

Property Tax Freeze Credit Guidance

**New York State Department
of Taxation and Finance**

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I. Executive Summary

Governor Cuomo and the State Legislature enacted the Property Tax Freeze Credit (Freeze Credit) as part of the 2015 State Budget.

The new law encourages local governments and school districts to generate long-term tax relief for New York State taxpayers by:

- sharing services;
- consolidating or merging; and
- demonstrating and implementing operational efficiencies.

The law provides a Freeze Credit to qualified homeowners. To qualify, a **homeowner** must:

- be eligible for the School Tax Relief (STAR) property tax exemption; and
- live in a **taxing jurisdiction** that **both**:
 - limits any increase in its tax levy to a property tax cap set by State law; **and**
 - develops and implements a Government Efficiency Plan determined to be compliant by the New York State Division of Budget (DOB).

Qualified homeowners will receive a Freeze Credit equal to the greater of:

- the actual increase in their homeowner's tax bill; or
- the previous year's tax bill multiplied by an inflation factor (the lesser of 2% or inflation).
For 2014 the inflation factor for school districts is 1.46%.

In **year one** of the program, homeowners will receive the Freeze Credit if their local government or school district stays within the property tax cap.

In **year two** of the program, homeowners will receive the Freeze Credit for taxes from any taxing jurisdictions in which the homeowner resides that stay within the property tax cap **and** put forward a compliant plan to save one percent of their tax levies in each of the following three years.

Local governments and school districts may take a variety of approaches to develop their Government Efficiency Plans, but they are strongly encouraged to convene and facilitate a process to develop and submit county-wide or BOCES region-wide Government Efficiency Plans.

The program is expected to result in over \$1.5 billion in direct property tax relief over three years.

II. Taxpayer Eligibility

In order to receive the Freeze Credit, a homeowner must be eligible for the STAR property tax exemption. STAR eligibility requires that:

- the combined adjusted gross income of all the owners residing on the parcel does not exceed \$500,000; and
- the property serves as the primary residence for the homeowner.

The homeowner must also reside in one or more taxing jurisdictions that have met the requirements outlined below. These requirements will be phased in over two years.

Year 1: The jurisdiction must comply with the property tax cap. This means the increase in the tax levy cannot be more than that allowed by the formula established by State law.

Year 2: The jurisdiction must comply with the tax cap **and** develop and implement a Government Efficiency Plan determined to be compliant by DOB.

This chart illustrates the eligibility requirements applicable to jurisdictions as the program is phased in.

Year	Jurisdiction*	>>>	Eligibility Requirement
2014	School districts	>>>	Comply with tax cap only
2015	School districts	>>>	Comply with tax cap & submit an efficiency plan determined to be compliant
	Local governments	>>>	Comply with tax cap only
2016	Local governments	>>>	Comply with tax cap & submit an efficiency plan determined to be compliant

* Different rules apply to Buffalo, Rochester, Syracuse and Yonkers – see section below.

A homeowner's Freeze Credit for each taxing jurisdiction will be calculated separately and combined in a single check.

Example One:

A homeowner's primary residence is subject to town, village, and fire district taxes. Only the town and village comply with the tax cap and submit a Government Efficiency Plan determined to be compliant.

In this case the homeowner's Freeze Credit will be based only on increases to the town and village taxes; the homeowner's Freeze Credit will not include an amount related to the non-compliant fire district.

Example Two:

A homeowner's primary residence is subject to taxes for a central high school district and one of its component school districts. Only the component school district complies with the tax cap and submits a Government Efficiency Plan determined to be compliant.

In this case, the homeowner's Freeze Credit will be based only on the increases to the component school district's taxes; the homeowner's Freeze Credit will not include an amount related to the non-compliant central high school district.

New York City residents

New York City homeowners are not eligible for the Freeze Credit because New York City is not subject to the property tax cap. New York City homeowners and renters are eligible for the New York City Circuit Breaker Tax Credit.

