



Review of Property Tax Exemption Processing Department of Assessment

May 2, 2019

BACKGROUND

This audit was conducted to ensure that the Department of Assessment properly granted tax exemptions. In 2016, 72% of properties received at least one exemption. This equated to \$95 billion in tax exemptions or a removal of 34% of the taxable value. Certain exemptions that have traditionally been small tax breaks in the state, have become total tax eliminations in Nassau. When tax exemptions are improperly obtained, it is at the expense of other taxpayers. If one property owner pays less in taxes, other taxpayers have to make up the difference.

2016 Nassau County Assessment Roll by the Numbers:

423,924	\$277B	62	72%	\$95B	34%
Properties	Estimated Value of Parcels	Types of Exemptions	Received at least One Exemption	Total Value of Exemption	Taxable Value Removed

We identified \$33 million in tax burden shifts.

For properties without exemptions, this equates to at least:



\$267
Over the Three Year Audit Period



KEY FINDINGS

Over the course of many years, the property tax exemption process was poorly managed by the the Department of Assessment. Read all of the audit at nassaucountyny.gov/comptroller.

Questionable Exemptions

- A total of 670 unidentified exemptions were identified by NY State over 10 years, totaling over \$900 million in taxable value being removed from the tax rolls.
- Nassau's assessment practices regarding "personally owned clergy" properties inadvertently resulted in over \$272 million in annual taxable value being removed from the tax base.
- There were 91 veterans exemptions granted where the owner may be 133 years or older.

Staffing

- For eight years, the office was not managed by a NY State certified assessor as required by the County Charter, bypassing a key element of legislative approval and oversight.
- The full time staff at the Department of Assessment decreased by 49% between 2010 and 2018.

Internal Controls and Performance Management

- Risk of Fraud: In the computer system, over 100 users had the ability to edit each other's exemptions. Employees from the previous County Executive's Office had access.
- Timely: 30% of sampled approved applications were received after the statutory due date.
- Consistency: Exemptions were calculated by employees using their individual judgement.
- Accountability: Exemption Impact Reports were not attached to the County budgets.