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

AS A RESULT OF DAF:

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

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

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

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 DisputedFund@nassaucountyny.gov