III. Taxing Jurisdiction Compliance

A. Property Tax Cap Compliance

For homeowners to receive the Freeze Credit in the **first year** of the program, their local government or school district must not exceed the tax cap.

1. Fiscal Years to be used in Determining Tax Cap Compliance

For school districts and the "Big Four" cities - Rochester, Buffalo, Syracuse, and Yonkers - Freeze Credit eligibility will depend on the school district's/"Big Four" city's tax cap compliance in Fiscal Year 2014-15 and Fiscal Year 2015-16. For all other local governments, Freeze Credit eligibility will depend on the local government's tax cap compliance in local fiscal years beginning in 2015 and 2016.

	Year 1	Year 2
School Districts/ "Big Four" cities	Fiscal Year 2014-15	Fiscal Year 2015-16
All Other Local Governments	Fiscal Years Beginning in 2015	Fiscal Years Beginning in 2016

Tax cap compliance is tested annually. Failure to stay within the tax cap in year one has no bearing on Freeze Credit eligibility in year two. Failure to stay within the tax cap in year two will not result in a recapture of credits issued for a previously compliant taxing jurisdiction.

2. Certification

a. School Districts

In order for homeowners in a school district to receive the Freeze Credit, the school district's chief executive officer (i.e., Superintendent of Schools) must certify that the budget adopted by the school district does not require a levy that exceeds the levy limit, including permissible exclusions, under the tax cap.

Example one:

The levy limit for a school district is \$1,000,000, which is less than the prior year levy of \$1,100,000. The district voters reject the proposed budget and the district adopts a contingency budget with a \$1,100,000 levy. The homeowners will not receive the Freeze Credit because the actual levy exceeded the \$1,000,000 levy limit.

Example two:

School district voters approve an “override” budget that anticipates tax levy exceeding the tax cap. The district adjusts its budget after the budget vote so the actual levy complies with the tax cap. Residents of the district will be eligible for the Freeze Credit.

The certification must be sent to the:

- State Comptroller;
- Commissioner of Taxation and Finance; and
- Education Commissioner.

The State Comptroller, in consultation with the Commissioner of Taxation and Finance and the Education Commissioner, will determine the form of this certification. The State Comptroller is developing an electronic system that will allow school districts to satisfy these requirements with a single electronic certification.

b. Local Governments

In order for homeowners in a local government unit to receive the Freeze Credit, the local government's chief executive officer or budget officer (see discussion of certifications under the *Government Efficiency Plan Compliance* section--pp. 12-15--for a complete description of these positions) must certify:

- the budget adopted by the local government does not exceed its tax cap; and
- if applicable, the repeal of any local law or resolution adopted to allow the local government to exceed the tax cap in the current year.

The certification must be sent to:

- the State Comptroller; and
- the Commissioner of Taxation and Finance.

The State Comptroller, in consultation with the Commissioner of Taxation and Finance, will determine the form of this certification. The State Comptroller is developing an electronic system that will allow local governments to satisfy these requirements with a single electronic certification.

c. Due Dates

This certification must be made by the 21st day of the fiscal year to which it applies in order for the local government's or school district's homeowners to receive the Freeze Credit.

For example, a school district must certify by July 21, 2014 for the 2014-15 school year (which begins on July 1, 2014) and a town must certify by January 21, 2015 for the 2015 fiscal year (which begins on January 1, 2015).

d. Reserve Accounts

If, after the budget is certified as tax cap compliant, it is found that the levy exceeded the property tax cap, even if the proper override steps have been taken, then the school district or local government must place the amount of the levy that exceeds the cap in reserve.

These excess funds must be used to offset the levy in subsequent years in the same manner as currently required for a school district or local government that exceeds the cap without authorization.

This requirement ensures that only homeowners in local governments or school districts that stay at or below the cap receive Freeze Credits.

B. Government Efficiency Plan Compliance

For qualified homeowners to receive the property tax credit in year two, the school district or local government must participate in the development and implementation of a Government Efficiency Plan determined to be compliant by DOB.

