information regarding assessed values and State equalization rates and ratios is needed to calculate the five-year average full valuation. This section also includes data relating to exclusions that are summarized on page 2 of the form.

Assessment Roll Date: For the last completed assessment roll, indicate the date the assessment roll was completed. The last completed assessment roll is determined as of the date on which the city budget is adopted. It is the most current final assessment roll (i.e., an assessment roll that has been signed and verified, after hearing of grievances) for which: (1) a final State equalization rate or ratio has been established; and (2) if applicable, railroad ceilings or estimated railroad ceilings have been established according to Real Property Tax Law. State equalization rates and railroad ceilings are established by the State Board of Real Property Tax Services (ORPTS). Information on State equalization rates and railroad ceilings is available from ORPTS as described below under the heading "State Equalization."

Tax Levy Year: Tax levy year refers to the fiscal year for which taxes either are to be levied, or have already been levied, on the assessment roll. Tax levy year does not refer to the assessment roll date, that is, the year in which the assessment roll was completed.

Taxable Assessed Valuation: For the most recent assessment roll used in the tax limit calculation, enter the total taxable assessed valuation of the taxable real property assessed on the roll. The four previous years' data is already included on your form. This information was obtained from our database. Please refer to this data before completing your current form. We may have made adjustments to the data that you originally submitted. Total taxable assessed valuation is the aggregate assessed value subject to taxation as shown on the assessment roll. Taxable assessed valuation includes special franchise assessments, but excludes properties that receive pension and aged exemptions.

State Equalization: For each of the assessment rolls used in the tax limit calculation, enter the final State equalization rate established for that assessment roll (Big Five cities enter the applicable special equalization ratios). For the last completed assessment roll also enter the date on which the final equalization rate or special equalization ratio for that roll was established. State equalization rates and special equalization ratios are established by ORPTS. ORPTS establishes a separate equalization rate or ratio for each year's assessment roll. Information on equalization rates can also be found on the ORPTS website at http://orpts.tax.ny.gov/MuniPro/. Any questions regarding equalization rates or special equalization ratios should be directed to ORPTS at (518) 474-5666.

Many of the categories below require calculations. For those cities using the electronic forms, the amounts are calculated automatically.

Full Valuation of Taxable Real Property: The full valuation of the taxable real property on each of the assessment rolls used in the calculation of the average full valuation is computed by dividing the total taxable assessed valuation of the real property on the roll by the final State equalization rate (or special equalization ratio) established for that assessment roll. It is important to remember that an equalization rate can be applied *only* to the assessment role for which it has been established.

Five-Year Total Full Valuation: Enter on line 5P10TFV, the sum of the full valuations for each of the appropriate five assessment rolls years.

Five-Year Average Full Valuation: Divide the five-year total full valuation by five and enter the result on line 5P11AFV.

Constitutional Tax Limit: Multiply the five-year average full valuation by two percent (.02). This is the maximum amount of property taxes subject to the limit that may be raised during the fiscal year. Enter the amount on line 5P12CTL.

Tax Levy – General City Purposes: Enter on line 5P150 (5P150C for Big Five cities) the total tax levy for general city purposes. This includes levies for all funds in the city's annual budget.

Tax Levy – School Purposes (Big Five cities only): Enter on 5P150S the total tax levy for school purposes.

Total Tax Levy (Big Five cities only): Add Tax Levy – General City Purposes and Tax Levy – School Purposes and enter the result on line 5P150.

Total Exclusions: Enter on line 5P13EXC the Total Exclusions from the Exclusions section of the form (page 2) – see instructions below.

Tax Levy Subject to Tax Limit: Subtract the Total Exclusions amount from the Total Tax Levy amount and enter the result on line 5P14CHG.

Percentage of Tax Limit Exhausted: Divide the Tax Levy Subject to Tax Limit by the Constitutional Tax Limit, and enter the result on line 5P15EXH.

Constitutional Tax Margin: Subtract the Tax Levy Subject to Tax Limit amount from the Constitutional Tax Limit, and enter the result on line 5P16MRG. This amount is the unused taxing power of the city.

Tax Rate – General City Purposes: Enter the tax rate per $1,000 assessed valuation for city purposes on line 5P3AVTR.

Tax Rate – School Purposes (Big Five cities only): Enter the tax rate per $1,000 assessed valuation for school purposes on line 5P3AVTS.

Exclusions from the City Constitutional Tax Limit

Exclusions are taxes in the amount of budgetary appropriations that are not subject to the tax limit.

Debt Service: The State Constitution provides that taxes raised for certain debt service are not subject to the tax limit. Generally, this includes debt service for most types of general-purpose serial bonds, bond anticipation notes and capital notes. The exceptions to the rule -- that is, amounts for debt service that are *not* excluded from a city's tax limit, generally include:

- bond or notes issued for purposes other than financing capital improvements and contracted to be redeemed in one of the two fiscal years following the year of issue
- tax anticipation notes
- revenue anticipation notes
- certain pension bonds
- installment purchase contact debt
- bonds or notes issued for revenue-producing public improvements or services to the extent that revenues from the improvement, after payment of the costs of operation, maintenance and repair, are available to pay debt service.

School Bonds and Notes (Big Five cities only): Debt service on most types of bonds, bond anticipation notes and capital notes issued by a Big Five city for school purposes may be excluded from the tax limit. These amounts are to be entered on lines 5P235 and 5P238 of the Exclusions page.

Water Bonds and Notes: Enter on lines 5P170 and 5P180 the amounts required to pay principal and interest on bonds and notes issued for public improvements constructed to provide a supply of water, joint sewer projects and joint drainage projects. Enter such amounts even if the debt service on the bonds or notes will be paid from a source other than property taxes (e.g., rents or other user fees).

Revenue Producing Improvement Bonds and Notes: Enter on lines 5P190 and 5P200, the amounts required to pay principal and interest on bonds and notes for revenue-producing public improvements or services (i.e., electric utilities, sewer systems, parking facilities, etc.). Enter on line 5P210 the total amount of revenue from such public improvements available for payment of principal and interest from Schedule A.

Please note that Schedules A, B and C (see below) must be completed before the corresponding amounts will appear (by formula) on lines 5P210, 5P293 and 5P337 of the Exclusions section (page 2).

To complete Schedule A, in the Nature of Improvement column, list each type of revenue-producing public improvement or service owned or operated by the city. For each type of public improvement or service, under Total Estimated Revenue enter the total estimated revenue expected to be derived from sources other than taxes, assessments and subsidies by the city. Such revenues typically include fees, rates or other charges for use of the improvement or service. In the column Less Amount Appropriated for Operation, Maintenance & Repair, enter the total amount appropriated for operation, maintenance and repairs for each type of public improvement or service. In the column Amount Available for Payment of Principal and Interest, enter the difference between the total estimated revenue and the amount required for operation, maintenance and repairs. Enter the sum of these amounts at the bottom of the column and also on the Exclusion schedule (page 2) line 5P210. If you file electronically, calculations will be performed automatically and transferred to line 5P210 of the Exclusions schedule on page 2.

To determine the amount to be entered on line 5P220, add together the principal and interest entered on line 5P190 and 5P200, and subtract from that amount the total amount of revenue available for the payment of the debt service entered on line 5P210 from Schedule A; if the difference is less than zero, enter zero. If you file electronically, this amount will automatically be calculated.

Other Bonds, Capital Notes and Bond Anticipation Notes: Enter on lines 5P230 through 5P280 the amounts required to pay principal and interest on bonds, bond anticipation notes and capital notes issued for purposes other than water supply improvements, joint sewage projects or joint drainage projects. Include on lines 5P270 and 5P280, respectively, principal and interest on bond anticipation notes only if the notes are to be paid from a source other than bond proceeds. Do not include principal and interest on bond anticipation notes entered on lines 5P170, 5P180, 5P190 or 5P200. Do not include principal and interest on tax anticipation notes, revenue anticipation notes or budget notes, unless the notes have been outstanding for more than five years after their original date of issue.

Contributions to Sinking Funds (Big Five cities only): Enter contributions to sinking funds on line 5P285.

Total Exclusions for Debt Service: Enter on line 5P290, the sum of the amounts on lines 5P170, 5P180, 5P220 and 5P230 through 5P280. For Big Five cities, also include lines 5P235, 5P238, and 5P285 in the previous calculation. For Cities filing electronically, this amount will be calculated automatically.

Contributions from Sinking Funds (Big Five cities only): Report revenue contributions from sinking funds on line 5P291.

Debt Service on Pension Fund Bonds (Big Five cities only): On line 5P292, enter debt service on serial bonds issued to place the city's own pension fund on an actuarial reserve basis only if this amount has also been included on lines 5P230 and 5P240. This amount should be entered in both places.

Other Revenues Designated by Law for Debt Service: For line 5P293, report non-property tax revenues designated by law or by contractual obligation to apply against debt service, and revenues other than real property taxes to be applied to the payment of any assessment debt shown on lines 5P230 and 5P240. Funds applied to debt service solely at the option of the municipality should not be shown. Using Schedule B (page 3), calculate the total and describe the authority, statute or charter provisions requiring that these revenues be applied to such debt service. Revenues applicable to bonds for which an exclusion from the debt limit has been granted by the State Comptroller pursuant to §123.00 or §124.10 of the Local Finance Law should be shown here only if the debt service for such bonds has been included in the amounts entered on lines 5P230 and 5P240. Again, for Cities filing electronically, this amount will automatically appear (by formula) on the exclusion page line 5P293 when Schedule B has been completed.

5P300 will automatically appear as the sum of lines 5P291, 5P292 and 5P293.

Net Exclusions for Debt Service: Subtract line 5P300 from line 5P290 and enter the difference on line 5P310. For Cities filing electronically, this amount will be calculated automatically.

Other Exclusions:

Down Payment on bonds to be issued: Under certain circumstances, a municipality is required to provide a down payment of at least five percent of the estimated cost of capital improvement or equipment (Local Finance Law §107.00). If this share is provided by the tax levy, the amount of money raised for this purpose may be excluded from the tax limit. Enter this amount on line 5P320 of the exclusion page.

Object or Purpose with a Period of Probable Usefulness: Whenever a city (other than New York City) provides a direct budgetary appropriation for the payment of the cost of an object or purpose for which a period of probable usefulness has been determined by law, the taxes required for such appropriation shall be excluded from the tax limit. Local Finance Law §11.00 provides specific periods of probable usefulness for numerous objects and purposes. Use Schedule C (page 3) to identify the purpose for which the appropriation is made and the authority for the exclusion. For electronic filers, the amount from Schedule C will automatically appear on the exclusion page on line 5P330 (line 5P337 for Big Five cities) when Schedule C has been completed.

Other: Please specify other exclusions and amount on line 5P340.

Failure to supply sufficient documentation of debt or other exclusions as appropriated in the adopted budget may result in disqualification of such exclusions which could adversely affect your municipality's tax margin.

OFFICE OF THE STATE COMPTROLLER
DIVISION OF LOCAL GOVERNMENT SERVICES AND ECONOMIC DEVELOPMENT

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NYS COMPTROLLER 8.2012 REPORT ON CONSTITUTIONAL TAX LIMIT

(APPENDIX A LISTS NEW YORK CITY AS APPROACHING OPERATING EXPENSE LIMIT)

Office of the New York State Comptroller

Division of
Local Government and School Accountability

New Fiscal Realities Challenge Local Governments

Thomas P. DiNapoli
State Comptroller

August 2012

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Introduction

With the onset of the Great Recession, local governments in New York State faced new challenges that threatened their fiscal health. How well any municipality has dealt with these challenges is a matter of how fiscally healthy they were to begin with, the specific local circumstances of their finances, and how aggressively local officials have moved to address these issues. Some localities are facing and overcoming these challenges; others are finding it more difficult to do so.

Accurately measuring fiscal stress is not a simple task, given the variation and complexity of New York's local governments. Depending on the indicators used, the local governments identified as in distress or susceptible to stress in the future may be different. For example, annual operating losses might indicate that a locality is having financial difficulties. On the other hand, the operating losses could be planned to reduce an excessive fund balance. While a low or negative fund balance also might indicate fiscal stress, if that locality has sufficient cash reserves, the low fund balance could be a false indicator of stress.

However, no matter how you measure it, almost all cities in New York are stressed and have to work hard to keep their fiscal houses in order. Generally, they have been losing population for decades, along with declining or stagnant property assessments, higher poverty rates than surrounding towns, and older and decaying infrastructure. If a city is not facing budget solvency issues, it is likely facing service delivery stress – that is, it is having a hard time maintaining the services its residents want and need.

A review of aggregate information begins to demonstrate the fiscal challenges facing local governments in the State. Local governments suffered an actual decline in revenues between 2008 and 2009 of over $400 million, or 1.5 percent. This decline was driven by losses in sales taxes and further exacerbated by losses in State aid. While an increase in Federal aid helped to offset some of these losses, these funds provided only temporary relief. By 2010, total local revenues increased, but by less than 1 percent above 2008 levels.

In fiscal year 2011-12, Comptroller DiNapoli's Division of Local Government and School Accountability (LGSA) collected and analyzed the annual financial reports from more than 4,000 local governments, school districts, public authorities, fire districts and other special taxing districts.

