



**REPORT OF THE
COMMITTEE ON FINANCE**

**FINANCE DIVISION
LATONIA MCKINNEY, 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, 2018 AND ENDING ON JUNE 30, 2019 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 NEW YORK CITY CHARTER

Introduction. On April 26, 2018, the Mayor submitted the executive budget for Fiscal 2019 to the Council pursuant to Section 249 of the Charter. On June 14, 2018, the Council adopted the budget for Fiscal 2019 pursuant to Section 254 of the Charter (the "Fiscal 2019 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 2019 Budget. On June 14, 2018, by resolution, the Council fixed the real property tax rates for Fiscal 2019 (the "Tax Fixing Resolution") and authorized the levy of real property taxes for Fiscal 2019.

After the final adoption of the Fiscal 2019 Budget, the Governor signed into law Chapter 306 of the Laws of New York of 2018 ("Chapter 306"). Chapter 306 adds a new paragraph (dd) 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 2019, the current base proportion of any class shall not exceed the adjusted base proportion of the immediately preceding year by more than one-half of one percent.

In order to effectuate the provisions of Chapter 306, it is necessary to amend and restate the provisions of the Tax Fixing Resolution. In the amended and restated resolution, captioned above, fixing the real property tax rates for Fiscal 2019 (the "Amended and Restated 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 2019.

Determining the Amount of the Real Property Tax Levy. In the Amended and Restated Tax Fixing Resolution, the Council determines the amount of the real property tax levy for Fiscal 2019, pursuant to the provisions of Section 1516 of the Charter, in the following manner. (1) First, the Council acknowledges the amount of the Fiscal 2019 Budget to be \$89,158,064,224 as set forth in the communication from the Mayor pursuant to Section 1515(a) of the Charter (the "Fiscal 2019 Budget Amount"). (2) The Council then acknowledges the estimate of the probable amount of all non-property tax revenues to be \$61,368,936,224, as set forth in the communication from the Mayor pursuant to Section 1515(a) of the Charter (the "Fiscal 2019 Revenue Estimate"). (Attached hereto as Exhibit A is a description of the Fiscal 2019 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 \$27,789,128,000, by subtracting the amount of the Fiscal 2019 Revenue Estimate from the Fiscal 2019 Budget Amount.

In order to achieve a real property tax yield of \$27,789,128,000, however, due to provision for uncollectible taxes and refunds and collection of levies from prior years equal in the aggregate to \$1,785,538,070, the Council determines that

a real property tax levy of \$29,574,666,070 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 2019 Budget in excess of the amount of the Fiscal 2019 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 25, 2018, 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 2019 to the Council, pursuant to Section 1514 of the Charter (the "Fiscal 2019 Assessment Rolls"). On November 14, 2018 the Council will vote to amend and restate 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 2019 (the "Current Base Proportion Resolution"), pursuant to Section 1803-a (1) of the Real Property Tax Law. On November 14, 2018, pursuant to Section 1803-a of the Real Property Tax Law, the Council will vote to amend and restate a resolution in which the Council adjusted the current base proportions of each class of real property in the City for Fiscal 2019, to reflect the additions to, and full or partial removal from, the Fiscal 2019 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 Amended and Restated 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 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 Amended and Restated 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 2019 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 2019 tax levy as authorized by New York State law for purposes of the Operating Limit determination.)

Adjusted Base Proportions. The Amended and Restated Tax Fixing Resolution sets forth the adjusted base proportions for Fiscal 2019, pursuant to the amended and restated Adjusted Base Proportion Resolution, to be used in determining the Fiscal 2019 tax rates for the four classes of properties.

Tax Rates on Adjusted Base Proportions. Finally, in the Amended and Restated Tax Fixing Resolution, the Council authorizes and fixes, pursuant to Section 1516 of the Charter, the rates of tax for Fiscal 2019 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	0.20919
All Other Residential Real Property	0.12612
Utility Real Property	0.12093
All Other Real Property	0.10514

Attached hereto as Exhibit C is which shows a history of the tax rates by fiscal year.

Authorization of the Levy of Property Taxes for Fiscal 2019. The Council authorizes and directs the Commissioner, pursuant to Section 1517 of the Charter, to set down in the Fiscal 2019 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 Amended and Restated 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, as hereby amended and restated, would remain in full force and effect as of the date it was enacted, and the Amended and Restated Tax Fixing Resolution would take effect as of the date of hereof.

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