This section describes:

- how entities can participate in the development of a Government Efficiency Plan;
- the eligible activities that can be included in the plan;
- the savings requirement for the plan; and
- the certifications necessary for the plan.

Additional guidance on the form and procedures for submitting the Government Efficiency Plan will be issued at a later date.

1. Participation

Local governments and school districts may take a variety of approaches to develop their Government Efficiency Plans, but they are strongly encouraged to convene and facilitate a process to develop and submit county-wide or BOCES region-wide Government Efficiency Plans.

School districts (outside of the "Big Four" cities) may develop Government Efficiency Plans either with other school districts or on their own. Similarly, local governments may develop Government Efficiency Plans either with other local governments or on their own.

Within the "Big Four" cities, both the school district and the city must jointly participate in the development of a Government Efficiency Plan. Should either entity refuse, then the homeowners in the "Big Four" city will not be eligible for the Freeze Credit in year two. (Nothing precludes the city from developing a Government Efficiency Plan with other local governments.)

A school district or local government may only participate in one Government Efficiency Plan. However, school districts or local governments may include in their plans only their share of savings accruing from cooperation agreements, shared services, mergers, and efficiencies that were undertaken with another school district or local government that is not participating in their plan.

Example:

School District A and School District B implement a cooperation agreement that will save School District A \$10,000 annually and School District B \$15,000 annually.

- If School District A and School District B participate in the same Government Efficiency Plan, the full \$25,000 may be included to meet the plan's savings requirement.
- If School District A and School District B participate in separate Government Efficiency Plans, School District A may include the \$10,000 it will save in its Government Efficiency Plan and School District B may include the \$15,000 it will save in its Government Efficiency Plan. A school district cannot include savings from the cooperative agreement that its partner school district is saving.
- If School District A participates in a Government Efficiency Plan but School District B does not participate in any Government Efficiency Plan, School District A may only include the \$10,000 it will save in its Government Efficiency Plan. A school district cannot include savings from the cooperative agreement that its partner school district is saving - even if the partner school district is not participating in a Government Efficiency Plan.

Efficiency Actions between School Districts and Local Governments Allowed

School districts and local governments may jointly undertake efficiency actions. These actions and the savings that result may be included in their respective Government Efficiency Plans, regardless of whether the school district or local government is submitting an individual plan or a plan with other school districts or local governments.

Separate Efficiency Plans for School Districts and Local Governments

Although efficiency actions between school districts and local governments can be included in Government Efficiency Plans:

- school districts outside of the "Big Four" cities may only submit Government Efficiency Plans with other school districts outside of the "Big Four" cities; and
- local governments, including the "Big Four" cities and their dependent school districts, may only submit Government Efficiency Plans with other local governments.

Example:

County A and School District B implement an efficiency that will save County A \$13,000 annually and School District B \$8,000 annually.

- County A may include the \$13,000 it will save in its Government Efficiency Plan with other local governments. School District B may include the \$8,000 it will save in its Government Efficiency Plan with other school districts. A local government or school district cannot include savings from the efficiency that its partner local government or school district is saving.
- If County A participates in a Government Efficiency Plan but School District B does not participate in any Government Efficiency Plan, County A may only include the \$13,000 it will save in its Government Efficiency Plan. A local government or school district cannot include savings from the efficiency that its partner local government or school district is saving - even if the partner is not participating in a Government Efficiency Plan.

2. Savings Requirements

The cooperation agreements, shared services, mergers, and efficiencies in the Government Efficiency Plan must collectively generate savings of **at least one percent** of the levy of the school districts or local governments participating in the Government Efficiency Plan.

a. Calculating Savings

School districts

To calculate the savings requirement for a school district Government Efficiency Plan, add the 2014-15 school year levies for all school districts that are participating in the Government Efficiency Plan and multiply the sum by one percent.