- **County Sales Tax:** Collections dropped by 5.9 percent between 2008 and 2009, most significantly impacting counties and cities, but also affecting towns and villages. It took three years for this source of revenue to recover to 2008 levels. For the first six months of 2012, collections had rebounded to $3.4 billion, an increase of 4.7 percent from the same period in 2011. However, any future shocks to the economy could further dampen these collections.

- **Taxpayer Pressure:** Even before the new property tax levy limit was enacted,[1] many local governments had been responding to taxpayer demands by reducing increases in property taxes. Between 2000 and 2005, property taxes increased at an annual rate of 5.6 percent, on average. This rate slowed to 3.3 percent between 2005 and 2010.

- **Property Value Trends:** Since 2008, property values – which drive the property taxes local governments raise – have been falling. With the bursting of the housing bubble and foreclosures on the rise, local governments' tax bases have been eroding, causing many to have to raise tax rates just to keep levies flat. This trend has particularly impacted locations downstate. Downstate counties experienced historic growth as property values increased by a rate of 12.2 percent annually between 2000 and 2008. However, by 2011, all nine downstate counties – Dutchess, Nassau, Orange, Putnam, Rockland, Sullivan, Suffolk, Ulster and Westchester – had experienced a downturn in property values, with values declining at an average annual rate of 5.3 percent. Upstate counties did not experience the growth in property values or the decline after the bubble burst to the same degree. Growth upstate was more moderate – between 2000 and 2008, property values grew 5.6 percent on an average annual basis. Property values peaked in 2010 and then declined by 1.8 percent, with 21 of 48 counties experiencing declining property values between 2010 and 2011.

- **Constitutional Tax Limits:** In addition to the tax levy limit, counties, cities and villages are subject to a constitutionally mandated tax *rate* limit, or "CTL". Preliminary data for 2012 indicates that there are eight municipalities that are dangerously close to exceeding this limit.[2] If a local government exceeds its CTL, State aid is withheld. More local governments will likely be facing this dilemma over the next few years, because the CTL is calculated as a percent of the five-year average of property value, which has been declining.

- **State Aid:** Following four years of sizable increases to unrestricted revenue sharing payments to local governments, peaking in fiscal year 2008-09, Aid and Incentives for Municipalities (AIM) payments have been in decline for the past three years. Since 2008-09, AIM has been reduced by $50 million, or 7 percent. AIM for New York City has been completely eliminated.

- **Mortgage Recording Tax (MRT):** Revenues continue to slide, though losses are leveling off. As the housing market recovery has stagnated, so have MRT revenues. Statewide MRT revenues have been on the decline since peaking in 2005, with the steepest decline occurring between 2007 and 2008. Since 2005, local governments have lost nearly $320 million in annual MRT revenues. Towns have been particularly affected, collecting $240 million less in 2010 than they did in 2005.

---

[1] Chapter 97 of the Laws of 2011.

[2] See Appendix A, Table 1 for a listing of these municipalities.

Local governments have responded to the declines in revenue, in part, by curtailing spending. Between 2008 and 2010, local government spending increased by less than 1 percent. Expenditures actually decreased between 2008 and 2009 (by $37.6 million or 0.1 percent) and then increased slightly between 2009 and 2010 (by $312 million or 0.8 percent). Cities and counties increased their spending during this two year period (4 percent and 0.9 percent, respectively) while towns and villages decreased (-0.5 percent and -2.5 percent, respectively). Some examples of widespread spending decreases are listed below.

- Cities reduced spending for public safety.
- Counties reduced spending for health and cultural/recreational programs.
- Towns reduced spending most significantly for garbage collection and cultural/recreational programs.
- Villages reduced spending for cultural/recreational programs and transportation (highways).

A local government's cash position (liquidity) is vital to its fiscal health; it should have enough cash on hand to cover its existing liabilities. However, data indicates that the liquidity of local governments is deteriorating. In fact, there are more than 100 local governments that do not have enough cash on hand to pay even 75 percent of current liabilities. In addition, almost 300 local governments ended either fiscal years 2010, 2011, or both, in a deficit situation. More alarmingly, 27 local governments appear to have not only drained, but spent more than what they had in their rainy day fund (reserves).

Therefore, as the economy continues to recover from the Great Recession, local governments are faced with serious fiscal challenges. Local officials must prepare budgets with fewer resources (property, mortgage, and sales tax revenues) to fund rising expenditures. Further, due to the recently enacted property tax cap legislation, local officials are more limited in their ability to raise property taxes than in the past. To meet these fiscal challenges, local officials must carefully analyze their budgets and make informed decisions so that they can continue to provide adequate services with the resources available.

Comptroller DiNapoli is committed to ensuring that local officials develop budgets that provide transparency and accountability to the taxpayers. As such, the Office of the State Comptroller (OSC) continues to dedicate significant resources both to safeguard taxpayers' funds and to identify poor budgeting practices that could exacerbate local governments' fiscal challenges. In fiscal year 2011-12, Comptroller DiNapoli's Division of Local Government and School Accountability (LGSA) collected and analyzed the annual financial reports from more than 4,000 local governments, school districts, public authorities, fire districts and other special taxing districts. LGSA evaluated this data with respect to a set of pre-determined financial condition indicators, including deteriorating cash positions, increasing reliance on one-time revenues, declining fund balances, the issuance of large amounts of short-term debt, the incurring of significant amounts of non-discretionary expenditures, and failure to submit required financial reports. LGSA staff used this information to select municipalities for audit.

Audit Reports

For the fiscal year 2011-12, LGSA released 60 audit reports that found that the budgets presented to the public inaccurately depicted the expenditure of taxpayer funds. In retrospect, these budgets did not provide accurate information that could be relied upon for making funding decisions because the estimated expenditures and revenues were significantly misstated. At times, this occurred because the governing officials had such poor budgetary systems that they were unaware that they had put together inaccurate budgets. This usually resulted in a significant deterioration of the local government's financial health. At other times, it appeared that officials produced inaccurate budgets that would allow them to carry out activities without the public's knowledge or approval, such as building up excessive reserve funds. We also found that certain local governments had such poor recordkeeping systems that they could not use the information available to determine their true financial condition. While these local governments were not currently in fiscal distress, they risked significant financial decline unless they improved their recordkeeping systems.

Operating Deficits

Operating deficits result from underestimating appropriations, overestimating revenues, or a combination thereof. An operating deficit decreases the total year-end fund balance and can lead a local government into fiscal distress. Local governments that make poor financial decisions, such as appropriating more funds than they have available into the next year's budget, or making advances to funds that cannot repay the loan, will enter into fiscal distress. To alleviate cash flow difficulties, a local government may authorize the issuance of short-term financing to ensure the continued operation of services. This places further burden on taxpayers due to additional legal and interest costs associated with such debt. To alleviate and avoid such financial difficulties, it is imperative for all local governments, especially those in fiscal distress, to adopt a long-term financial plan that provides for recurring revenues to finance expenditures and maintain or improve fiscal health.

Seventeen of our reports identified local governments that have such poor financial systems that they do not know their current financial condition or are unaware of how their actual expenditures compare to what they have previously budgeted. As a result, officials enact budgets that result in routine annual deficits – annual deficits that are accumulating and threatening the long-term fiscal health of the local government. These 17 local governments had declines in fund balance or fund balance deficits totaling more than $68 million.[3]

[3] See Appendix B, Table 2 for a list of entities with deficits.

Rockland County, for example, had a general fund balance deficit of approximately $39 million at December 31, 2009, which increased to about $52 million at December 31, 2010. The contributing factors included operating deficits in various component units of the general fund, particularly the home and infirmary fund, necessitating cash advances that were not repaid; the write-off of unpaid real property taxes and penalties owed by a major taxpayer; and questionable budgeting practices, including the overestimation of sales and mortgage tax revenues during periods of national economic decline. Our audit recommended that County officials develop a plan to address the operating deficits and develop realistic budgets that are financed by recurring revenue sources.

We also found that, from the 2006-07 through the 2009-10 fiscal years, the Village of Freeport's Board adopted unrealistic general fund budgets, which led to operating deficits totaling $10.9 million. A major reason for the operating deficits was that the Board included in the budget nearly $5 million in transfers from a non-existent reserve. In addition, the Village relied on the issuance of debt on an annual basis, totaling $9.7 million for the four fiscal years, to help subsidize the budget. The use of bond proceeds to pay for operating expenses masks a deteriorating fund balance. Without the use of bond proceeds, the Village would have had a deficit fund balance of more than $6 million at the end of its 2009-10 fiscal year. We recommended that the Board monitor actual revenues and expenditures, and that it adopt budgets that are in compliance with Village Law, are structurally balanced and do not rely on debt subsidies.

Further, we found that the Saugerties Central School District's adopted budget for the 2007-08 fiscal year contained an inaccurate estimate of State aid revenues, in excess of the estimates published by the State Education Department (SED). This resulted in an operating deficit of $1.9 million. Although the District had revenue shortfalls in the 2008-09 fiscal year, it did not have an operating deficit. However, the District again overestimated State aid in the 2009-10 fiscal year, which brought its deficit to $1.5 million in that year. These combined operating deficits reduced the unreserved fund balance in the District's general fund to a deficit of over $1.1 million at June 30, 2010. District officials issued a $3 million revenue anticipation note (RAN) in July 2009 and a $4.9 million RAN in June 2010 to meet cash flow needs during the 2009-10 and 2010-11 fiscal years. We recommended that the Board ensure that adopted budgets include sound revenue estimates that are based on accurate, timely information. Specifically, State aid revenue amounts should be based on projections and estimates available from SED.

Operating Surpluses

Operating surpluses result from overestimating appropriations, underestimating revenues, or a combination thereof. An operating surplus increases the total year-end fund balance. Officials have the option to reserve, appropriate or retain (up to the statutory limit for school districts[4] or at the local government's discretion) portions of this fund balance in a manner that best serves the interests of taxpayers.

Thirty audit reports included findings that officials adopted inaccurate budgets that resulted in surpluses and retention of excess fund balances. As a result, taxpayers paid unnecessary taxes to fund operations. These local governments created annual surpluses by consistently overestimating expenditures and underestimating revenues, even though data, such as prior years' results of operations, was often available to enable them to adopt more accurate budgets.

- School Districts – We found that 13 school districts retained fund balances in excess of the legal limit totaling more than $21 million and over-funded reserves by more than $27 million.[5] For example, our audit of the Baldwin Union Free School District (District) found that the Board routinely adopted budgets that included appropriations in excess of what was necessary to fund operations. As a result, the District's available fund balance exceeded the statutory limit by about $4 million as of June 30, 2010. In addition, the District maintained an Employee Benefit Accrued Liability Reserve (EBALR) fund that was over-funded by $8.2 million as of June 30, 2010.

  In accordance with new legislation[6] brought about, in part, through OSC's identification of excess EBALR funds in school districts across the State,[7] the District was allowed to withdraw up to $3.8 million from the EBALR to fund appropriations in the 2011-12 budget only. If the District actually used this amount from its EBALR to fund 2011-12 appropriations, the EBALR would still be over-funded by approximately $4.4 million. Our report recommended that the Board and District officials adopt more realistic budgets, retain fund balance amounts in compliance with statute, fund the EBALR with only the amounts necessary to cover the liability, and use the EBALR to pay for related obligations.

[4] Previously, unreserved unappropriated fund balance for school districts could not exceed 2 percent of the current year's appropriations. At June 30, 2007 the limit was 3 percent of 2007-08 appropriations and increased to 4 percent at June 30, 2008 and continues at 4 percent for years thereafter.

[5] See Appendix B, Table 3 for a list of school districts with excess funds.

[6] The 2011-12 State Budget amended General Municipal Law to allow school districts, during the 2011-12 school year only, to withdraw from their EBALRs an amount not to exceed the lesser of: (a) the dollar value of excess funding in the reserve as certified by the State Comptroller, or (b) the amount of the school district's Gap Elimination Adjustment as calculated by the New York State Commissioner of Education. The enacted Budget's School Aid amount included a $2.8 billion Gap Elimination Adjustment for the 2011-12 school year that was designed to help achieve a balanced budget through reductions in school aid on a progressive basis, accounting for each school district's wealth, student need, administrative efficiency and residential property tax burden.

[7] See report titled *Employee Benefit Accrued Liability Reserve Funds*, 2008-MS-3, October 2008.

- Local Governments – While local governments are not required by law to limit retention of fund balance to a certain amount, they should retain amounts that are reasonable to provide for unexpected expenses or emergencies. Retaining fund balance amounts in excess of what are necessary results in taxpayers paying more than a fair amount of taxes. We found that 17 municipalities retained fund balances in excess of what they could reasonably expect to need for contingencies.[8] Excess fund balances ranged from 31 percent to 323 percent of the ensuing year's budgeted expenditures.

  For example, the Town of Triangle, which is located in Broome County, has three operating funds that have accumulated significant fund balances − by an average of 123 percent of the next year's expenditures − without any stated plans for using the money. The Town accumulated these excess funds because the Board consistently underestimated revenues and overestimated expenditures, which resulted in operating surpluses. We recommended that the Board adopt more realistic budgets and develop a plan to reduce the surpluses.

Poor Recordkeeping

Good budgeting practices start with accurate and reliable records that management can use as a basis for their decisions. Many times, poor recordkeeping contributes to a local government's financial decline. Without adequate records, governing officials cannot make informed financial decisions, which leads to poor budgeting practices.

