



**REPORT OF THE
COMMITTEE ON FINANCE**

**FINANCE DIVISION
PRESTON NIBLACK, DIRECTOR**

RESOLUTION AMENDING AND RESTATING THE 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, 2009 AND ENDING ON JUNE 30, 2010, 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. On May 1, 2009, the Mayor submitted the executive budget for Fiscal 2010 to the Council pursuant to Section 249 of the Charter. On the date hereof, the Council adopted the budget for Fiscal 2010 pursuant to Section 254 of the Charter (the "Fiscal 2010 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 2010 Budget. In the resolution, captioned above, fixing the real property tax rates for Fiscal 2010 (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 2010.

After the final adoption of the Fiscal 2010 Budget, the Governor signed into law Chapter 207 Laws of New York, 2009 ("Chapter 207"). Chapter 207 adds a new paragraph (u) to subdivision 1 of section 1803-a, Real Property Tax Law, which provides that, in any special assessing unit which is a city (a "special assessing city"), for current base proportions to be determined in such special assessing city's fiscal year 2010, the current base proportion of any class shall not exceed the adjusted base proportion of the immediately preceding year by more than 0.0 percent.

In order to effect the provisions of Chapter 207, it is necessary to amend and restate the provisions of this resolution. In the amended and restated resolution, captioned above, fixing the real property tax rates for Fiscal 2010 (the "Tax Fixing Resolution"), the Council amends and restates the annual real property tax rates, as described in greater detail below, and authorizes the levy of real property taxes for Fiscal 2010.

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 2010, pursuant to the provisions of Section 1516 of the Charter, in the following manner. (1) First, the Council acknowledges the amount of the Fiscal 2010 Budget to be \$59,479,863,786, as set forth in the communication from the Mayor pursuant to Section 1515(a) of the Charter (the "Fiscal 2010 Budget Amount"). (2) The Council then acknowledges the estimate of the probable amount of all non-property tax revenues to be \$43,408,128,786, as set forth in the communication from the Mayor pursuant to Section 1515(a) of the Charter (the "Fiscal 2010 Revenue Estimate"). (Attached hereto as Exhibit A is a description of the Fiscal 2010 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 \$16,071,735,000, by

subtracting the amount of the Fiscal 2010 Revenue Estimate from the Fiscal 2010 Budget Amount.

In order to achieve a real property tax yield of \$16,071,735,000, however, due to provision for uncollectible taxes and refunds and collection of levies from prior years equal in the aggregate to \$1,516,389,488, the Council determines that a real property tax levy of \$17,588,124,488 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 2010 Budget in excess of the amount of the Fiscal 2010 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 29, 2009, 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 2010 to the Council, pursuant to Section 1514 of the Charter (the "Fiscal 2010 Assessment Rolls"). On November 16, 2009, the Council amended and restated 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 2010 pursuant to Section 1803-a (1), Real Property Tax Law (the "Current Base Proportion Resolution"). On November 16, 2009, pursuant to Section 1803-a, Real Property Tax Law, the Council amended and restated a resolution in which the Council adjusted the current base proportions of each class of real property in the City for Fiscal 2010, to reflect the additions to, and full or partial removal from, the Fiscal 2010 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 raised by tax on real property for the Fiscal 2010 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, 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, 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 or other evidence of indebtedness described in the Constitution and (ii) the aggregate amount of business improvement district charges exclusive of debt service.

Adjusted Base Proportions. The Tax Fixing Resolution sets forth the adjusted base proportions for Fiscal 2010, pursuant to the amended and restated Adjusted Base Proportion Resolution, to be used in determining the amended and restated Fiscal 2010 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 2010 by class (1) 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	0.17088
All Other Residential Real Property	0.13241
Utility Real Property	0.12743
All Other Real Property	0.10426

and (2) 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.....	0.09469
All Other Residential Real Property	0.07367
Utility Real Property	0.00000
All Other Real Property	0.05808

Authorization of the Levy of Property Taxes for Fiscal 2010. The Council authorizes and directs the Commissioner, pursuant to Section 1517 of the Charter, to set down in the Fiscal 2010 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 amended and restated Tax Fixing Resolution would take effect as of the date of adoption.

Accordingly, the Committee on Finance recommends adoption of the amended and restated Tax Fixing motion.