Local governments

Similarly, to calculate the savings requirement for a local government Government Efficiency Plan, add the levies for local fiscal years beginning in 2014 for all local governments that are participating in the Government Efficiency Plan and multiply the sum by one percent.

It is important to note that this savings requirement is **one percent of the property tax levy** - not one percent of total revenues or total expenditures, which would be larger.

Example:

One county, one city, three towns, two villages, and three fire districts develop a Government Efficiency Plan together. All of these local governments have fiscal years that begin on January 1, except for the two villages, which have fiscal years that begin on June 1.

For the local governments with a January 1 fiscal year, the levy used would be for the 2014 fiscal year.

For the two villages, the levy used would be the 2014-15 fiscal year, as this fiscal year begins in 2014.

The total levy for the participating local governments is \$78,000,000. The savings requirement that would need to be achieved is one percent of this levy - \$780,000.

	Local Fiscal Year Beginning in 2014	Levy for that Year
County A	2014	\$40,000,000
City A	2014	\$10,000,000
Town A	2014	\$7,000,000
Town B	2014	\$5,000,000
Town C	2014	\$6,000,000
Village A	2014-15	\$3,000,000
Village B	2014-15	\$4,000,000
Fire District A	2014	\$900,000
Fire District B	2014	\$1,100,000
Fire District C	2014	\$1,000,000
Total Levy		\$78,000,000

Total Levy for Participating Local Governments x 1%	\$78,000,000
Savings Requirement	\$780,000

Local governments integrated within another local government

Some local governments, such as certain special districts, are wholly integrated within another local government - i.e. the special district is

- established, administered, and governed by the board of that other local government; and
- supported by a tax levy imposed by and under the authority of that other local government.

In these cases any property tax being levied by the overarching local government to support the operations of the subordinate special district is considered part of the tax levy of the overarching local government and must be counted in the total levy for the purposes of the savings calculations. In addition, savings actions taken that include these wholly integrated local governments are counted as part of the savings for the overarching local government for plan purposes. This is consistent with how these entities are treated under the tax cap.

b. Overall Plan Savings

For school districts, the Government Efficiency Plan must result in savings of at least the savings requirement in the 2016-17, 2017-18, and 2018-19 school years, when fully implemented. Similarly, for local governments, the Government Efficiency Plan must result in

savings of at least the savings requirement in local fiscal years beginning in 2017, 2018, and 2019, when fully implemented.

It is important to note that **the savings requirement is plan-wide**. Each school district or local government does not have to individually meet the savings requirement - the plan as a whole has to meet the savings requirement.

Example:

One county, one city, three towns, two villages, and three fire districts develop a Government Efficiency Plan together with a savings requirement of \$780,000. The cooperation agreements, shared services, mergers, and efficiencies included in the Government Efficiency Plan would generate savings of \$790,000 in 2017, \$809,000 in 2018, and \$829,000 in 2019 - exceeding the savings requirement.

Description of cooperation agreement, shared service, merger, or efficiency	Savings Generated in Fiscal Year		
	2017	2018	2019
County A enters into a cooperation agreement to have City A, Town A, Town B, Town C, Village A, and Village B undertake snow removal and road maintenance for the county in their respective local governments	\$300,000	\$310,000	\$320,000
Fire District A, Fire District B, and Fire District C merge	\$100,000	\$100,000	\$100,000
Town A and Town C continue to share tax collection services	\$30,000	\$30,000	\$30,000
Town B implements the efficiency of a lockbox payment system that reduces the need for administrative personnel	\$70,000	\$71,000	\$72,000
Town A and Village A enter into a cooperation agreement to create a single police force instead of two separate police forces	\$95,000	\$100,000	\$105,000
Village B implements the efficiency of eliminating its duplicative assessment	\$35,000	\$35,000	\$35,000
County A shares services with City A, Town A, Town B, Town C, Village A, and Village B by taking over the maintenance and administration of all of city, towns, and village parks	\$160,000	\$163,000	\$167,000
Total Savings	\$790,000	\$809,000	\$829,000
Savings Requirement	\$780,000	\$780,000	\$780,000

3. Eligible Activities

Government Efficiency Plans can include *cooperation agreements, shared services, mergers, and efficiencies*.