Thirteen of our reports identified inadequate recordkeeping which did not provide an accurate picture of the local government's true financial condition.[9] While these local governments were not currently in fiscal distress, they risked significant financial decline unless they improved their recordkeeping systems. For example, we found that officials in the Town of Royalton, located in Niagara County, did not have a comprehensive understanding of fiscal management, especially concerning inter-fund financial transactions. The Town had approximately $725,000 in outstanding inter-fund advances at the end of the 2010 fiscal year. We found no indication that the Board authorized these advances and inter-fund advances were not repaid within the same fiscal year.

The Supervisor also did not ensure that the inter-fund activity was properly recorded. Because the Town has funds and districts that represent different tax bases, it is unclear to what extent inter-fund activity occurred between such different tax bases. Furthermore, these actions have resulted in an inaccurate depiction of the actual financial condition of certain Town operating funds. We recommended that the Board and Town officials adopt budgets that properly allocate sales tax revenues, maintain adequate financial records and properly record inter-fund activity.

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[8] See Appendix B, Table 4 for a list of local governments with excess funds.

[9] See Appendix B, Table 5 for a listing of entities with poor recordkeeping.

Budget Reviews

LGSA performed 23 budget reviews[10] during fiscal year 2011-12.[11] Budget reviews examine a local government's budget prior to adoption to determine whether information contained within the preliminary budget is supported and whether estimates are reasonable and balanced.

Our budget reviews have identified municipalities which have unreasonable proposed budget estimates. For example, we found that the City of Utica's 2012-13 proposed budget needed improvement in several areas. To help the City to develop a reasonable spending plan, we recommended that the Common Council allocate at least 5 percent of the budget ($3.3 million) for contingency appropriations and remove speculative ambulance service revenues of $1.8 million from this year's budget. In addition, we advised the Council to carefully evaluate the possibility of losing (and repaying) $780,000 in grant moneys, as well as paying additional moneys for salary appropriations, and then adjust the budget as needed. We also recommended that the Common Council consider revising its City Charter to establish a fund balance policy and examine how best to preserve the resources that remain in the Water Trust.

Some entities improved their budgeting practices as a result of our reviews and could recover from fiscal stress if they continue to implement our recommendations. Our review of the City of Olean's 2011-12 proposed budget found that, generally, the significant revenue and expenditure projections were reasonable, and that the City had made good progress in improving its financial condition. However, the City still had not implemented recommendations made in prior budget reviews or audit reports. The City did not use available debt reserve funds to finance debt service costs and still lacked a comprehensive plan for identifying the City's capital needs. Further, the City Auditor did not include essential year-to-date actual revenue and expenditure data in the proposed budget. City officials should implement these recommendations to sustain the progress made thus far in improving the City's fiscal health.

[10] LGSA performs mandatory and non-mandatory budget reviews. Mandatory budget reviews are subject to Local Finance Law Section 10.10, which requires all local governments that are receiving deficit financing annually to submit to OSC their proposed budget for the next fiscal year. OSC must review all proposed budgets for reasonableness while such municipalities are receiving deficit financing. LGSA also performs non-mandatory budget reviews as a service to municipalities that are showing signs of fiscal stress, but have not yet been authorized to issue deficit financing.

[11] See Appendix B, Table 6 for a listing of budget reviews completed in fiscal year 2011-12.

Continuous Monitoring and Analysis

In accordance with new legislation, LGSA collects, reviews and analyzes information reported by local governments and school districts related to the State's property tax cap. Local governments cannot exceed the tax cap without a 60 percent vote to override the cap. If they exceed the tax cap without such a vote, they must not use any funds generated in excess of the cap in the current budget year. Such funds must be set aside to reduce tax levies in future years.

In fiscal year 2011-12, LGSA issued 48 letters advising local officials that they had exceeded the tax cap requirements, and that they were required to place the excess funds in a reserve to fund the ensuing year's budget.

LGSA also continuously monitors the financial condition of local governments by utilizing fiscal stress indicators. These indicators feed into the audit team's risk assessment process to identify those governments in need of assistance. In addition, LGSA monitors compliance with constitutional debt limits and constitutional tax limits; reviews local government actions that require OSC approval (e.g., special district creations and extensions); and certifies State aid payments.

Conclusion

When officials do not present accurate budget estimates to taxpayers, school district and local government transparency and accountability are compromised. When budgets are inaccurate, taxpayers are not provided with a realistic portrayal of their local government's financial condition and, in many cases, could be paying more taxes than necessary. Poor budgeting practices also can hide from taxpayers what their taxes are actually funding.

Inaccurate budgeting practices resulting in diminished financial condition have left some local governments extremely vulnerable to any unanticipated expenditures resulting from emergencies, mandates, or unexpected increases in the costs of goods and services. These local governments also are susceptible to shortfalls in expected revenues. To reduce this budgetary strain, such local governments must seek additional revenues and/or reduce expenditures in the current and succeeding fiscal years. Local governments should institute effective multiyear financial planning processes to identify structural imbalances between revenues and expenditures, and allow them to set long-term priorities and goals. If a local government's financial condition continues to deteriorate, taxpayers will pay the price through higher tax levy increases which could have been avoided through more accurate budgeting and financial planning.

Further, maintaining excess fund balances or over-funding reserves can result in noncompliance with Real Property Tax Law and General Municipal Law. In these cases, excess fund balance should be used for more productive purposes, such as paying off debt, financing one-time expenses and reducing property taxes.

Comptroller DiNapoli recognizes that local governments and school districts will continue to be faced with fiscal challenges LGSA is committed to monitoring fiscal management practices to ensure that taxpayer moneys are protected. The Office of the State Comptroller will continue to dedicate resources to provide information and assistance to local governments via our website, publications and training initiatives.[12]

[12] The Office of the State Comptroller's website includes Local Government Management Guides, which provide guidance to local officials on important topics including financial condition analysis, fiscal oversight responsibilities, and multiyear financial planning. These publications can be found at: **http://www.osc.state.ny.us/localgov/pubs/listacctg.htm#lgmg**

Appendix A

Municipalities in Danger of Exceeding the Constitutional Tax Limit

Table 1: Municipalities in Danger of Exceeding the Constitutional Tax Limit	
Municipality	**Percent of Tax Limit Exhausted for Fiscal Year Ending 2012**
Cortland County	92.37
City of Binghamton	85.82
City of Gloversville	92.72
City of Jamestown	92.20
City of Lackawanna	84.53
New York City	95.09
Village of Herkimer	94.12
Village of Lyons	89.82

Appendix B

Summary of Audit Reports Released in Fiscal Year 2011-12

Table 2: Reports with Deficit/Declining Fund Balances

School District or Local Government	Report Number	Deficit/Decline Amount
Rockland County	2011M-160	$52,000,000
Village of Freeport	2011M-42	$6,054,389
Town of Ramapo	2011M-143	$3,481,500
Saugerties CSD	2011M-50	$1,100,000
Village of Babylon	2010M-204	$1,000,000
Town of Bolton	2011M-120	$899,335
Village of Dansville	2010M-166	$762,600
Elmira City SD	2011M-196	$629,700
City of Binghamton	2011M-17	$551,287
Town of Lake George	2011M-6	$489,785
Town of Amity	2011M-164	$260,572
Village of Lyons	2011M-61	$224,943
Town of Busti	2011M-30	$188,241
Village of Rouses Point	2011M-232	$175,843
Town of Minisink	2011M-215	$156,733
Village of Saugerties	2011M-172	$152,000
Town of Farmersville	2011M-84	$3,638
	Total	**$68,130,566**

Appendix B

Summary of Audit Reports Released in Fiscal Year 2011-12

Table 3: School District Reports with Excess Fund Balance

School District	Report Number	Excess Fund Balance	Excess Reserves
Kendall CSD	2011M-18	$6,000,000	$1,850,000
Baldwin UFSD	2011M-124	$4,000,000	$8,200,000
Dover UFSD	2011M-55	$2,500,000	
Ilion CSD	2010M-242	$1,950,000	
Croton-Harmon UFSD	2011M-269	$1,805,150	
Franklinville CSD	2011M-7	$1,800,000	$2,300,000
Hudson Falls CSD	2011M-96	$1,300,000	$3,700,000
Stillwater CSD	2011M-47	$1,136,259	
Corinth CSD	2010M-256	$869,695	$1,020,000
Perry CSD	2011M-126	$480,000	$4,982,000
Clifton-Fine CSD	2011M-213	$27,126	$2,400,000
Bethlehem CSD	2010M-243		$1,890,000
Eden CSD	2011M-51		$1,500,000
	Total	**$21,868,230**	**$27,842,000**

Appendix B

Summary of Audit Reports Released in Fiscal Year 2011-12

Table 4: Local Government Reports with Excess Fund Balance (FB)

Local Government	Report Number	Unreserved FB As % of Ensuing Year Budget
Town of Schuyler Falls	2011M-95	323%
Montezuma Fire District	2011M-104	129%
Town of Triangle	2011M-183	123%
Town of Yates	2011M-221	123%
Town of Corning	2011M-191	122%
Village of Hamilton	2011M-219	96%
Town of Herkimer	2011M-288	84%
Town of Castile	2011M-41	84%
Town of Boston	2010M-170	77%
Savannah Fire District (a)	2011M-267	70%
Springwater Fire District	2011M-184	68%
Town of Butler	2011M-37	67%
Village of Islandia	2010M-250	59%
Village of Hobart	2011M-60	54%
Town of Granby	2011M-86	52%
Town of Potter	2011M-5	41%
Coopers Plains Long Acres Fire District (b)	2011M-149	31%

(a) Reserve established with no purpose as a % of ensuing year budget

(b) Operating surplus as a % of ensuing year budget

Appendix B

Summary of Audit Reports Released in Fiscal Year 2011-12

Table 5: Reports with Poor Recordkeeping

School District or Local Government	Report Number
City of Gloversville	2011M-66
Warren County	2011M-31
East Ramapo CSD	2011M-52
Center Moriches UFSD	2011M-140
Town of Portville	2011M-127
Peru CSD	2011M-159
Clinton CSD	2011M-133
Town of Royalton	2011M-207
Springville-Griffith Institute CSD	2011M-218
Town of Junius	2011M-216
Town of Providence	2011M-262
Town of Enfield	2011M-192
Village of Whitehall	2011M-237

Appendix B

Summary of Audit Reports Released in Fiscal Year 2011-12

Table 6: Budget Reviews Completed

School District or Local Government	Report Number
Fabius-Pompey CSD	B3-11-4
Patchogue-Medford UFSD	B7-11-3
Village of Endicott	B4-11-5
Beacon City SD	B6-11-7
Monroe-Woodbury CSD	B8-11-8
East Moriches UFSD	B7-11-6
Chenango Valley CSD	B4-11-9
Liberty CSD	B4-11-10
Village of Hempstead	B7-11-11
Greater Amsterdam SD	B5-11-12
Enlarged City SD of Troy	B5-11-13
City of Glen Cove	B7-11-14
Town of Sidney	B4-11-19
Town of Deerpark	B6-11-18
Town of Stony Point	B6-11-17
Town of East Hampton	B7-11-15
City of Troy	B5-11-16
City of Newburgh	B6-11-20
Patchogue-Medford UFSD	B7-12-1
City of Olean	B1-12-2
City of Utica	B3-12-3
Liberty CSD	B4-12-4
Campbell–Savona CSD	B2-12-5

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NEW YORK CITY COUNCIL

FY'2016 TAX FIXING REPORT AND RESOLUTION

M315 & Res. 777

REPORT OF THE
COMMITTEE ON FINANCE

FINANCE DIVISION
LATONIA MCKINNEY, DIRECTOR

RESOLUTION TO PROVIDE THE AMOUNTS NECESSARY FOR THE SUPPORT OF THE GOVERNMENT OF THE CITY OF NEW YORK AND THE COUNTIES THEREIN AND FOR THE PAYMENT OF INDEBTEDNESS THEREOF, FOR THE FISCAL YEAR BEGINNING ON JULY 1, 2015 AND ENDING ON JUNE 30, 2016 BY THE LEVY OF TAXES ON THE REAL PROPERTY IN THE CITY OF NEW YORK, IN ACCORDANCE WITH THE PROVISIONS OF THE CONSTITUTION OF THE STATE OF NEW YORK, THE REAL PROPERTY TAX LAW AND THE CHARTER OF THE CITY OF NEW YORK

Introduction. This Resolution, dated June 26, 2015, provides the amounts necessary for the support of the government of the City of New York and the counties therein and for the payment of indebtedness thereof, for the fiscal year beginning on July 1, 2015 and ending on June 30, 2016 by the levy of taxes on the real property in the city of New York, in accordance with the provisions of the Constitution of the State of New York, the Real Property Tax law and the Charter of the City of New York.

On May 7, 2015, the Mayor submitted the executive budget for Fiscal 2016 to the Council pursuant to Section 249 of the Charter. On the date hereof, the Council adopted the budget for Fiscal 2016 pursuant to Section 254 of the Charter (the "Fiscal 2016 Budget"). Pursuant to Section 1516 of the Charter, the Council must fix the annual real property tax rates immediately upon such approval of the Fiscal 2016 Budget. In the resolution, captioned above, fixing the real property tax rates for Fiscal 2016 (the "Tax Fixing Resolution"), the Council fixes the annual real property tax rates, as described in greater detail below, and authorizes the levy of real property taxes for Fiscal 2016.

