

Question No. 1 WHAT IS STAR?

Answer: STAR is the New York State School Tax Relief program that provided an exemption from school property taxes for owner-occupied, primary residences. This State-financed exemption is authorized by section 425 of the Real Property Tax Law. Governor George E. Pataki proposed the STAR program in his 1997-98 Executive Budget. The State Legislature passed it as part of the final budget agreement, and Governor Pataki signed it into law on August 7, 1997.

Question No. 2 WHAT IS “BASIC” STAR EXEMPTION?

Answer: That refers to the STAR exemption that will be available to all residential property owners, regardless of age or income, starting in school year 1999-2000. When the basic exemption is fully phased in, they will receive at least a \$10,000 full value exemption in school year 1999-2000, and be phased in over three years to at least \$30,000 in school year 2001-02. The amount of the full value exemption is dependent on the median full value assessment of residential property in the county. For Nassau County the estimated full-value exemption will be \$16,817 in school year 1999-2000 and increase to \$50,450 in school year 2001-2002. For Suffolk County the estimated full-value exemption will be \$13,170 in school year 1999-2000 and increase to \$39,510 in school year 2001-2002.

Question No. 3 WHAT IS THE “ENHANCED” STAR EXEMPTION?

Answer: That refers to the STAR exemption available to senior citizens whose incomes do not exceed \$60,000. Legislation was passed this session to accelerate the senior citizen “enhanced” STAR exemption. Instead of a four year phase in, it will reach its full implementation this year. The amount of the enhanced full-value exemption is dependent on the median full-value assessment of residential property in the county. For Nassau County the estimated enhanced full-value exemption for 1998-99 is \$84,090. For Suffolk County the estimated enhanced full-value exemption will be \$65,840 in the 1998-99 school year. Senior citizens whose annual incomes exceed \$60,000 still will be eligible for the “basic” STAR exemption.

Question No. 4 WHO IS FIRST ELIGIBLE FOR THE STAR EXEMPTION?

Answer: Eligible senior citizens may receive reduced school taxes under the “enhanced” STAR exemption for the first time for school year 1998-99. To be eligible, property owners must be 65 years of age or older, with incomes that do not exceed \$60,000 a year. For property owned by a husband and wife, only one of them has to be at least 65 years of age. Their combined annual income, however, must not exceed \$60,000. The term “income” refers to the adjusted gross income for Federal Income Tax purposes, as reported on the applicant’s latest available Federal or State Income Tax, reduced by taxable income received from an individual retirement account and an individual retirement annuity. Any information or documentation submitted by the applicant, with applications for or renewal of the STAR exemption, is confidential and may not be disclosed by the assessor, any municipal officer or municipal employee except in the performance of their official duties.

Question No. 5 WHEN WILL THE STAR EXEMPTION BE AVAILABLE FOR OTHER RESIDENTIAL PROPERTY OWNERS?

Answer: The “basic” Star program will be extended to all primary-residence homeowners, regardless of age or income, starting with school year 1999-2000. The “basic” exemption will begin with at least \$10,000 full-value assessment exemption in school year 1999-2000 and will be phased in over a three year period.

Question No. 6 DOES STAR EXEMPTION APPLY TO ALL TAXES ON MY PROPERTY?

Answer: No. The STAR exemption applies only to school district taxes. It does not apply to property taxes for other purposes, such as county, town or city.

Question No. 7 WHAT TYPES OF PROPERTIES MAY BE ELIGIBLE?

Answer: To be eligible for either the enhanced or basic STAR exemption, persons must own and live in a one, two, or three-family residence, mobile home, farm home, condominium, or cooperative apartment.

Question No. 8 WHAT ARE YOUR OBLIGATIONS AS A SCHOOL BOARD WITH REGARD TO THIS LEGISLATION AND YOUR DISTRICT RESIDENTS?

School districts are required in accordance with Part B-Section 425 of Real Property Tax Law Section 5 (A) & (B) to notify all residential property owners of the provisions in this section. The notification must be in substantially the following form: "Residential Real property may qualify for a partial exemption from school district taxes under the NYS Tax Relief (STAR) program. To

receive such exemption, owners of qualifying property must file an application with their local assessor on or before the applicable taxable status date. For further information, contact your local assessor."

This notification may be sent in school district publications that normally go to all district residents, such as newsletters, calendars, etc.

Include in the notice to residents the name, address and phone number of your local tax assessor.

The application process for the enhanced STAR exemptions for senior citizens can be a complicated process. There may be a significant amount of documentation required to prove eligibility for the enhanced exemption.