Types of Activities

Cooperation agreements are "agreements entered into between eligible school districts ["local government units" for local governments] to implement the sharing or consolidation of functions or services, including but not limited to procurement, real estate and facility management, fleet management, business and financial services, administrative services, payroll administration,

time and attendance, benefits administration and other transactional human resources functions, contract management, grants management, transportation services, facilities and function, human services facilities and functions, customer service facilities and functions and information technology infrastructure, process, services and functions."

Shared services are "functional consolidations by which one eligible school district ["local government unit" for local governments] completely provides a service or function for another eligible school district ["local government unit"], which no longer engages in that function or service; shared or cooperative services between and among eligible school districts ["local government units"]; and regionalized delivery of services between and among eligible school districts ["local government units"]. These shared services may be for services or functions including but not limited to: procurement, real estate and facility management, fleet management, business and financial services, administrative services, payroll administration, time and attendance, benefits administration and other transactional human resources functions, contract management, grants management, transportation services, facilities and functions, human services facilities and functions, customer service facilities and functions and information technology infrastructure, processes, services and functions."

Mergers for school districts are "reorganizations of eligible school districts pursuant to sections fifteen hundred five, fifteen hundred eleven through fifteen hundred thirteen, fifteen hundred twenty-four, fifteen hundred twenty-six, seventeen hundred five, eighteen hundred one through eighteen hundred three, or twenty-two hundred eighteen of the education law; or reorganizations, consolidations, or dissolutions of eligible school districts in which one or more eligible school districts are terminated and another eligible school district assumes jurisdiction over the terminated school district or districts pursuant to any other provision of law."

Mergers for local governments are "consolidations or dissolutions of local government units in accordance with article seventeen-A of this chapter [general municipal law] or reorganizations, consolidations, or dissolutions of local government units in which one or more local government units are terminated and another local government unit assumes jurisdiction over the terminated local government unit or units pursuant to any other provision of law."

Efficiencies are actions taken by a local government or school district to improve the completion of existing processes or functions or the delivery of existing services that result in lower costs.

Past Activities

Eligible past efficiencies, shared services, and reforms include only those implemented since the local government or school district became subject to the tax cap.

- For local governments, this is the first day of the fiscal year beginning in 2012 (January 1, 2012 for counties, most cities, towns, fire districts, and other local governments with a calendar fiscal year; June 1, 2012 for most villages).
- For school districts, this is July 1, 2012.

In order to be included in the Government Efficiency Plan, such past efficiencies, shared services and mergers, local governments and school districts will be required to submit

documentation of the specific actions that were implemented and the savings associated with such actions.

4. Certifications

The Government Efficiency Plan includes a number of certifications to ensure:

- local officials implement the cooperation agreements, shared services, mergers, and efficiencies identified in the plan;
- the savings estimates in the plan are accurate; and
- the total of the savings estimates meets the savings requirement.

a. Multiple School Districts. A school district participating in a Government Efficiency Plan with other school districts must make the following certifications:

The *superintendent* of each school district that is a signatory to the plan must certify in writing that "the eligible school district agrees to undertake its best efforts to fully implement by the end of the 2016-17 school year the cooperation agreements, mergers, efficiencies and/or shared services specified for the eligible school district in such plan."