Determining the Amount of the Real Property Tax Levy. In the Tax Fixing Resolution, the Council determines the amount of the real property tax levy for Fiscal 2016, pursuant to the provisions of Section 1516 of the Charter, in the following manner. (1) First, the Council acknowledges the amount of the Fiscal 2016 Budget to be $78,528,034,085 as set forth in the communication from the Mayor pursuant to Section 1515(a) of the Charter (the "Fiscal 2015 Budget Amount"). (2) The Council then acknowledges the estimate of the probable amount of all non-property tax revenues to be $56,143,842,085, as set forth in the communication from the Mayor pursuant to Section 1515(a) of the Charter (the "Fiscal 2016 Revenue Estimate"). (Attached hereto as Exhibit A is a description of the Fiscal 2016 Revenue Estimate, detailing all sources of revenues exclusive of real property taxes.) (3) Pursuant to Section 1516 of the Charter, the Council finally determines the net amount required to be raised by tax on real property to be $22,384,192,000, by subtracting the amount of the Fiscal 2016 Revenue Estimate from the Fiscal 2016 Budget Amount.

In order to achieve a real property tax yield of $22,384,192,000, however, due to provision for uncollectible taxes and refunds and collection of levies from prior years equal in the aggregate to $1,760,806,063, the Council determines that a real property tax levy of $24,144,998,063 is required. Such amount, levied at rates on the classes of real property as further described below will produce a balanced budget within generally accepted accounting principles for municipalities.

The Council also provides for the application of the real property tax levy (net of provision for uncollectible taxes and refunds and collection of levies from prior years) to (1) debt service not subject to the constitutional operating limit, (2) debt service subject to the constitutional operating limit and (3) the Fiscal 2016 Budget in excess of the amount of the Fiscal 2016 Revenue Estimate.

Authorizing and Fixing the Real Property Tax Rates. After having determined the amount of the real property tax levy, the Council authorizes and fixes the real property tax rates. On May 26, 2015, the Commissioner of the Department of Finance (the "Commissioner") delivered the certified assessment rolls for all real property assessable for taxation in the City in each borough thereof for Fiscal 2016 to the Council, pursuant to Section 1514 of the Charter (the "Fiscal 2016 Assessment Rolls"). On June 26, 2015, the Council adopted a resolution in which the Council computed and certified the current base proportion, the current percentage and the base percentage of each class of real property in the City for Fiscal 2016 (the "Current Base Proportion Resolution"), pursuant to Section 1803-a (1) of the Real Property Tax Law. On June 26, 2015, pursuant to Section 1803-a of the Real Property Tax Law, the Council adopted a resolution in which the Council adjusted the current base proportions of each class of real property in the City for Fiscal 2016, to reflect the additions to, and full or partial removal from, the Fiscal 2016 Assessment Rolls (the "Adjusted Base Proportion Resolution").

The following sections describe the determinations the Council must make before it fixes the real property tax rates and the process by which the Council fixes the real property tax rates.

Assessed Valuation Calculations. In the Tax Fixing Resolution, the Council sets out the assessed valuation calculations of taxable real property in the City by class within each borough of the City. Next, the Council sets out the assessed valuation (1) by class of real property for the purpose of taxation (exclusive of the assessed valuation of veterans' real property exempt under state law from tax for general purposes but subject to tax for school purposes) in each borough of the City and (2) by class of veterans' real property subject to tax for school purposes in each borough of the City.

Compliance with Constitutional Operating Limit Provisions. In the Tax Fixing Resolution, the Council also provides evidence of compliance with constitutional operating limit provisions. The Council determines that the amount to be levied by tax on real property for the Fiscal 2016 Budget does not exceed the limit imposed by Section 10, Article VIII of the Constitution of the State of New York, as amended, and Article 12-A of the Real Property Tax Law (the "Operating Limit Provisions"). The Operating Limit Provisions require that the City not levy taxes on real property in any fiscal year in excess of an amount equal to a combined total of two and one-half percent (2 ½%) of the average full valuation of taxable real property in the City, determined by taking the assessed valuations of taxable real property on the last completed assessment roll and the four (4) preceding assessment rolls of the City and applying thereto the special equalization ratio which such assessed valuations of each such roll bear to the full valuations as fixed and determined by the State Office of Real Property Services ("ORPS"), minus (i) the amount to be raised by tax on real property in such year for the payment of the interest on and the redemption of certificates of other evidence of indebtedness described in the Constitution and (ii) the aggregate amount of business improvement district charges exclusive of debt service. (Attached hereto as Exhibit B is a description of net reductions of the amounts to be raised by the Fiscal 2016 tax levy as authorized by New York State law for purposes of the Operating Limit determination.)

Adjusted Base Proportions. The Tax Fixing Resolution sets forth the adjusted base proportions for Fiscal 2016, pursuant to the Adjusted Base Proportion Resolution, to be used in determining the Fiscal 2016 tax rates for the four classes of properties.

Tax Rates on Adjusted Base Proportions. Finally, in the Tax Fixing Resolution, the Council authorizes and fixes, pursuant to Section 1516 of the Charter, the rates of tax for Fiscal 2016 by class upon: (1) each dollar of assessed valuation of real property subject to taxation for all purposes of, and within, the City, as fixed in cents and thousandths of a cent per dollar of assessed valuation, as follows:

All One-, Two- and Three-Family Residential Real Property	0.19554
All Other Residential Real Property	0.12883
Utility Real Property	0.10813
All Other Real Property	0.10656

and (2) each dollar of assessed valuation of veterans' real property exempt under state law from tax for general purposes but subject to tax for school purposes of, and within, the City, as fixed in cents and thousandths of a cent per dollar of assessed valuation, as follows:

All One-, Two- and Three-Family Residential Real Property	0.11506
All Other Residential Real Property	0.07603
Utility Real Property	0.00000
All Other Real Property	0.06294

Authorization of the Levy of Property Taxes for Fiscal 2016. The Council authorizes and directs the Commissioner, pursuant to Section 1517 of the Charter, to set down in the Fiscal 2016 Assessment Rolls, opposite to the several sums set down as the valuation of real property, the respective sums to be paid as a tax thereon and add and set down the aggregate valuations of real property in the boroughs of the City and send a certificate of such aggregate valuation in each such borough to the State Comptroller. The Tax Fixing Resolution then requires the City Clerk to procure the proper warrants, in the form attached thereto, such warrants to be signed by the Public Advocate and counter-signed by the City Clerk.

The Tax Fixing Resolution would take effect as of the date of adoption of the Fiscal 2016 Budget.

Accordingly, the Committee on Finance recommends adoption of the Tax Fixing Resolution.

EXHIBIT A

ESTIMATED FISCAL YEAR 2016 REVENUE
OTHER THAN REAL PROPERTY TAXES
Summarizing by Source of Revenue

Source of Revenue	Estimate of Revenue
Taxes (excluding Real Estate Taxes):	
General Sales (1)	$7,026,000,000
Personal Income (Excluding Transitional Finance Authority Debt)	10,594,000,000
General Corporation	4,023,000,000
Commercial Rent	770,000,000
Utility	398,000,000
Banking Corporation	77,000,000
Mortgage Recording	915,000,000
Unincorporated Business	2,034,000,000
Real Property Transfer	1,418,000,000
Cigarette	48,000,000
Hotel Occupancy	539,000,000
Other:	
Penalty and Interest	52,000,000
Off-Track Betting	0
Off-Track Betting Surtax	1,250,000
Payments in Lieu of Tax	246,200,000
Section 1127 (Waiver)	130,000,000
Beer and Liquor	24,000,000
Auto Use	29,000,000
Commercial Motor Vehicle	50,000,000
Taxicab License Transfer	8,000,000
Liquor License Surcharge	5,000,000
Horse Race Admissions	20,000
Other Refunds	(29,000,000)
State Tax Relief Program ("STAR") for Personal Income and Real Property Taxes	765,000,000
	29,123,470,000
Miscellaneous Revenue:	
Licenses, Franchises, etc.	641,137,294
Interest Income	29,400,000
Charges for Services	947,759,993
Water and Sewer Charges	1,516,466,600
Rental Income	271,070,000
Fines and Forfeitures	809,816,000
Miscellaneous	554,225,466
	4,769,875,353

EXHIBIT A

ESTIMATED FISCAL YEAR 2016 REVENUE
OTHER THAN REAL PROPERTY TAXES
Summarizing by Source of Revenue

Source of Revenue	Estimate of Revenue
Grants:	
Federal	7,145,594,491
State	12,977,567,860
Provision for Disallowances	(15,000,000)
	20,108,162,351
Unrestricted State and Federal Aid:	
N.Y. State Revenue Sharing	0
Other Unrestricted Aid	0
	0
Transfer from Capital Funds	575,637,498
Tax Audit Revenue and Other Initiatives	711,113,519
Tax Program	0
Other Categorical Grants	855,583,364
Amount of Estimated Revenue other than Real Estate Taxes	$56,143,842,085

FOOTNOTES

(1) Fiscal 2016 administrative expenses of the New York State Financial Control Board ("FCB") and the Office of the State Deputy Comptroller ("OSDC"), the "State Oversight Retention Requirements", have been treated only for accounting and financial reporting purposes of the City as if they were City expenditures. Consequently, the above estimates of General Fund receipts for Fiscal 2016 do not reflect anticipated reductions in amounts to be received by the City from the 4.5 percent sales tax levied in the City (the "City Sales Tax") pursuant to State Oversight Retention Requirements. In fact, the State Oversight Retention Requirements are to be retained by the State from the City Sales Tax and will therefore reduce the funds which are paid to the City from the City Sales Tax. This presentation of State Oversight Retention Requirements (instead of being shown as a reduction in City Sales Tax) has no bearing on the statutory relationship between the City, on the one hand, and the FCB and OSDC, on the other hand.

Exhibit B

PROPERTY TAX ITEMS IN THE RESERVE CONSIDERED OFFSETS TO LEVY FOR PURPOSES OF CONSTITUTIONAL OPERATING LIMIT PROVISIONS

FISCAL 2016 RESERVE ESTIMATES

Reserve Item	**Estimate** *(in millions)*
Property Tax Reductions (Tax Expenditures) Authorized by State Law	
Coop/Condo Abatement	($437.0)
STAR Exemption*	(205.0)
J-51	(110.0)
SCRIE/DRIE	(194.9)
Commercial Revitalization Program & Borough Development	(63.1)
Section 626	(22.0)
ICAP Abatement	(10.0)
Solar/Green Roof Abatement	(2.5)
Property Tax Additions (Tax Programs) Authorized by State Law	
Exempt Property Restored	35.2
TOTAL	**($1,009.3)**

* Although the STAR exemption is authorized by State law and treated as an abatement and included in the property tax reserve, the State reimburses the City for the exact amount of the abatement. However, this is an Expense item and accounted for as a separate allocation of funds.

Source: NY City Office of Management and Budget, FY 2016 Adopted Budget

RESOLUTION NO. __________

By Council Member Julissa Ferreras-Copeland

RESOLUTION TO PROVIDE THE AMOUNTS NECESSARY FOR THE SUPPORT OF THE GOVERNMENT OF THE CITY OF NEW YORK AND THE COUNTIES THEREIN AND FOR THE PAYMENT OF INDEBTEDNESS THEREOF, FOR THE FISCAL YEAR BEGINNING ON JULY 1, 2015 AND ENDING ON JUNE 30, 2016, BY THE LEVY OF TAXES ON THE REAL PROPERTY IN THE CITY OF NEW YORK, IN ACCORDANCE WITH THE PROVISIONS OF THE CONSTITUTION OF THE STATE OF NEW YORK, THE REAL PROPERTY TAX LAW AND THE CHARTER OF THE CITY OF NEW YORK.

Whereas, on May 7, 2015, pursuant to the Section 249 of the Charter of the City of New York ("the Charter"), the Mayor of the City of New York (the "Mayor") submitted to the Council of the City of New York (the "Council"), the executive budget for the support of the government of the City of New York and the counties therein (collectively, the "City") for the fiscal year beginning on July 1, 2015 and ending on June 30, 2016 ("Fiscal 2016"); and

Whereas, on May 26, 2015, pursuant to Section 1514 of the Charter, the Commissioner of the Department of Finance (the "Commissioner") delivered to the Council, the certified assessment rolls for all real property assessable for taxation in the City in each borough thereof for Fiscal 2016, a certified copy of which is in the Office of the Clerk of the City pursuant to Section 516, Real Property Tax Law (the "Fiscal 2016 Assessment Rolls"); and

Whereas, on June 26, 2015, the Council adopted a resolution in which the Council computed and certified the current base proportion, the current percentage and the base percentage of each class of real property in the City for Fiscal 2016 pursuant to Section 1803-a(1), Real Property Tax Law (the "Current Base Proportion Resolution"); and

Whereas, on June 26, 2015, pursuant to Section 1803-a, Real Property Tax Law, the Council adopted a resolution in which the Council adjusted the current base proportion of each class of real property in the City for Fiscal 2016, to reflect the additions to, and full or partial removal from, the Fiscal 2016 Assessment Rolls (the "Adjusted Base Proportion Resolution"); and

Whereas, on June 26, 2015, pursuant to Section 254 of the Charter, the Council adopted the budget for the support of the government of the City and for the payment of indebtedness thereof for Fiscal 2016 (the "Fiscal 2016 Budget"); and

Whereas, on June 26, 2015, pursuant to Section 1515(a) of the Charter, the Mayor prepared and submitted to the Council, a statement setting forth the amount of the Fiscal 2016 Budget as approved by the Council (the "Fiscal 2016 Budget Statement") and an estimate of the probable amount of receipts into the City treasury during Fiscal 2016 from all the sources of revenue of the general fund and all receipts other than those of the general fund and taxes on real property, a copy of which is attached hereto as Exhibit A (the "Fiscal 2016 Revenue Estimate");

NOW, THEREFORE, be it resolved by The Council of The City of New York as follows:

Section 1. Fixing of Real Property Tax Rates for Fiscal 2016.

a. Determining the Amount of the Real Property Tax Levy.

