

FREQUENTLY ASKED QUESTIONS REGARDING THE DISPUTED ASSESSMENT FUND (“DAF”) LAW

What is the Disputed Assessment Fund (“DAF”) law?

New York State passed this law in 2014 regarding Class 4 commercial properties on the Nassau County (the “County”) assessment roll. It is codified as Nassau County Administrative Code Section 6-41.0.

When does it apply?

Application of this law begins with the *2016/17 Assessment Roll* and to every assessment roll thereafter.

Does DAF apply to assessment rolls prior to 2016/17?

No, DAF does not apply to any assessment rolls prior to 2016/17.

Which Class 4 commercial properties does DAF apply to?

Only those Class 4 commercial properties whose Tentative Assessment is grieved with the Assessment Review Commission (“ARC”) and are the subjects of a timely filed Real Property Tax Law Article 7 petition.

What is the deadline for filing a Real Property Tax Law Article 7 petition for the 2016/17 Assessment Roll?

The deadline for timely filing a Real Property Tax Law Article 7 petition for the *2016/17 Assessment Roll* is Monday, May 2, 2016.

What changes as a result of the DAF law?

BEFORE DAF;

- The petitioner was required to pay the entire amount of taxes based upon the assessed value on the final roll, even though the petitioner believed that the *Assessed Value*, and therefore the taxes paid, should be lower.
- Subsequently, any overpayment refund due to the petitioner was paid by the County.

AS A RESULT OF DAF, THE PETITIONER WILL MAKE TWO PAYMENTS:

- Taxes based on a decreased *Assessed Value* for DAF purposes to the school district, town, special districts and the County, and

- A *DAF Charge* based upon some or all of the disputed amount.
- Subsequently, any refund due to the petitioner will be paid from the *DAF Fund* to the extent of the *DAF Charge* paid.

Example:

BEFORE DAF:

\$10,000	<i>Assessed Value</i>
	10% reduction sought in the Article 7 petition
\$10,000	<i>Assessed Value x Tax Rates = Taxes Paid</i> to the school district, town, special districts and the County

AS A RESULT OF DAF:

\$10,000	<i>Assessed Value</i>
<u>x 90%</u>	10% reduction sought in the Article 7 petition
\$9,000	<i>Decreased Assessed Value x Tax Rates = Taxes Paid</i> to the school district, town, special districts and the County
\$1,000	<i>Disputed Assessed Value x Tax Rates = DAF Charge</i>

Does the percentage reduction requested in the Article 7 petition matter?

Yes

- **Less than or equal to 10%**

If the petitioner seeks a reduction to assessed value less than or equal to 10%, that percentage will be used to reduce the assessed value for tax collection purposes, and the amount in dispute will be used to compute the *DAF Charge*.

Example:

\$10,000	<i>Assessed Value</i>
<u>x 90%</u>	10% reduction sought in the Article 7 petition
\$9,000	<i>Decreased Assessed Value x Tax Rates = Taxes Paid</i> to the school district, town, special districts and the County
\$1,000	<i>Disputed Assessed Value x Tax Rates = DAF Charge</i>

- **Greater than 10%**

If the petitioner seeks a reduction to *Assessed Value* greater than 10%, the Nassau County Assessor must determine whether to reduce the *Assessed Value* greater than

10% for tax collection purposes, and that percentage of *Assessed Value* reduced will be used to compute the *DAF Charge*.

Example:

\$10,000	<i>Assessed Value</i> 75% reduction sought in the Article 7 petition
<u>x 60 %</u>	Assessor's determination to reduce <i>Assessed Value</i> for tax collection purposes (by 40% in this example)
\$6,000	<i>Decreased Assessed Value</i> x <i>Tax Rates</i> = <i>Taxes Paid</i> to the school district, town, special districts and the County
\$4,000	<i>Disputed Assessed Value</i> (as determined by the Assessor) x <i>Tax Rates</i> = <i>DAF Charge</i>

When is the DAF charge billed to the petitioner?

- The *DAF Charge* will be billed on the general tax bill.
- The 2016/17 *DAF Charge* will be billed on the 2017 *General Tax Bill* in January 2017.

What happens to the DAF charges paid by the petitioner?

The Nassau County Treasurer's Office will maintain the *DAF* charges in a disputed assessment fund until there is a settlement or final order from a court of competent jurisdiction, or a determination or stipulation by ARC.

What if a petitioner succeeds in getting a reduction that equates to the DAF Charge paid by the petitioner?

The petitioner will receive a refund from the *DAF Fund* to the extent of the *DAF Charges* paid by the petitioner.

Will that refund be paid faster because of DAF?

Yes, because the money paid into *DAF* is set aside in a fund that will be used to pay refunds of *DAF Charges*.

What happens if a petitioner is entitled to a greater refund than what was paid as a DAF Charge?

The petitioner will receive a refund from the *DAF Fund* to the extent of the *DAF Charge* paid and the shortfall will be paid to the petitioner from Nassau County funds.

What happens if a petitioner is only entitled to a portion of the *DAF Charge* paid?

Any amounts paid by that petitioner remaining in the fund will be distributed pro-rata to the school district, town, special districts and the County.

How can a Class 4 commercial property taxpayer avoid paying a *DAF Charge* if he or she has timely filed an Article 7 petition for the 2016/17 year and wants to settle?

- A *DAF Charge* will not be due if a final written agreement regarding the 2016/17 *Assessed Value* is entered into by the petitioner and the County by July 22, 2016.

NOTE: The County preserves its defenses as to any Class 4 Article 7 petition filed.

For further information, please contact

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