The *chief financial officer* (i.e. assistant superintendent for business, school business administrator, school business official) of each school district that is a signatory to the plan must certify in writing that, in his or her professional opinion:

- "full implementation by the end of 2016-17 school year of the cooperation agreements, mergers, efficiencies and/or shared services that are to be taken by such school district itself as specified in such plan will result in the savings set forth in such plan attributable to such school district"; and
- "full implementation of the cooperation agreements, mergers, efficiencies and/or shared services as specified for all of the eligible school districts that are signatories to such plan will result in savings over the aggregate 2014-15 school year tax levies for all eligible school districts that are signatories to such plan of at least one percent in each of the 2016-17, the 2017-18 and the 2018-19 school years."

b. Individual School District. A school district submitting a Government Efficiency Plan by itself must make the following certifications:

The *superintendent* of the school district must certify in writing that the "eligible school district agrees to undertake its best efforts to fully implement by the end of the 2016-17 school year the cooperation agreements, mergers, efficiencies and/or shared services specified in such plan."

The *chief financial officer* (i.e. assistant superintendent for business, school business administrator, school business official) of the school district must certify in writing that "in his or her professional opinion, full implementation of the cooperation agreements, mergers, efficiencies and/or shared services as specified in such plan will result in savings over its

2014-15 school year tax levy of at least one percent in each of the 2016-17, the 2017-18 and the 2018-19 school years."

c. Multiple Local Governments. A local government participating in a Government Efficiency Plan with other local governments must make the following certifications:

The *chief executive officer or budget officer* of each local government that is a signatory to the plan must certify in writing that the local government "agrees to undertake its best efforts to fully implement by the end of the local fiscal year beginning in 2017 the cooperation agreements, mergers, efficiencies and/or shared services specified for the local government...in such plan."

The *chief financial officer* of each local government that is a signatory to the plan must certify in writing that in his or her professional opinion:

- "full implementation by the end of the local fiscal year beginning in 2017, of the cooperation agreements, mergers, efficiencies and/or shared services that are to be taken by such local government unit itself as specified in such plan will result in the savings set forth in the government efficiency plan attributable to such local government unit"; and
- "full implementation of the cooperation agreements, mergers, efficiencies and/or shared services as specified for all of the local government units and dependent school districts that are signatories to such plan will result in savings over the aggregate tax levies for fiscal years beginning in 2014 for all local government units that are signatories to such plan of at least one percent in each of the fiscal years beginning in 2017, beginning in 2018 and beginning in 2019."

d. Individual Local Government. A local government submitting a Government Efficiency Plan by itself must make the following certifications:

- The *chief executive officer or budget officer* of the local government district must certify in writing that the "local government unit agrees to undertake its best efforts to fully implement by the end of the local fiscal year beginning in 2017 the cooperation agreements, mergers, efficiencies and/or shared services specified in such plan."
- The *chief financial officer* of the local government must certify in writing that "in his or her professional opinion, full implementation of the cooperation agreements, mergers, efficiencies and/or shared services as specified in such plan will result in savings over its tax levy for the fiscal year beginning in 2014 of at least one percent in each of the fiscal years beginning in 2017, beginning in 2018 and beginning in 2019."

For local governments, the "chief executive officer or budget officer" could include:

- Counties - The county administrator, county director, county executive, county manager, county president, the chair of the board of supervisors, the individual appointed "budget officer", or the chief fiscal officer.
- Cities - The city manager or the mayor (if there is no city manager).

- Towns - The town supervisor or the town officer or employee appointed to be the budget officer.
- Villages - Village manager, village president, the mayor (if there is no village manager or village president), or the individual appointed budget officer by the village manager or mayor.
- Fire districts - The chair of the board of commissioners.
- Other special districts - The chair of the board of commissioners.

For local governments, the "chief financial officer" could include:

- Counties - If the county operates under a charter, an alternative form of county government, or an optional county government, the position designated as the chief financial officer or, if no designation is made, the official possessing the powers and duties similar to the county treasurer. For all other counties, if the county has a county comptroller, the county comptroller. If the county does not have a county comptroller, the county treasurer.
- Cities - If the city has a city comptroller, the city comptroller. If the city does not have a city comptroller, the city treasurer. If the city does not have a city comptroller or a city treasurer, the official possessing the powers and duties similar to the city treasurer.
- Towns - The town supervisor.
- Villages - The village treasurer.
- Fire districts - The district treasurer.
- Other special districts - The official designated that position by resolution.

e. "Big Four" Cities. A "Big Four" city and its dependent school district must jointly participate in a Government Efficiency Plan either with other local governments or as an individual plan for both the city and the dependent school district.