(i) The total amount of the Fiscal 2016 Budget as set forth in the Fiscal 2016 Budget Statement is $78,528,034,085.

(ii) The estimate of the probable amount of receipts into the City treasury during Fiscal 2016 from all the sources of revenue of the general fund and all receipts other than those of the general fund and taxes on real property as set forth in the Fiscal 2016 Revenue Estimate is $56,143,842,085.

(iii) Pursuant to Section 1516 of the Charter, the Council hereby determines that the amount required to be raised by tax on real property shall be $22,384,192,000, which is derived from deducting the amount set forth in the Fiscal 2016 Revenue Estimate from the amount of the Fiscal 2016 Budget.

(iv) In order to achieve a real property tax yield of $22,384,192,000 due to provision for uncollectible taxes and refunds and collection of levies from prior years, the Council hereby determines that a real property tax levy of $24,144,998,063 will be required, calculated as follows:

Not Subject to the 2 1/2 Percent Tax Limitation:		
For Debt Service:		
Funded Debt	$2,142,083,829	
Amount Required for Debt Service and Financing as:		
Provision for Uncollectible Taxes	$161,612,453	
Provision for Refunds	$37,800,029	
Collection of Prior Years' Levies	($30,909,897)	$2,310,586,414
Subject to the 2 1/2 Percent Tax Limitation:		
For Debt Service:		
Temporary Debt		
Interest on Temporary Debt	$63,912,085	
For General Operating Expenses:		
Funds Required	$20,178,196,086	
Amount Required for Debt Service and Operating Expenses as:		
Provision for Uncollectible Taxes	$1,527,193,610	
Provision for Refunds	$357,199,971	
Collection of Prior Years' Levies	($292,090,103)	21,834,411,649
TOTAL REAL PROPERTY TAX LEVY		$24,144,998,063

The Council hereby determines that such amount, levied at such rates on the classes of real property pursuant to paragraph (iv) of subsection b below will produce a balanced budget within generally accepted accounting principles for municipalities.

(v) The real property tax levy, net of provision for uncollectible taxes and refunds and the collection of levies from prior years, determined pursuant to clause (iv) above shall be applied as follows:

(A) For payment of debt service not subject to the 2 1/2 percent tax limitation:	$2,142,083,829
(B) For debt service on short-term debt subject to the 2 1/2 percent tax limitation:	$63,912,085
(C) To provide for conducting the public business of the City and to pay the appropriated expenditures for the counties therein as set forth in the Fiscal 2016 Budget in excess of the amount of revenues estimated in the Fiscal 2016 Revenue Estimate:	$20,178,196,086

b. Authorizing and Fixing the Real Property Tax Rates.

(i) Assessed Valuation Calculations of Taxable Real Property in the City. The Fiscal 2016 Assessment Rolls set forth the following valuations by class within each borough of the City.

(A) The assessed valuation by class of real property for the purpose of taxation in each borough of the City, exclusive of the assessed valuation of veterans' real property exempt under state law from tax for general purposes but subject to tax for school purposes is set forth below:

Assessment by Class of Property Subject to Taxation for All Purposes					
Borough	All One, Two and Three Family Residential Real Property*	All Other Residential Real Property	Utility Real Property	All Other Real Property	Assessment of Property Subject to Taxation for All Purposes
Manhattan	$903,637,501	$48,905,306,143	$5,354,419,189	$72,325,424,236	$127,488,787,069
The Bronx	1,492,935,938	3,494,873,635	1,705,346,947	3,879,970,474	10,573,126,994
Brooklyn	5,522,504,963	8,346,491,323	2,822,459,997	7,862,203,031	24,553,659,314
Queens	7,789,334,797	7,341,423,461	2,851,629,897	10,156,413,200	28,138,801,355
Staten Island	2,750,511,769	312,659,117	742,697,312	1,814,078,073	5,619,946,271
TOTAL	$18,458,924,968	$68,400,753,679	$13,476,553,342	$96,038,089,014	$196,374,321,003

(B) The assessed valuation by class of veterans' real property exempt under state law from tax for general purposes but subject to tax for school purposes in each borough of the City is set forth below:

Assessment by Class of Veterans' Property Exempted under State Law from Tax for General Purposes but Subject to Tax for School Purposes					
Borough	All One, Two and Three Family Residential Real Property*	All Other Residential Real Property	Utility Real Property	All Other Real Property	Total Assessment of Veterans' Property Exempted under State Law from Tax for General Purposes but Subject to Tax for School Purposes
Manhattan	$843,303	$106,681,078	$0	$297	$107,524,678
The Bronx	13,971,671	4,188,044	0	0	18,159,715
Brooklyn	39,088,011	13,103,356	0	1,125	52,192,492
Queens	72,529,287	37,165,905	0	19,386	109,714,578
Staten Island	47,880,155	1,115,927	0	0	48,996,082
TOTAL	$174,312,427	$162,254,310	$0	$20,808	$336,587,545

*Includes condominiums of three stories or fewer which have always been condominiums.

(ii) Chapter 389 of the Laws of 1997 established a new real property tax exemption providing school tax relief (Section 425, Real Property Tax Law). Pursuant to subdivision 8 of Section 425, the assessment by tax class of property subject to taxation for all purposes and the assessment by tax class of veterans' real property exempt under state law from tax for general purposes but subject to tax for school purposes has been increased by the amounts shown below for purposes of: (a) determining the City's tax and debt limits pursuant to law; (b) determining the amount of taxes to be levied; (c) calculating tax rates by tax class; and (d) apportioning taxes among classes in a special assessing unit under Article 18, Real Property Tax Law.

(A) The assessed valuation by class of real property for the purpose of taxation in each borough of the City exempted under Section 425, Real Property Tax Law, exclusive of the assessed valuation of veterans' real property exempt under state law from tax for general purposes but subject to tax for school purposes is set forth below:

Assessment by Class of Property Exempted under Section 425, Real Property Tax Law, for All Purposes				
Borough	All One, Two and Three Family Residential Real Property*	All Other Residential Real Property**	All Other Real Property	Exempted under Section 425, Real Property Tax Law, for All Purposes
Manhattan	$3,075,480	$171,353,401	$8,990	$174,437,871
The Bronx	66,193,463	32,133,833	0	98,327,296
Brooklyn	207,379,476	87,734,970	2,830	295,117,276
Queens	313,104,198	160,742,841	41,620	473,888,659
Staten Island	141,537,493	5,615,882	0	147,153,375
TOTAL	$731,290,110	$457,580,927	$53,440	$1,188,924,477

(B) The assessed valuation by class of veterans' real property exempt under state law from tax for general purposes and exempt under Section 425, Real Property Tax Law, for school purposes in each borough of the city is set forth below:

Assessment by Class of Veterans' Property Exempted under Section 425, Real Property Tax Law, for School Purposes				
Borough	All One, Two and Three Family Residential Real Property*	All Other Residential Real Property**	All Other Real Property	Total Assessment of Veterans' Property Exempted under Section 425, Real Property Tax Law, for School Purposes
Manhattan	$0	$17,718	$297	$18,015
The Bronx	26,340	46,981	0	73,321
Brooklyn	33,312	32,892	1,125	67,329
Queens	70,288	71,076	621	141,985
Staten Island	32,697	17,979	0	50,676
TOTAL	$162,637	$186,646	$2,043	$351,326

**Includes condominiums of three stories or fewer which have always been condominiums.*

*** Only residential real property held in the cooperative or condominium form of ownership qualifies for the real property tax exemption providing school tax relief.*

(iii) Operating Limit Provisions. The Council hereby determines that the amount to be raised by tax on real property for the Fiscal 2016 Budget pursuant to clause (iii) of subsection (a) of Section 1 hereof does not exceed the limit imposed by Section 10, Article VIII of the Constitution of the State of New York, as amended, and Article 12-A, Real Property Tax Law (the "Operating Limit Provisions"). *

(A) The Operating Limit Provisions require that the City not raise an amount by tax on real property in any fiscal year in excess of an amount equal to a combined total of two and one-half percent (2 1/2 %) of the average full valuation of taxable real property, less (i) the amount to be raised by tax on real property in such year for the payment of the interest on and the redemption of certificates or other evidence of indebtedness described therein and (ii) the aggregate amount of district charges, exclusive of debt service, imposed in such year by business improvement districts pursuant to Article 19-A, General Municipal Law.

(B) The Operating Limit Provisions require that average full valuations of taxable real property be determined by taking the assessed valuations of taxable real property on the last completed assessment roll and the four (4) preceding assessment rolls of the City and applying thereto the special equalization ratios which such assessed valuations of each such roll bear to the full valuations as fixed and determined by the State Office of Real Property Services ("ORPS") pursuant to Section 1251, Real Property Tax Law, as shown below:

Fiscal Year	Assessed Valuations	Assessment Percentage	Full Valuations
2011	157,121,003,987	0.2048	767,192,402,280
2012	164,036,985,806	0.2081	788,260,383,498
2013	173,429,032,559	0.2075	835,802,566,549
2014	184,059,201,523	0.2087	881,931,967,048
2015	196,710,908,548	0.1995	986,019,591,719
		AVERAGE	*$851,841,382,219*

2 1/2 percent thereof for Fiscal 2016	$21,296,034,555
Less debt service subject to the 2 1/2 percent tax limitation: Temporary debt Interest on temporary debt	($63,912,085)
Less aggregate amount of district charges subject to the 2 1/2 percent tax limitation	($101,535,502)
Constitutional amount subject to the limitation which may be raised for other than debt service in accordance with the provisions of Section 10, Article VIII, of the State Constitution	$21,130,586,968

* *The amount to be raised by tax on real property for purposes of the Operating Limit determination is equal to the real property tax levy as reduced by the net reductions in amounts collected as authorized by New York State law.*

(iv) Adjusted Base Proportions. Pursuant to the Adjusted Base Proportion Resolution, the Council certified the following adjusted base proportions to be used in determining the Fiscal 2016 tax rates for the four classes of properties:

All One-, Two- and Three-Family Residential Real Property*........	15.0321
All Other Residential Real Property........	36.5486
Utility Real Property........	6.0353
All Other Real Property........	42.3840
Total........	100.0000

**Includes condominiums of three stories or fewer which have always been condominiums.*

(v) Tax Rates on Adjusted Base Proportions.

(A) Pursuant to Section 1516 of the Charter, the Council hereby authorizes and fixes the rates of tax for Fiscal 2016 (1) by class upon each dollar of assessed valuation of real property subject to taxation for all purposes of, and within, the City, as fixed in cents and thousandths of a cent per dollar of assessed valuation, as follows:

	All One, Two and Three Family Residential Real Property*	All Other Residential Real Property	Utility Real Property	All Other Real Property
Subject to the 2 1/2 percent tax limitation as authorized by Article VIII, Section 10, of the State Constitution including a reserve for uncollectible taxes........	0.17677	0.11649	0.09778	0.09636
Not subject to the 2 1/2 percent tax limitation as authorized by Article VIII, Sections 10 and 11 of the State Constitution including a reserve for uncollectible taxes........	0.01877	0.01234	0.01035	0.01020
Decimal rate on adjusted proportion for all purposes........	0.19554	0.12883	0.10813	0.10656

**Includes condominiums of three stories or fewer which have always been condominiums.*

and (2) by class upon each dollar of assessed valuation of veterans' real property exempt under state law from tax for general purposes but subject to tax for school purposes of, and within, the City, as fixed in cents and thousandths of a cent per dollar of assessed valuation, as follows:

	All One, Two and Three Family Residential Real Property*	All Other Residential Real Property	Utility Real Property	All Other Real Property
Subject to the 2 1/2 percent tax limitation as authorized by Article VIII, Section 10, of the State Constitution including a reserve for uncollectible taxes................................	0.11001	0.07269	0.00000	0.06018
Not subject to the 2 1/2 percent tax limitation as authorized by Article VIII, Sections 10 and 11, of the State Constitution including a reserve for uncollectible taxes...............	0.00505	0.00334	0.00000	0.00276
Decimal rate on adjusted proportion for all veterans' property exempted under state law from tax for general purposes but subject to tax for school purposes.....................	0.11506	0.07603	0.00000	0.06294

**Includes condominiums of three stories or fewer which have always been condominiums.*

Section 2. Authorization of the Levy of Real Property Taxes for Fiscal 2016.

a. Pursuant to Section 1517 of the Charter, the Council hereby authorizes and directs the Commissioner to (i) set down in the Fiscal 2016 Assessment Rolls, opposite to the several sums set down as the valuation of real property, the respective sums, in dollars and cents, to be paid as a tax thereon, rejecting the fractions of a cent and add and set down the aggregate valuations of real property in the boroughs of the City and (ii) send a certificate of such aggregate valuation in each such borough to the Comptroller of the State.

b. Pursuant to Section 1518 of the Charter, immediately upon the completion of the Fiscal 2016 Assessment Rolls, the City Clerk shall procure the proper warrants in the form attached hereto as Exhibit B to be signed by the Public Advocate of the City ("Public Advocate") and counter-signed by the City Clerk authorizing and requiring the Commissioner to collect the several sums therein mentioned according to law and immediately thereafter the Fiscal 2016 Assessment Rolls of each borough shall be delivered by the Public Advocate to the Commissioner with proper warrants, so signed and counter-signed, annexed thereto.

