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## Changes to New York State Real Property Tax Law

The New York State Legislature recently amended the New York Real Property Tax Law ("RPT") to allow nonprofits that acquire real property qualifying for exemption under Section 420-a or 420-b of the RPT to receive the benefit of that exemption beginning on the property acquisition date. Property is eligible for real property tax exemption if owned by certain qualified charitable, religious or benevolent organizations and used exclusively for tax-exempt purposes.

Prior to the amendment, in order to be treated as exempt by July 1st, day one of New York City's fiscal year, property had to have been acquired prior to January 5th of that calendar year (the "Taxable Status Date" in New York City). New York City assesses ownership and physical condition of real property as of the Taxable Status Date. Therefore, if a nonprofit acquired property from a business entity on January 6, 2006, the earliest date real property tax exemption would be effective is July 1, 2007, nearly eighteen months after the acquisition.

A nonprofit may now file applications for real property tax exemption after the Tax Status Date and seek retroactive tax relief to the title transfer date. See the following example:

On March 1, 2008, a nonprofit purchases a building for office space to be used in furtherance of the organization's exempt purposes. The nonprofit files an application for exemption from real property tax under Section 420-a of the RPT with the New York City Department of Finance on March 15, 2009. If the property qualifies for the exemption, such exemption will be effective as of March 1, 2008.

Additionally, if an application for exemption is made after the New York City Department of Finance releases a tentative assessment of the property value (which occurs in January), the Commissioner of Finance is authorized to reduce the amount of taxes, or refund or credit the amount of reduction if taxes have been paid, if the property qualifies for an exemption.

The new law is effective immediately and applies to property transferred on or after August 1, 2007. To read the enacted bill, please go to the following link and enter the bill number (s5764):

<http://public.leginfo.state.ny.us/menugtf.cgi>

*This alert is meant to provide general information only, not legal advice. Please contact Hedwig O'Hara at (212) 219-1800 ext. 226 or Gail Bayarin at ext. 279 if you have any questions about this alert.*

Lawyers Alliance for New York is the leading provider of business and transactional legal services for nonprofit organizations that are improving the quality of life in New York City neighborhoods. Our network of pro bono lawyers from law firms and corporations and staff of experienced attorneys work together, delivering expert corporate, tax, real estate, employment and other legal services to community organizations. By connecting lawyers, nonprofits and communities, we help nonprofits to develop affordable housing, stimulate economic development, and operate vital programs for children and young people, the elderly, recent immigrants, and other low-income New Yorkers.