Regardless of whether the city or the dependent school district participates with other local governments or as an individual plan, the appropriate dependent city school district official must make the following certifications in addition to the certifications made by the appropriate city official as outlined above.

The *chief executive officer or budget officer* (i.e. the superintendent) of each dependent school district must certify in writing that the dependent school district "agrees to undertake its best efforts to fully implement by the end of the local fiscal year beginning in 2017 the cooperation agreements, mergers, efficiencies and/or shared services specified for the...dependent school district in such plan."

The *chief fiscal officer* (i.e. assistant superintendent for business, school business administrator, school business official) of the dependent school district must certify in writing that "in his or her professional opinion, full implementation by the end of the local fiscal year beginning in 2017, of the cooperation agreements, mergers, efficiencies and/or shared services that are to be taken by such local government unit itself as specified in such plan will result in the savings set forth in the government efficiency plan attributable to such...dependent school district."

The *chief financial officer* (i.e. assistant superintendent for business, school business administrator, school business official) of the dependent school district must certify in writing that "in his or her professional opinion, full implementation of the cooperation agreements, mergers, efficiencies and/or shared services as specified for all of the local government units and dependent school districts that are signatories to such plan will result in savings over the aggregate tax levies for fiscal years beginning in 2014 for all local government units that are signatories to such plan of at least one percent in each of the fiscal years beginning in 2017, beginning in 2018 and beginning in 2019."

5. Submission

Multiple Local Governments or School Districts. Government Efficiency Plans with more than one school district/local government must designate one school district/local government as lead entity. The lead entity will submit the Government Efficiency Plan on behalf of all school district/local government signatories to the plan.

The school districts/local governments that are not the lead entity must deliver their Government Efficiency Plan certifications to the lead entity no later than May 15, 2015. The chief financial officer for the lead entity must submit the following documents to the New York State Director of the Budget by no later than June 1, 2015:

- the Government Efficiency Plan;
- a list of all school districts/local governments that are signatories to such plan;
- all of the Government Efficiency Plan certifications; and
- an analysis of the savings to be achieved by the Government Efficiency Plan (including required documentation of past savings actions).

Individual Local Government or School District. A Government Efficiency Plan for an individual school district or local government must be submitted by the school district superintendent/local government chief executive officer or budget officer to the Director of the Budget by June 1, 2015. The submission must include:

- the Government Efficiency Plan;
- all of the Government Efficiency Plan certifications; and

- an analysis of the savings to be achieved by the Government Efficiency Plan (including required documentation of past savings actions).

Additional guidance on the form and procedures for submitting Government Efficiency Plans will be issued at a later date.

The Director of the Budget will review these documents and determine whether the legal requirements for the Government Efficiency Plan have been met by each signatory to a Government Efficiency Plan. By July 31, 2015, the Director will notify the Commissioner of Taxation and Finance of the local government units and school districts that have met these requirements. Meeting these requirements, along with staying within their tax caps, would make their residents eligible to receive year two of the property tax credit.

IV. Amount and Payment of the Credit

A. Calculating the Credit

The amount of the Freeze Credit in the applicable years will be the greater of the homeowner's year-to-year growth in property taxes or the allowable levy growth factor under the tax cap in the applicable years multiplied by the homeowner's prior year tax bill. The allowable levy growth factor is the lesser of two percent or the rate of inflation and will be the same for all local governments and school districts with the same fiscal year (e.g. for school year 2014-15, which starts July 1, 2014, the allowable levy growth factor is 1.46% for all school districts).