Section 3. Effective Date. This resolution shall take effect as of the date hereof.

EXHIBIT A

DRAFT

THE CITY OF NEW YORK
OFFICE OF THE MAYOR
NEW YORK, N.Y. 10007

June 26, 2015

To The HONORABLE COUNCIL of THE CITY OF NEW YORK

For the Expense Budget of the City of New York as adopted by the Council pursuant to Section 254 of the Charter for the Fiscal Year beginning July 1, 2015 and ending June 30, 2016 (Fiscal Year 2016) the amount of appropriation is:

Amounts Appropriated	$78,528,034,085

The probable amounts and sources of revenues (other than Real Property Taxes) for Fiscal Year 2016, as estimated by me pursuant to Section 1515 of the Charter, are as set forth below:

Taxes (excluding Real Property Taxes)		$29,123,470,000
Miscellaneous Revenues	$4,769,875,353	
Grants:		
Federal	7,145,594,491	
State	12,977,567,860	
Provision for Disallowances	(15,000,000)	
Other Categorical Aid	855,583,364	
Transfer from Capital Funds	575,637,498	
Tax Audit Revenue	711,113,519	$27,020,372,085

Making the total amount of the Expense Budget for the Fiscal Year 2016 to be financed by Real Property Taxes (after provision for uncollectibles, refunds and collection of prior years' levies):	$22,384,192,000

DRAFT

In order to achieve the required Real Property Tax yield of $22,384,192,000, a Real Property Tax levy of $24,144,998,063 will be required:

The amount of taxes on real estate to be levied subject to the 2-1/2 percent tax limitation as authorized by Article VIII Section 10 of the State Constitution including a provision for uncollectible taxes	$21,834,411,649
The amount of taxes on real estate to be levied not subject to the 2-1/2 percent tax limitation as authorized by Article VIII Sections 10 and 11(a) of the State Constitution including a provision for uncollectible taxes	$2,310,586,414
Total amount of Real Property Taxes to be levied for the Fiscal Year 2016 is	$24,144,998,063

Very truly yours,

Bill de Blasio

Mayor

EXHIBIT B

FORM OF WARRANT

WARRANT

To Jacques Jiha, Commissioner of Finance of the City of New York:

You are hereby authorized and required, in accordance with the provisions of the Real Property Tax Law and the Charter of the City of New York, to collect the real property tax on the properties named and described in the real property assessment roll in accordance with the assessments thereon and the tax rates fixed by the City Council for the fiscal year beginning on July 1, 2015.

Public Advocate of the
City of New York

Clerk of the City of
New York

(SEAL)

NEW YORK CITY FY'2016 ESTIMATED CHANGE IN AVERAGE TAXES IF TAX RATES ARE CONSTITUTIONAL

Citywide Change in Taxes if Constitutional in FY'2016

Property Type	FY'2016 Average Taxes as Adopted	FY'2016 Average Taxes Constitutional	Change in Taxes
1-Family	$4,951	$4,819	($131)
2-Family	$5,124	$4,988	($136)
3-Family	$5,827	$5,672	($155)
Condominiums	$2,485	$2,419	($66)
Vacant Land	$1,237	$1,205	($33)
Other	$5,604	$5,456	($149)
All Tax Class 1	**$4,957**	**$4,825**	**($131)**
Rentals	$160,131	$155,882	($4,248)
Cooperatives	$474,421	$461,835	($12,586)
Condominiums	$8,400	$8,177	($223)
ConRentals	$363,256	$353,619	($9,637)
Condops	$840,336	$818,042	($22,294)
4-10 Family Rentals	$15,507	$15,096	($411)
2-10 Family Cooperatives	$44,490	$43,309	($1,180)
2-10 Family Condominiums	$7,098	$6,910	($188)
TC 2C Condops	$63,032	$61,360	($1,672)
All Tax Class 2	**$34,284**	**$33,375**	**($910)**
Special Francise	$24,078,340	$23,439,541	($638,798)
Locally Assessed	$1,155,688	$1,125,028	($30,660)
Other	$2,280	$2,220	($60)
All Tax Class 3	**$4,923,040**	**$4,792,431**	**($130,608)**
Office Buildings	$737,297	$717,736	($19,560)
Condo Office Buildings	$153,856	$149,775	($4,082)
Loft Buildings	$220,817	$214,959	($5,858)
Store Buildings	$70,172	$68,311	($1,862)
Condo Store Buildings	$109,876	$106,961	($2,915)
Factories	$43,062	$41,920	($1,142)
Warehouses	$46,809	$45,567	($1,242)
Condo Warehouse/Factory	$16,410	$15,975	($435)
Self Storage	$219,100	$213,288	($5,813)
Condo No-Business Storage	$873	$850	($23)
Garages	$25,718	$25,036	($682)
Condo Parking	$3,579	$3,484	($95)
Health and Education	$200,802	$195,475	($5,327)
Theaters	$251,339	$244,671	($6,668)
Culture and Recreation	$74,014	$72,050	($1,964)
Condo Cultural/Medical/Educational	$58,948	$57,385	($1,564)
Hotels	$971,244	$945,477	($25,767)
Condo Hotels	$145,238	$141,385	($3,853)
Condo Terraces/Gardens/Cabanas	$290	$282	($8)
Commercial Condos	$16,405	$15,970	($435)
Utility Property	$46,664	$45,426	($1,238)
Vacant Land	$24,610	$23,957	($653)
Other	$30,761	$29,945	($816)
All Tax Class 4	**$106,189**	**$103,371**	**($2,817)**
All Properties	**$22,743**	**$22,139**	**($603)**

Manhattan Change in Taxes if Constitutional in FY'2016

Property Type	FY'2016 Average Taxes as Adopted	FY'2016 Average Taxes Constitutional	Change in Taxes
1-Family	$44,666	$43,481	($1,185)
2-Family	$21,541	$20,970	($571)
3-Family	$15,811	$15,391	($419)
Condominiums	$8,862	$8,627	($235)
Vacant Land	#DIV/0!	#DIV/0!	#DIV/0!
Other	$31,686	$30,845	($841)
All Tax Class 1	**$28,121**	**$27,375**	**($746)**
Rentals	$255,319	$248,545	($6,774)
Cooperatives	$688,837	$670,562	($18,275)
Condominiums	$13,539	$13,180	($359)
ConRentals	$698,655	$680,119	($18,535)
Condops	$1,088,531	$1,059,652	($28,879)
4-10 Family Rentals	$43,038	$41,896	($1,142)
2-10 Family Cooperatives	$66,421	$64,659	($1,762)
2-10 Family Condominiums	$18,112	$17,631	($481)
TC 2C Condops	$89,049	$86,687	($2,362)
All Tax Class 2	**$54,959**	**$53,501**	**($1,458)**
Special Francise	$36,361,192	$35,396,529	($964,662)
Locally Assessed	$4,754,635	$4,628,494	($126,140)
Other	#DIV/0!	#DIV/0!	#DIV/0!
All Tax Class 3	**$13,785,080**	**$13,419,362**	**($365,718)**
Office Buildings	$2,053,199	$1,998,727	($54,471)
Condo Office Buildings	$259,070	$252,197	($6,873)
Loft Buildings	$240,098	$233,729	($6,370)
Store Buildings	$182,258	$177,422	($4,835)
Condo Store Buildings	$155,925	$151,788	($4,137)
Factories	$89,848	$87,464	($2,384)
Warehouses	$152,053	$148,019	($4,034)
Condo Warehouse/Factory	$44,701	$43,515	($1,186)
Self Storage	$373,846	$363,928	($9,918)
Condo No-Business Storage	$1,019	$992	($27)
Garages	$127,130	$123,757	($3,373)
Condo Parking	$58,877	$57,315	($1,562)
Health and Education	$358,618	$349,104	($9,514)
Theaters	$331,347	$322,556	($8,791)
Culture and Recreation	$155,271	$151,152	($4,119)
Condo Cultural/Medical/Educational	$156,762	$152,603	($4,159)
Hotels	$1,417,530	$1,379,923	($37,607)
Condo Hotels	$144,947	$141,101	($3,845)
Condo Terraces/Gardens/Cabanas	$791	$770	($21)
Commercial Condos	$214,300	$208,614	($5,685)
Utility Property	$58,406	$56,856	($1,550)
Vacant Land	$74,154	$72,187	($1,967)
Other	$86,279	$83,990	($2,289)
All Tax Class 4	**$365,486**	**$355,789**	**($9,696)**
All Properties	**$104,079**	**$101,318**	**($2,761)**

Bronx Change in Taxes if Constitutional in FY'2016

Property Type	FY'2016 Average Taxes as Adopted	FY'2016 Average Taxes Constitutional	Change in Taxes
1-Family	$4,112	$4,003	($109)
2-Family	$4,303	$4,189	($114)
3-Family	$4,339	$4,224	($115)
Condominiums	$1,466	$1,427	($39)
Vacant Land	$1,299	$1,264	($34)
Other	$3,824	$3,722	($101)
All Tax Class 1	**$4,038**	**$3,931**	**($107)**
Rentals	$68,287	$66,475	($1,812)
Cooperatives	$160,987	$156,716	($4,271)
Condominiums	$1,227	$1,195	($33)
ConRentals	$19,514	$18,996	($518)
Condops	$95,182	$92,656	($2,525)
4-10 Family Rentals	$10,122	$9,853	($269)
2-10 Family Cooperatives	$13,172	$12,822	($349)
2-10 Family Condominiums	$1,346	$1,311	($36)
TC 2C Condops			
All Tax Class 2	**$18,770**	**$18,272**	**($498)**
Special Francise	$23,014,027	$22,403,465	($610,562)
Locally Assessed	$970,874	$945,117	($25,757)
Other			
All Tax Class 3	**$5,948,360**	**$5,790,550**	**($157,810)**
Office Buildings	$72,988	$71,051	($1,936)
Condo Office Buildings	$76,371	$74,345	($2,026)
Loft Buildings	$34,358	$33,446	($912)
Store Buildings	$58,809	$57,249	($1,560)
Condo Store Buildings	$54,267	$52,827	($1,440)
Factories	$43,829	$42,666	($1,163)
Warehouses	$40,475	$39,401	($1,074)
Condo Warehouse/Factory	$26,776	$26,066	($710)
Self Storage	$171,891	$167,331	($4,560)
Condo No-Business Storage	$382	$372	($10)
Garages	$18,651	$18,156	($495)
Condo Parking	$4,935	$4,805	($131)
Health and Education	$275,985	$268,663	($7,322)
Theaters	$396,651	$386,128	($10,523)
Culture and Recreation	$34,304	$33,394	($910)
Condo Cultural/Medical/Educational	$5,843	$5,688	($155)
Hotels	$131,915	$128,415	($3,500)
Condo Hotels			
Condo Terraces/Gardens/Cabanas			
Commercial Condos	$1,285	$1,251	($34)
Utility Property	$22,717	$22,115	($603)
Vacant Land	$15,035	$14,636	($399)
Other	$31,005	$30,183	($823)
All Tax Class 4	**$42,774**	**$41,639**	**($1,135)**
All Properties	**$12,900**	**$12,557**	**($342)**

Brooklyn Change in Taxes if Constitutional in FY'2016

Property Type	FY'2016 Average Taxes as Adopted	FY'2016 Average Taxes Constitutional	Change in Taxes
1-Family	$4,920	$4,789	($131)
2-Family	$4,875	$4,745	($129)
3-Family	$5,401	$5,257	($143)
Condominiums	$2,343	$2,280	($62)
Vacant Land	$1,363	$1,327	($36)
Other	$4,948	$4,817	($131)
All Tax Class 1	**$4,826**	**$4,698**	**($128)**
Rentals	$83,136	$80,931	($2,206)
Cooperatives	$193,118	$187,995	($5,123)
Condominiums	$1,854	$1,805	($49)
ConRentals	$89,026	$86,664	($2,362)
Condops	$77,489	$75,433	($2,056)
4-10 Family Rentals	$10,264	$9,992	($272)
2-10 Family Cooperatives	$23,056	$22,445	($612)
2-10 Family Condominiums	$2,173	$2,115	($58)
TC 2C Condops	$24,257	$23,614	($644)
All Tax Class 2	**$14,658**	**$14,269**	**($389)**
Special Francise	$23,817,418	$23,185,542	($631,876)
Locally Assessed	$1,028,524	$1,001,237	($27,287)
Other	$503	$489	($13)
All Tax Class 3	**$5,172,756**	**$5,035,523**	**($137,233)**
Office Buildings	$74,442	$72,467	($1,975)
Condo Office Buildings	$9,847	$9,585	($261)
Loft Buildings	$79,536	$77,426	($2,110)
Store Buildings	$41,950	$40,837	($1,113)
Condo Store Buildings	$21,189	$20,627	($562)
Factories	$34,660	$33,740	($920)
Warehouses	$38,900	$37,868	($1,032)
Condo Warehouse/Factory	$1,626	$1,583	($43)
Self Storage	$176,507	$171,824	($4,683)
Condo No-Business Storage	$191	$186	($5)
Garages	$16,678	$16,236	($442)
Condo Parking	$415	$404	($11)
Health and Education	$132,609	$129,091	($3,518)
Theaters	$138,075	$134,412	($3,663)
Culture and Recreation	$38,190	$37,177	($1,013)
Condo Cultural/Medical/Educational	$7,786	$7,580	($207)
Hotels	$153,574	$149,500	($4,074)
Condo Hotels	$25,824	$25,139	($685)
Condo Terraces/Gardens/Cabanas	$259	$252	($7)
Commercial Condos	$1,475	$1,436	($39)
Utility Property	$20,919	$20,364	($555)
Vacant Land	$16,208	$15,778	($430)
Other	$26,038	$25,347	($691)
All Tax Class 4	**$25,734**	**$25,051**	**($683)**
All Properties	**$10,127**	**$9,858**	**($269)**

