

MEMORANDUM

To: David Manchester, Chairman

From: John Burin, Vice Chairman

CC: Legislators
County Executive
Clerk of the Legislature

Date: September 13, 2019

Subject: Impact Analysis for Proposed Local Law No. 3 of 2019:

“A Local Law to Allow Cold War Veterans a Limited County Tax Exemption Pursuant to Section 458-B of the Real Property Tax Law”

Introduction

There is perhaps no more honorable calling than to volunteer to serve in the military of the United States. Chemung County has a rich history of veterans serving this nation, and is home to so many proud veterans. The New York State Legislature has aptly rewarded such service with the opportunity for Counties to afford all such veterans a limited real property tax deduction.

Chemung County presently permits a tax exemption for veterans who served during “wartime” (under the “alternative exemption”), but does not offer the “Cold War” exemption, for veterans who served in between periods of declared conflict.

Proposal

Local Law #3 of 2019 proposes to provide Cold War veterans the following exemptions, per RPTL § 458-b, which is the same level of exemption as eligible “wartime” veterans, with the exception that Cold War veterans are not eligible for the 10% “combat zone” exemption:

- 15% (up to \$12,000) of assessed value exempt for service during the Cold War (veterans are ineligible if they receive the “wartime exemption”)
- Up to 50%* (up to \$40,000) of assessed value exempt if disabled veteran
*(emption is 50% of service-related disability, as determined by military)

If enacted, the local law would not have any impact in 2020. It will enable Cold War veterans to apply for the exemption by the 2020 Taxable Status Date, *reducing their County taxes beginning January 1, 2021.*

Veterans' Real Property Tax Exemptions in NYS Tax Law

Real Property Tax Law ("RPTL") § 458-a provides a limited property tax exemption to veterans who have served in "periods of war" (known as the "wartime" or "alternative exemption").

Periods of war include:

- WWI
- WWII
- Korean War (6/27/50 – 1/31/55)
- Vietnam War (2/28/61 – 5/7/75)
- Persian Gulf Conflict (8/2/90 – Present).

Only veterans who served during these periods of time qualify for this exemption.

Chemung County adopted the wartime exemption in 2001 (Local Law #2 of 2001, Res.# 01-219), which provides such war-time veterans the following exemptions:

- 15% (up to \$12,000) of assessed value exempt for service during period of war
- 10% (up to \$12,000) of assessed value exempt if served in combat zone
- Up to 50%* (up to \$40,000) of assessed value exempt if a disabled veteran
*(emption is 50% of service-related disability, as determined by military)

Real Property Tax Law ("RPTL") § 458-b provides a limited property tax exemption to veterans who have served in the "Cold War" (known as the "Cold War Exemption"). The period of qualifying service for the Cold War is 9/2/45 – 12/26/91, but does not include the "periods of war" covered by the "alternative exemption". Eligible veterans are those who served *only* during the time periods *between* the dates above – if any part of the veteran's service was during the above time periods, they are eligible for the "alternative exemption":

- Between WWII/Korea (9/2/45 – 6/26/50)
- Between Korea/Vietnam (2/1/55 – 2/27/61)
- Between Vietnam/Persian Gulf (5/8/75 – 8/1/90)

The proposed local law would make these veterans eligible for a real property tax exemption:

- 15% (up to \$12,000) of assessed value exempt for service during the Cold War (veterans are ineligible if they receive the "wartime exemption")
- Up to 50%* (up to \$40,000) of assessed value exempt if disabled veteran
*(emption is 50% of service-related disability, as determined by military)

Estimated Financial Impact

The anticipated financial impact of this important exemption on the tax base is expected to be minor (approximately \$1-\$2 for a home assessed at \$100,000). The chart below shows how many people receive the various veteran's exemptions in surrounding counties.

County	Allegany	Schuyler	Steuben	Tompkins	Tioga	Broome	TOTAL
Wartime	1,257	527	2,171	918	1,258	3,860	9,991
Disabled	464 (37%)	181 (34%)	790 (36%)	244 (27%)	295 (23%)	892 (23%)	2,866 (29%)
Coldwar	138 (11%)	113 (21%)	550 (25%)	49 (5%)	-----	349 (9%)	1,199 (12%)*
Coldwar disabled	12 (1%)	16 (3%)	63 (3%)	5 (1%)	-----	15 (<1%)	111 (1%)*

*Tioga not included

(percentages represent the number of recipients, as a percentage of the Wartime exemption)

Utilizing the numbers of Coldwar Veterans receiving the credit from surrounding counties as a guide, it is estimated that 268-478 people will qualify for the Coldwar exemption, and 19-57 people will qualify for the Coldwar Disabled exemption.

Chemung

Wartime	1,913	
Disabled	795 (41%)	
Coldwar Estimate	268 (12%) [Avg County]	478 (25%) [Highest County]
Coldwar Disabled Estimate	19 (1%) [Avg County]	57 (3%) [Highest County]

The Chemung County Real Property Tax Office calculates that the average wartime veteran's property exemption is \$16,430 (includes 15% basic service; 10% combat zone; and disabled exemptions). Assuming, conservatively, that the Cold War exemption results in the same amount of tax exempt property per recipient, the effected tax exempt value would be:

Estimated # Cold War Exemptions	x	Average Real Property Exemption (Estimated)	Total Value Tax Exemption (Estimated)	Assessed Value Tax Rate Impact	Tax Impact \$100,000 Property
High Estimate: 535		\$16,430	\$8,790,050	\$0.014/thousand	\$1.40
Avg. Estimate: 287		\$16,430	\$4,715,410	\$0.0075/thousand	\$0.75