Example:

In 2015, the allowable levy growth factor for the city was two percent, but the city kept its levy flat. The homeowner's city bill in 2015 was \$2,000 - the same as it was in 2014. The homeowner would receive a Freeze Credit for the city property tax bill of \$40 dollars.

Calculation 1: Change in Bill	
2015 Bill	\$2,000
- 2014 Bill	- \$2,000
	\$0

Calculation 2: Tax Cap Growth	
2014 Bill	\$2,000
x Tax Cap Growth	x 2%
	\$40

The credit would be \$40 because the result from calculating the credit based on tax cap growth was greater than the result from calculating the credit based on the actual change in the property tax bill.

A homeowner's residence will invariably be located in multiple jurisdictions (e.g., a county, town and school district). The Freeze Credit will only be based on those jurisdictions that meet the requirements of the law.

Example:

A homeowner lives in a county and a town. The homeowner's bill for the county levy increases from \$3,000 in 2014 to \$3,060 in 2015. The homeowner's bill for the town levy increases from \$1,000 in 2014 to \$1,050 in 2015. In 2015, the county complies with the credit requirements, but the town does not because it exceeded its tax cap. The homeowner would receive a Freeze Credit of \$60 - just for the county portion of the bill.

	2014 Bill	2015 Bill	Credit	
County	\$3,000	\$3,060	\$60	County complied with property tax credit requirements
Town	\$1,000	\$1,050	-	Town did <u>not</u> comply with property tax credit requirements
Total	\$4,000	\$4,110	\$60	

The credit received by the homeowner would be \$60. This is based only on the county portion of the bill - not the town portion, because the county complied with the property tax credit requirements, while the town did not.

The credit will not reimburse homeowners for increases due to:

- improvements to the property that increase its value;
- changes in a property's exemption status; or
- a jurisdiction-wide reassessment to the extent the increase in the homeowner's assessed value exceeds the average change in assessed value.

Credits for co-ops and mobile homes. The credit for co-ops and mobile homes that are not separately assessed will be calculated as such:

- Co-op owners: the credit will be 60 percent of the average credit for the jurisdiction.
- Mobile home owners: the credit will be 25 percent of the average credit for the jurisdiction.

B. Payment of the Freeze Credit

The New York State Department of Taxation and Finance will determine each homeowner's eligibility, calculate the amount of the Freeze Credit, and send the Freeze Credit to the homeowner. There is no requirement for the homeowner to calculate or apply for the Freeze Credit.

Eligible homeowners will receive checks in:

- Fall 2014 for the credit due on their 2014-15 school district taxes;
- Fall 2015 for the credit due on both their 2015 local government and 2015-16 school district taxes; and
- Fall 2016 for credit due on their 2016 local government taxes.

Buffalo, Rochester, Syracuse, and Yonkers

In the "Big Four" cities - Buffalo, Rochester, Syracuse, and Yonkers - the timetable will be somewhat different because those cities have dependent school districts and levy city and school district taxes together.

For consistency with other entities, 67 percent of the Freeze Credit attributable to the 2014-15 and 2015-16 tax levies (an approximation of the school district share) will be paid to eligible homeowners in these cities in Fall 2014 and Fall 2015. The remaining 33 percent (an approximation of the city share) will be paid in Fall 2015 and in Fall 2016.

Payment of Freeze Credit			
	Fall 2014	Fall 2015	Fall 2016
School Districts	2014-15	2015-16	
"Big Four" Cities	67% of 2014-15	33% of 2014-15 67% of 2015-16	33% of 2015-16
All Other Local Governments		Fiscal Years Beginning in 2015	Fiscal Years Beginning in 2016

Homeowners will receive a single check each year for all eligible local government and school district taxes - separate checks will not be sent out for each level of government (county, town, school district, etc.).

The Department of Taxation and Finance will establish a procedure for homeowners to request reimbursement if they did not receive a Freeze Credit but believe they were eligible, or believe they were entitled to a larger Freeze Credit than they received.

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