



Veterans Property Tax

Exemptions

and

School Taxes

January 13, 2015



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New Law

- Signed by Governor December 18th, 2013
- Allows School Districts to opt-in on
458-Alternate Veterans Exemption for
school tax purpose

Three Types of Veterans Exemptions

- Alternate Veterans

- Took effect in mid 1980's.
- Must have served active duty in a designated period of war.
- If non-combat, allows for 15%, combat allows 25%, disabled allows one-half of disability rating
- Exemption amount is capped based on amounts adopted by jurisdiction.

Three Types of Veterans Exemptions

- Pro-Rata/Eligible Funds

- Initial exemption that was replaced with Alternate Veterans Exemption.
- More lucrative.
- Similar periods of war.

Three Types of Veterans Exemptions

• Cold War

- Adopted in 2008.
- Allows for 10% or 15% (also capped).
- Awarded to those who served in “non-periods of war”.
 - most are 1956-1961 & 1976-1990.

What can School Districts opt-in?

- Alternate Veterans is what the law is based on.
- Those with Pro-Rata/Eligible funds can apply for Alternate Veterans for the school district portion if the district opts-in.
- Not applicable to Cold War Veterans.

What can School Districts Adopt?

- A School District does not have to adopt the same exemption amount cap level as the Town or County.
- Note that the exemption amounts are multiplied against your municipality's current Equalization Rate - if your municipality is at 50%, and they are at the \$18,000/\$12,000/\$60,000 cap level, your cap would be \$9,000/\$6,000/\$30,000 amounts.

Exemption Cap Amounts

- \$18,000/\$12,000/\$60,000 cap level –
What does that mean?
 - Non-Combat Vet is eligible up to \$18,000 exemption amount
 - Combat Vet is eligible for up to an additional \$12,000 exemption amount, for a total maximum of \$30,000
 - Disabled Vet is eligible up to \$60,000 exemption amount

Kenmore-Tonawanda UF School District

Final 2014 Equalization Rates

- Tonawanda 46.00%

Kenmore-Tonawanda UF School District

3,328 veterans currently have the Alt Vet exemption. Reduction in taxable assessed value due to Alt Veteran Exemption for school purpose assuming district adopted \$18,000/\$12,000/\$60,000:

- Kenmore-Tonawanda UFSD – 33,817,347
 - 1,245 veterans in the school district that currently have the Pro-Rata Veteran exemption could apply for the Alt Veterans exemption. A rough estimate would be an additional \$17,181,000 reduction in taxable assessed value if these vets received the maximum exemption amount for a combat vet.
 - 245 Cold War Veterans in the school district would not be eligible for the exemption.

Example

- Town of Tonawanda has an Equalization Rate of 46% and the school district adopts an \$18,000 cap on wartime/\$12,000 on combat/\$60,000 on disability. Capped amounts would be \$8,280/\$5,520/\$27,600.
- Assessed Value = \$60,000 and property owner qualifies for combat veteran exemption: 25% or \$13,800 (wartime + combat) cap – whichever is less.

Example

- $\$60,000 \times 25\% = \$15,000$
- $\$15,000$ exceeds the cap amount of $\$13,800$
- Exemption amount will be $\$13,800$
- $\$60,000 - \$13,800 = \$46,200$
- $\$46,200$ is the taxable value for which the school tax rate will be applied against

Effect on School Tax Bill

- Example: Kenmore-Tonawanda UF School District
 - 2 parcels in the school district are assessed for \$60,000 each
 - The municipality's equalization rate is 46%

Effect on School Budget

- Like all exemptions, it does create a redistribution of the levy to those with out the exemption.
- The STAR reimbursement amount for the school district could be less due to the decreased taxable value. The amount lost for the STAR reimbursement, would be represented in the higher tax rate.

Effect on School Tax Bill

- Scenario I:
 - School district does not opt-in for alternative veterans exemptions.
 - Total taxable values for the school district is \$1,671,079,092.
 - 2014-15 School district tax levy is \$77,321,512.

Effect on School Tax Bill

- Scenario I:

Tax Rate = Tax Levy / Total Taxable Value x 1,000

- $\$77,321,512 / \$1,671,079,092 \times 1,000 = \46.27
- Both parcels have no exemptions.
- Tax bill for both parcels:
 - $\$60,000 \times 46.27 / 1,000 = \$2,776.20$

Effect on School Tax Bill

- Scenario 2:
 - School district does opts-in for alternative veterans exemptions with a cap of \$18,000/\$12,000/\$60,000. Capped amounts would be \$8,280/\$5,520/\$27,600.
 - Total taxable values decreases to \$1,637,261,745.
 - School district tax levy is the same \$77,321,512.

Effect on School Tax Bill

- Scenario 2:

- $\$77,321,512 / \$1,637,261,745 \times 1,000 = \47.23
 - 2.07% tax rate increase of \$0.96
- One parcel qualifies for the maximum combat vet exemption of \$13,800. The other parcel still has no exemption.
- Tax bill for parcel with exemption:
 - $\$46,200 \times 47.23 / 1,000 = \$2,182.03$
 - \$594.17 tax bill decrease
- Tax bill for parcel without exemption:
 - $\$60,000 \times 47.23 / 1,000 = \$2,833.80$
 - \$57.60 tax bill increase

Maximum 2014-15 STAR Savings

	<u>Basic</u>	<u>Enhanced</u>
Tonawanda	\$607	\$1,217



Questions?