

Understanding New York's STAR Program

What is STAR?

Most New York state homeowners are familiar with STAR, the School Tax Relief program launched in 1998-99. Originally intended to assist senior citizen homeowners, STAR was quickly increased and expanded to include residential properties of other school district taxpayers.

Qualified homeowners, who must apply to participate in STAR through their local assessor, receive a partial property tax exemption under the program, unless new changes in the 2016-17 state budget apply.* The Basic STAR and Enhanced STAR exemptions reduce what homeowners would otherwise owe on their property tax bills. Most STAR recipients save several hundred dollars on their property taxes each year.

Several factors contribute to the calculation of the actual exemption amount, including the level of assessment in the community and, for Enhanced STAR only, an annual adjustment based on the rate of inflation. Prior-year savings under STAR are also a factor, as there is now a 2 percent cap on the increase in maximum STAR savings over the previous year.

STAR exemption amounts are calculated by the Office of Real Property

Tax Services, a division of the NYS Department of Taxation and Finance. A homeowner's property tax bill clearly states the exemption amount and tax savings. If taxes are held in an escrow account, homeowners should receive a receipt that includes STAR information.

How does STAR affect school districts?

Local school districts are reimbursed by the state for property tax revenues that go uncollected as a result of STAR exemptions. The 2016-17 state budget enacted by lawmakers on April 1 shifts \$3.3 billion from the local tax burden to the state in 2016-17.

Although STAR exemptions apply to school property taxes, school districts have no influence over the exemptions or tax savings. Because assessment data and equalization rates are not usually available during the spring school budget season, school districts frequently resist quoting future tax rates related to their proposed spending plans. Accurate tax information becomes available later in the summer before tax bills are sent to residents.

TWO TYPES OF STAR

Basic STAR is available on a homeowner's primary residence only and for households with an income of less than \$500,000. Homeowners need apply only once for Basic STAR, and it remains in effect until ownership of the home changes. The exemption amount is calculated each year, and actual tax savings may change annually.

Enhanced STAR assists homeowners age 65 and older with household incomes below a specific limit that is adjusted annually based on the rate of inflation (\$84,550 as of 2016). The income limit is applied to all owners of the property and any owner's spouse who resides at the property. Enhanced STAR is available on the homeowners' primary residence only, and requires an annual application with proof of income, typically by March 1.*

Under a law passed in 2015, all seniors applying for Enhanced STAR have the option of participating in an Income Verification Program (IVP) that allows seniors to authorize the assessor to have their incomes verified in subsequent years by the Department of Taxation and Finance.

Visit www.tax.ny.gov/pit/property/star/special_eligibility.htm for guidance on special eligibility rules for seniors with limited incomes, residents of cooperative apartments and manufactured home parks, surviving spouses, nursing home residents, trusts and life estates.

*Changes to STAR for 2016-17

The 2016-17 state budget includes a provision to transition the STAR exemption into a refundable personal income tax credit. Anyone who purchased and is paying school taxes on a home for the first time in 2016-17 will receive their STAR savings as a rebate check. There also is a provision that allows existing homeowners to choose either the STAR exemption or the new income tax credit.

The budget also allows for late filing of Enhanced STAR renewal applications in cases where applicants can show good cause for missing the deadline.

Go online for more detailed information about the STAR program, including eligibility guidelines, application instructions and forms, municipality exemption amounts and maximum STAR savings:

- NYS Department of Taxation and Finance: www.tax.ny.gov/pit/property/star/index.htm
- Find a town assessor: <http://orpts.tax.ny.gov/MuniPro/>
- Additional property tax exemptions for seniors: www.tax.ny.gov/pit/property/exemption/seniorexempt.htm



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