Question No. 9 WHEN DO YOUR DISTRICT RESIDENTS HAVE TO FILE FOR THE STAR EXEMPTIONS?

In Nassau County, excluding City of Glen Cove, and Suffolk County March 2, 1998 was the filing deadline for the 1998-99 school year. Annual filing is required. The local tax assessor should be contacted for the filing date.

Question No. 10 WHO ADMINISTERS THE STAR

EXEMPTION PROCESS?

Your local tax assessor administers the process.

Question No. 11 DOES STAR REPLACE EXISTING SENIOR CITIZEN TAX EXEMPTIONS CURRENTLY ALLOWED BY SCHOOL DISTRICTS?

No. STAR is in addition to current senior citizen property tax exemptions in Section 467 of the Real Property Tax law. Low income seniors receiving the pre-existing exemption automatically qualify, and need only to file and qualify for the pre-existing exemption, and they will receive both that exemption and the STAR exemption.

Question No. 12 WHAT IMPLICATIONS OF THE STAR EXEMPTION SHOULD BOARD MEMBERS BE AWARE OF?

1) Revenue collection - your revenue (school tax payments) will be reduced by the total amount of STAR exemptions taken by your district residents.

2) The STAR repayment schedule for the school year 1998-99 will be as follows:

! 35% of STAR repayments to be paid by October 15th.

! Additional 35% to be paid by November 15th.

! Additional 10% to be paid by December 15th.

! Balance of 20% to be paid by the first business day in January.

3) State Aid - STAR exemption payments are distinct and separate from normal state aid payments received by your district. Your district MUST APPLY for STAR exempt state payments to the State Board of Real Property Tax Services.

4) School districts must create a new revenue account called "State Tax Relief Reimbursement" to differentiate the amount to be paid by taxpayers and the amount paid by the State.

Your school district's application has several approval cycles, and therefore it may take time to process your reimbursement.

Your local tax assessor MUST notify you of STAR exemption payments owed to your school district.

Your district must apply to the Office of Real Property Tax Services for certification. Once certified, the claim is then sent to the Department of Education to be further processed and then forwarded to the Office of the Comptroller for payment to the school district.

If a district doesn't file, it will receive No payment. If you file late, the district will receive the payment late. Apply as early as possible and follow through.

4) School Budget Process - your school district will calculate your tax rate as it did prior to the existence of STAR exemptions.

There is no separate line in your budget for STAR exemption revenue. But, it is essential that a distinct separate revenue source for STAR reimbursement be designated in the budget document and brochure, in addition to other revenue sources. N-SSBA feels that it is necessary to emphasize that state reimbursement for real property tax exemption should not be confused with revenues for state aid to education. But, the handling of STAR exemption payments may be problematic for your Business Office.

Question No. 13 WHAT ARE SOME CONCERNS THAT NASSAU-SUFFOLK SCHOOL BOARDS ASSOCIATION HAS WITH REGARD TO STAR LEGISLATION?

1) The possibility of late receipt of state payments is real. If the state payments are late, the school districts will have to borrow more money and for a longer period of time.

2) District credit ratings could be damaged because of redirection of revenue from local property taxes to State reimbursement due to the State's substandard credit rating.

3) The State may commingle STAR reimbursement with state aid to education. This precedent has already occurred with lottery aid.

Question No. 14 WHAT WOULD HELP SCHOOL DISTRICTS?

1) There should be a reimbursement program for interest earnings lost and borrowing costs to prevent fiscal harm to school districts as they serve as a pass-through entity for the state's STAR Tax Relief Program for Homeowners.

2) Consideration should be given to increasing the percentage of a school district's budget that is allowed for an unappropriated fund balance, provided that districts disclose the purpose and prior year activities of existing general fund reserves and any planned increases in balances proposed in a budget.

3) Section 25 of Local Finance Law should be amended to allow school districts to issue RAN's in anticipation of STAR aid up to the amount of the certified estimate of their STAR reimbursement that is remaining to be received in the year of the borrowing. This amendment should sunset upon full implementation of STAR.

4) Legislation should be passed to strengthen school district investment capabilities.

Question No. 15 WHERE CAN I GET MORE INFORMATION?

From your local assessor or the County Director of Real Property Tax Services in your county. Information is also available from the Internet Home Page of the State Office of Real Property Services at: <http://www.orps.state.ny.us>

! The STAR Program is not administered by the school district.

! Direct all inquires to your local assessor's office.

! Your school district must apply for the STAR exemption reimbursement every year.

! STAR reimbursement is NOT state aid for education.