Queens Change in Taxes if Constitutional in FY'2016

Property Type	FY'2016 Average Taxes as Adopted	FY'2016 Average Taxes Constitutional	Change in Taxes
1-Family	$4,888	$4,758	($130)
2-Family	$5,313	$5,172	($141)
3-Family	$6,596	$6,421	($175)
Condominiums	$3,032	$2,952	($80)
Vacant Land	$1,143	$1,112	($30)
Other	$5,147	$5,010	($137)
All Tax Class 1	**$5,065**	**$4,930**	**($134)**
Rentals	$142,067	$138,298	($3,769)
Cooperatives	$302,537	$294,511	($8,026)
Condominiums	$2,206	$2,148	($59)
ConRentals	$49,284	$47,976	($1,307)
Condops	$331,861	$323,057	($8,804)
4-10 Family Rentals	$12,528	$12,196	($332)
2-10 Family Cooperatives	$25,646	$24,965	($680)
2-10 Family Condominiums	$1,984	$1,931	($53)
TC 2C Condops	$5,964	$5,806	($158)
All Tax Class 2	**$22,813**	**$22,208**	**($605)**
Special Francise	$19,942,962	$19,413,875	($529,087)
Locally Assessed	$577,356	$562,039	($15,317)
Other	$12,943	$12,600	($343)
All Tax Class 3	**$3,114,614**	**$3,031,983**	**($82,631)**
Office Buildings	$75,374	$73,374	($2,000)
Condo Office Buildings	$6,834	$6,652	($181)
Loft Buildings	$104,403	$101,633	($2,770)
Store Buildings	$61,880	$60,238	($1,642)
Condo Store Buildings	$20,568	$20,022	($546)
Factories	$51,177	$49,820	($1,358)
Warehouses	$57,508	$55,982	($1,526)
Condo Warehouse/Factory	$257,624	$250,789	($6,835)
Self Storage	$207,180	$201,684	($5,496)
Condo No-Business Storage	$1,357	$1,321	($36)
Garages	$21,591	$21,018	($573)
Condo Parking	$1,066	$1,038	($28)
Health and Education	$187,945	$182,959	($4,986)
Theaters	$149,315	$145,354	($3,961)
Culture and Recreation	$130,109	$126,658	($3,452)
Condo Cultural/Medical/Educational	$11,034	$10,741	($293)
Hotels	$263,726	$256,730	($6,997)
Condo Hotels	$228,448	$222,387	($6,061)
Condo Terraces/Gardens/Cabanas	$146	$142	($4)
Commercial Condos	$8,636	$8,407	($229)
Utility Property	$66,185	$64,430	($1,756)
Vacant Land	$17,514	$17,050	($465)
Other	$27,076	$26,358	($718)
All Tax Class 4	**$39,364**	**$38,319**	**($1,044)**
All Properties	**$10,588**	**$10,307**	**($281)**

Staten Island Change in Taxes if Constitutional in FY'2016

Property Type	FY'2016 Average Taxes as Adopted	FY'2016 Average Taxes Constitutional	Change in Taxes
1-Family	$4,303	$4,189	($114)
2-Family	$5,144	$5,008	($136)
3-Family	$4,453	$4,335	($118)
Condominiums	$2,264	$2,204	($60)
Vacant Land	$1,215	$1,183	($32)
Other	$3,366	$3,277	($89)
All Tax Class 1	**$4,251**	**$4,138**	**($113)**
Rentals	$112,661	$109,672	($2,989)
Cooperatives	$109,461	$106,557	($2,904)
Condominiums	$2,010	$1,957	($53)
ConRentals			
Condops			
4-10 Family Rentals	$11,298	$10,998	($300)
2-10 Family Cooperatives	$5,600	$5,451	($149)
2-10 Family Condominiums	$955	$929	($25)
TC 2C Condops			
All Tax Class 2	**$9,495**	**$9,243**	**($252)**
Special Francise	$10,192,676	$9,922,264	($270,412)
Locally Assessed	$324,607	$315,995	($8,612)
Other			
All Tax Class 3	**$1,235,506**	**$1,202,728**	**($32,778)**
Office Buildings	$29,531	$28,748	($783)
Condo Office Buildings	$7,191	$7,000	($191)
Loft Buildings			
Store Buildings	$54,466	$53,021	($1,445)
Condo Store Buildings	$6,961	$6,777	($185)
Factories	$45,554	$44,346	($1,209)
Warehouses	$19,993	$19,462	($530)
Condo Warehouse/Factory			
Self Storage	$119,307	$116,142	($3,165)
Condo No-Business Storage			
Garages	$14,769	$14,377	($392)
Condo Parking	$145	$141	($4)
Health and Education	$96,879	$94,309	($2,570)
Theaters	$122,460	$119,211	($3,249)
Culture and Recreation	$27,370	$26,644	($726)
Condo Cultural/Medical/Educational			
Hotels	$113,485	$110,475	($3,011)
Condo Hotels			
Condo Terraces/Gardens/Cabanas			
Commercial Condos	$753	$733	($20)
Utility Property	$62,111	$60,463	($1,648)
Vacant Land	$21,828	$21,249	($579)
Other	$13,838	$13,471	($367)
All Tax Class 4	**$34,699**	**$33,778**	**($921)**
All Properties	**$6,342**	**$6,174**	**($168)**

NEW YORK CITY FY'2016 ESTIMATED CHANGE IN TOTAL TAXES IF TAX RATES ARE CONSTITUTIONAL

Total Change in Taxes, By Borough and Citywide

	Manhattan		
Property Type	FY'2016 Taxes as Adopted	FY'2016 Taxes Constitutional	Change in Taxes
1-Family	$89,331,795	$86,961,822	($2,369,973)
2-Family	$39,270,041	$38,228,206	($1,041,834)
3-Family	$23,415,722	$22,794,503	($621,219)
Condominiums	$2,436,980	$2,372,327	($64,653)
Vacant Land	$0	$0	$0
Other	$21,641,360	$21,067,215	($574,145)
All Tax Class 1	**$176,095,898**	**$171,424,073**	**($4,671,824)**
Rentals	$2,546,293,693	$2,478,740,521	($67,553,172)
Cooperatives	$1,767,555,731	$1,720,662,478	($46,893,254)
Condominiums	$1,204,519,506	$1,172,563,604	($31,955,903)
ConRentals	$88,030,499	$85,695,050	($2,335,449)
Condops	$204,643,788	$199,214,588	($5,429,200)
4-10 Family Rentals	$333,458,426	$324,611,774	($8,846,652)
2-10 Family Cooperatives	$64,627,546	$62,912,977	($1,714,569)
2-10 Family Condominiums	$66,416,371	$64,654,344	($1,762,026)
TC 2C Condops	$2,849,572	$2,773,973	($75,599)
All Tax Class 2	**$6,278,395,132**	**$6,111,829,309**	**($166,565,823)**
Special Francise	$436,334,298	$424,758,349	($11,575,949)
Locally Assessed	$142,639,049	$138,854,835	($3,784,214)
Other	$0	$0	$0
All Tax Class 3	**$578,973,347**	**$563,613,184**	**($15,360,163)**
Office Buildings	$4,482,133,111	$4,363,222,120	($118,910,991)
Condo Office Buildings	$790,941,911	$769,958,222	($20,983,689)
Loft Buildings	$168,789,161	$164,311,185	($4,477,976)
Store Buildings	$448,718,200	$436,813,706	($11,904,494)
Condo Store Buildings	$328,377,714	$319,665,854	($8,711,861)
Factories	$4,312,696	$4,198,280	($114,416)
Warehouses	$19,766,840	$19,242,426	($524,414)
Condo Warehouse/Factory	$4,961,842	$4,830,204	($131,638)
Self Storage	$16,075,394	$15,648,914	($426,480)
Condo No-Business Storage	$3,116,944	$3,034,251	($82,693)
Garages	$91,533,400	$89,105,019	($2,428,381)
Condo Parking	$42,097,047	$40,980,212	($1,116,835)
Health and Education	$73,158,077	$71,217,193	($1,940,884)
Theaters	$27,170,446	$26,449,614	($720,832)
Culture and Recreation	$15,061,273	$14,661,698	($399,576)
Condo Cultural/Medical/Educational	$13,167,985	$12,818,638	($349,347)
Hotels	$742,785,594	$723,079,492	($19,706,102)
Condo Hotels	$230,030,187	$223,927,486	($6,102,701)
Condo Terraces/Gardens/Cabanas	$34,791	$33,868	($923)
Commercial Condos	$4,071,694	$3,963,672	($108,022)
Utility Property	$126,565,041	$123,207,270	($3,357,771)
Vacant Land	$45,827,457	$44,611,655	($1,215,802)
Other	$28,299,443	$27,548,659	($750,784)
All Tax Class 4	**$7,706,996,249**	**$7,502,529,638**	**($204,466,610)**
All Properties	**$14,740,460,625**	**$14,349,396,204**	**($391,064,420)**

Total Change in Taxes, By Borough and Citywide

	Bronx		
Property Type	**FY'2016 Taxes as Adopted**	**FY'2016 Taxes Constitutional**	**Change in Taxes**
1-Family	$89,794,257	$87,412,016	($2,382,242)
2-Family	$126,932,488	$123,564,969	($3,367,519)
3-Family	$48,875,298	$47,578,636	($1,296,662)
Condominiums	$3,140,668	$3,057,346	($83,322)
Vacant Land	$3,290,637	$3,203,336	($87,301)
Other	$6,951,876	$6,767,443	($184,433)
All Tax Class 1	**$278,985,224**	**$271,583,746**	**($7,401,478)**
Rentals	$322,997,613	$314,428,487	($8,569,127)
Cooperatives	$60,048,173	$58,455,095	($1,593,078)
Condominiums	$17,413,344	$16,951,368	($461,976)
ConRentals	$487,843	$474,901	($12,942)
Condops	$666,272	$648,595	($17,676)
4-10 Family Rentals	$44,010,207	$42,842,616	($1,167,591)
2-10 Family Cooperatives	$395,152	$384,668	($10,483)
2-10 Family Condominiums	$86,165	$83,879	($2,286)
TC 2C Condops	$0	$0	$0
All Tax Class 2	**$446,104,769**	**$434,269,609**	**($11,835,160)**
Special Francise	$161,098,191	$156,824,256	($4,273,935)
Locally Assessed	$23,300,974	$22,682,799	($618,175)
Other	$0	$0	$0
All Tax Class 3	**$184,399,165**	**$179,507,056**	**($4,892,110)**
Office Buildings	$37,661,739	$36,662,573	($999,166)
Condo Office Buildings	$6,109,659	$5,947,569	($162,089)
Loft Buildings	$309,221	$301,018	($8,204)
Store Buildings	$153,433,722	$149,363,125	($4,070,597)
Condo Store Buildings	$8,248,533	$8,029,699	($218,834)
Factories	$21,563,799	$20,991,711	($572,088)
Warehouses	$30,032,569	$29,235,805	($796,764)
Condo Warehouse/Factory	$26,776	$26,066	($710)
Self Storage	$7,735,114	$7,529,901	($205,213)
Condo No-Business Storage	$4,967	$4,835	($132)
Garages	$37,787,321	$36,784,824	($1,002,498)
Condo Parking	$1,633,647	$1,590,306	($43,341)
Health and Education	$47,745,374	$46,478,690	($1,266,685)
Theaters	$793,302	$772,256	($21,046)
Culture and Recreation	$4,253,749	$4,140,897	($112,852)
Condo Cultural/Medical/Educational	$35,056	$34,126	($930)
Hotels	$5,276,603	$5,136,615	($139,988)
Condo Hotels	$0	$0	$0
Condo Terraces/Gardens/Cabanas	$0	$0	$0
Commercial Condos	$53,954	$52,523	($1,431)
Utility Property	$21,013,408	$20,455,922	($557,486)
Vacant Land	$11,065,889	$10,772,311	($293,578)
Other	$18,665,250	$18,170,061	($495,189)
All Tax Class 4	**$413,449,654**	**$402,480,834**	**($10,968,819)**
All Properties	**$1,322,938,811**	**$1,287,841,245**	**($35,097,567)**

Total Change in Taxes, By Borough and Citywide

Property Type	Brooklyn FY'2016 Taxes as Adopted	Brooklyn FY'2016 Taxes Constitutional	Brooklyn Change in Taxes
1-Family	$298,698,877	$290,774,396	($7,924,481)
2-Family	$465,215,807	$452,873,632	($12,342,175)
3-Family	$191,484,510	$186,404,426	($5,080,084)
Condominiums	$18,581,426	$18,088,460	($492,965)
Vacant Land	$4,924,845	$4,794,189	($130,656)
Other	$60,414,172	$58,811,384	($1,602,788)
All Tax Class 1	**$1,039,319,638**	**$1,011,746,488**	**($27,573,150)**
Rentals	$488,841,019	$475,872,067	($12,968,952)
Cooperatives	$178,248,158	$173,519,234	($4,728,924)
Condominiums	$53,239,033	$51,826,602	($1,412,432)
ConRentals	$8,279,397	$8,059,745	($219,652)
Condops	$2,247,187	$2,187,569	($59,618)
4-10 Family Rentals	$296,041,024	$288,187,056	($7,853,968)
2-10 Family Cooperatives	$21,004,452	$20,447,204	($557,248)
2-10 Family Condominiums	$15,590,163	$15,176,556	($413,607)
TC 2C Condops	$485,147	$472,276	($12,871)
All Tax Class 2	**$1,063,975,581**	**$1,035,748,309**	**($28,227,272)**
Special Francise	$261,991,595	$255,040,958	($6,950,637)
Locally Assessed	$43,197,987	$42,051,945	($1,146,043)
Other	$3,017	$2,937	($80)
All Tax Class 3	**$305,192,599**	**$297,095,840**	**($8,096,760)**
Office Buildings	$111,513,388	$108,554,938	($2,958,450)
Condo Office Buildings	$6,813,914	$6,633,141	($180,773)
Loft Buildings	$5,965,212	$5,806,955	($158,257)
Store Buildings	$254,131,602	$247,389,491	($6,742,111)
Condo Store Buildings	$8,348,529	$8,127,042	($221,486)
Factories	$63,046,220	$61,373,604	($1,672,616)
Warehouses	$103,978,899	$101,220,339	($2,758,560)
Condo Warehouse/Factory	$505,647	$492,232	($13,415)
Self Storage	$10,943,445	$10,653,116	($290,330)
Condo No-Business Storage	$166,440	$162,024	($4,416)
Garages	$68,698,695	$66,876,119	($1,822,576)
Condo Parking	$3,165,996	$3,082,002	($83,994)
Health and Education	$61,928,615	$60,285,649	($1,642,966)
Theaters	$5,799,159	$5,645,307	($153,852)
Culture and Recreation	$9,853,058	$9,591,657	($261,402)
Condo Cultural/Medical/Educational	$669,635	$651,869	($17,765)
Hotels	$14,896,666	$14,501,457	($395,209)
Condo Hotels	$25,824	$25,139	($685)
Condo Terraces/Gardens/Cabanas	$53,639	$52,216	($1,423)
Commercial Condos	$228,598	$222,534	($6,065)
Utility Property	$34,850,874	$33,926,280	($924,594)
Vacant Land	$26,176,407	$25,481,947	($694,460)
Other	$46,035,592	$44,814,268	($1,221,324)
All Tax Class 4	**$837,796,053**	**$815,569,324**	**($22,226,729)**
All Properties	**$3,246,283,872**	**$3,160,159,960**	**($86,123,911)**

Total Change in Taxes, By Borough and Citywide

	Queens		
Property Type	**FY'2016 Taxes as Adopted**	**FY'2016 Taxes Constitutional**	**Change in Taxes**
1-Family	$750,106,122	$730,205,807	($19,900,315)
2-Family	$491,084,655	$478,056,179	($13,028,476)
3-Family	$157,033,948	$152,867,837	($4,166,111)
Condominiums	$17,829,250	$17,356,240	($473,010)
Vacant Land	$6,082,312	$5,920,948	($161,364)
Other	$39,765,844	$38,710,857	($1,054,988)
All Tax Class 1	**$1,461,902,131**	**$1,423,117,868**	**($38,784,264)**
Rentals	$419,097,370	$407,978,716	($11,118,653)
Cooperatives	$288,922,969	$281,257,843	($7,665,126)
Condominiums	$52,598,421	$51,202,985	($1,395,436)
ConRentals	$1,281,380	$1,247,385	($33,995)
Condops	$12,610,719	$12,276,156	($334,562)
4-10 Family Rentals	$147,916,921	$143,992,685	($3,924,236)
2-10 Family Cooperatives	$871,958	$848,825	($23,133)
2-10 Family Condominiums	$1,781,382	$1,734,122	($47,260)
TC 2C Condops	$5,964	$5,806	($158)
All Tax Class 2	**$925,087,084**	**$900,544,524**	**($24,542,560)**
Special Francise	$259,258,503	$252,380,375	($6,878,128)
Locally Assessed	$49,075,295	$47,773,327	($1,301,968)
Other	$12,943	$12,600	($343)
All Tax Class 3	**$308,346,741**	**$300,166,302**	**($8,180,439)**
Office Buildings	$115,849,949	$112,776,450	($3,073,499)
Condo Office Buildings	$9,553,615	$9,300,157	($253,457)
Loft Buildings	$1,148,429	$1,117,961	($30,468)
Store Buildings	$379,199,701	$369,139,533	($10,060,168)
Condo Store Buildings	$12,032,095	$11,712,883	($319,211)
Factories	$78,455,002	$76,373,590	($2,081,411)
Warehouses	$113,635,983	$110,621,220	($3,014,763)
Condo Warehouse/Factory	$1,545,743	$1,504,734	($41,009)
Self Storage	$12,016,452	$11,697,656	($318,796)
Condo No-Business Storage	$432,996	$421,509	($11,487)
Garages	$70,149,415	$68,288,351	($1,861,064)
Condo Parking	$6,533,156	$6,359,831	($173,325)
Health and Education	$53,940,252	$52,509,217	($1,431,035)
Theaters	$2,687,676	$2,616,372	($71,304)
Culture and Recreation	$26,151,992	$25,458,179	($693,812)
Condo Cultural/Medical/Educational	$805,484	$784,114	($21,369)
Hotels	$40,613,857	$39,536,371	($1,077,486)
Condo Hotels	$1,599,133	$1,556,708	($42,425)
Condo Terraces/Gardens/Cabanas	$15,896	$15,474	($422)
Commercial Condos	$483,620	$470,789	($12,830)
Utility Property	$112,780,088	$109,788,033	($2,992,056)
Vacant Land	$18,967,975	$18,464,755	($503,220)
Other	$23,664,448	$23,036,630	($627,818)
All Tax Class 4	**$1,082,262,956**	**$1,053,550,519**	**($28,712,436)**
All Properties	**$3,777,598,912**	**$3,677,379,213**	**($100,219,699)**

Total Change in Taxes, By Borough and Citywide

	Staten Island		
Property Type	**FY'2016 Taxes as Adopted**	**FY'2016 Taxes Constitutional**	**Change in Taxes**
1-Family	$329,191,977	$320,458,513	($8,733,463)
2-Family	$149,760,826	$145,787,671	($3,973,155)
3-Family	$4,021,435	$3,914,746	($106,689)
Condominiums	$16,976,301	$16,525,920	($450,381)
Vacant Land	$5,653,746	$5,503,752	($149,994)
Other	$4,554,545	$4,433,713	($120,832)
All Tax Class 1	**$510,158,830**	**$496,624,316**	**($13,534,514)**
Rentals	$21,067,650	$20,508,725	($558,925)
Cooperatives	$2,845,980	$2,770,476	($75,504)
Condominiums	$6,240,950	$6,075,377	($165,572)
ConRentals	$0	$0	$0
Condops	$0	$0	$0
4-10 Family Rentals	$9,354,838	$9,106,654	($248,184)
2-10 Family Cooperatives	$33,599	$32,707	($891)
2-10 Family Condominiums	$13,364	$13,010	($355)
TC 2C Condops	$0	$0	$0
All Tax Class 2	**$39,556,380**	**$38,506,949**	**($1,049,431)**
Special Francise	$61,156,055	$59,533,585	($1,622,470)
Locally Assessed	$19,151,806	$18,643,708	($508,097)
Other	$0	$0	$0
All Tax Class 3	**$80,307,860**	**$78,177,293**	**($2,130,568)**
Office Buildings	$21,675,885	$21,100,824	($575,061)
Condo Office Buildings	$481,781	$468,999	($12,782)
Loft Buildings	$0	$0	$0
Store Buildings	$85,021,801	$82,766,172	($2,255,628)
Condo Store Buildings	$90,497	$88,097	($2,401)
Factories	$4,008,778	$3,902,426	($106,353)
Warehouses	$6,697,561	$6,519,875	($177,686)
Condo Warehouse/Factory	$0	$0	$0
Self Storage	$1,431,684	$1,393,701	($37,983)
Condo No-Business Storage	$0	$0	$0
Garages	$10,870,216	$10,581,829	($288,387)
Condo Parking	$20,261	$19,724	($538)
Health and Education	$9,009,727	$8,770,698	($239,028)
Theaters	$244,920	$238,422	($6,498)
Culture and Recreation	$2,928,617	$2,850,921	($77,696)
Condo Cultural/Medical/Educational	$0	$0	$0
Hotels	$1,588,794	$1,546,643	($42,151)
Condo Hotels	$0	$0	$0
Condo Terraces/Gardens/Cabanas	$0	$0	$0
Commercial Condos	$18,082	$17,603	($480)
Utility Property	$25,465,554	$24,789,953	($675,601)
Vacant Land	$18,204,886	$17,721,910	($482,976)
Other	$5,549,116	$5,401,898	($147,218)
All Tax Class 4	**$193,308,159**	**$188,179,694**	**($5,128,465)**
All Properties	**$823,331,230**	**$801,488,252**	**($21,842,978)**

Total Change in Taxes, By Borough and Citywide

	Citywide		
Property Type	FY'2016 Taxes as Adopted	FY'2016 Taxes Constitutional	Change in Taxes
1-Family	$1,557,123,028	$1,515,812,554	($41,310,474)
2-Family	$1,272,263,816	$1,238,510,657	($33,753,159)
3-Family	$424,830,914	$413,560,149	($11,270,764)
Condominiums	$58,964,625	$57,400,294	($1,564,332)
Vacant Land	$19,951,540	$19,422,226	($529,314)
Other	$133,327,797	$129,790,611	($3,537,186)
All Tax Class 1	**$3,466,461,720**	**$3,374,496,491**	**($91,965,229)**
Rentals	$3,798,297,345	$3,697,528,516	($100,768,829)
Cooperatives	$2,297,621,011	$2,236,665,126	($60,955,885)
Condominiums	$1,334,011,255	$1,298,619,936	($35,391,319)
ConRentals	$98,079,119	$95,477,080	($2,602,039)
Condops	$220,167,965	$214,326,909	($5,841,056)
4-10 Family Rentals	$830,781,416	$808,740,785	($22,040,631)
2-10 Family Cooperatives	$86,932,707	$84,626,382	($2,306,325)
2-10 Family Condominiums	$83,887,445	$81,661,911	($2,225,534)
TC 2C Condops	$3,340,683	$3,252,055	($88,628)
All Tax Class 2	**$8,753,118,946**	**$8,520,898,700**	**($232,220,246)**
Special Francise	$1,179,838,643	$1,148,537,523	($31,301,119)
Locally Assessed	$277,365,110	$270,006,614	($7,358,496)
Other	$15,960	$15,537	($423)
All Tax Class 3	**$1,457,219,713**	**$1,418,559,674**	**($38,660,039)**
Office Buildings	$4,768,834,072	$4,642,316,904	($126,517,168)
Condo Office Buildings	$813,900,880	$792,308,090	($21,592,790)
Loft Buildings	$176,212,024	$171,537,119	($4,674,905)
Store Buildings	$1,320,505,025	$1,285,472,027	($35,032,998)
Condo Store Buildings	$357,097,368	$347,623,575	($9,473,793)
Factories	$171,386,495	$166,839,611	($4,546,884)
Warehouses	$274,111,852	$266,839,665	($7,272,187)
Condo Warehouse/Factory	$7,040,008	$6,853,237	($186,771)
Self Storage	$48,202,089	$46,923,288	($1,278,801)
Condo No-Business Storage	$3,721,347	$3,622,620	($98,727)
Garages	$279,039,047	$271,636,141	($7,402,906)
Condo Parking	$53,450,107	$52,032,075	($1,418,031)
Health and Education	$245,782,044	$239,261,447	($6,520,598)
Theaters	$36,695,502	$35,721,970	($973,532)
Culture and Recreation	$58,248,689	$56,703,351	($1,545,338)
Condo Cultural/Medical/Educational	$14,678,160	$14,288,748	($389,412)
Hotels	$805,161,513	$783,800,578	($21,360,935)
Condo Hotels	$231,655,144	$225,509,333	($6,145,811)
Condo Terraces/Gardens/Cabanas	$104,326	$101,558	($2,768)
Commercial Condos	$4,855,950	$4,727,121	($128,828)
Utility Property	$320,674,965	$312,167,458	($8,507,507)
Vacant Land	$120,242,615	$117,052,578	($3,190,037)
Other	$122,213,849	$118,971,515	($3,242,333)
All Tax Class 4	**$10,233,813,071**	**$9,962,310,010**	**($271,503,061)**
All Properties	**$23,910,613,449**	**$23,276,264,875**	**($634,348,575)**