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THE SENATE  
STATE OF NEW YORK

February 10, 2017

CHAIR  
INVESTIGATIONS & GOVERNMENT OPERATIONS  
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LOCAL GOVERNMENT  
MENTAL HEALTH & DEVELOPMENTAL DISABILITIES

Tim Maher  
Director, NYS Office of Real Property Tax Services  
Bldg 9, State Campus  
Albany, NY 12227

Dear Mr. Maher:

I understand that few new categories of state-owned land have been made taxable since the 1940s. Some statutes have been added to the Real Property Tax Law and Environmental Conservation law making certain state-owned lands taxable.<sup>1</sup> Particularly, in Putnam County, located in the 40<sup>th</sup> Senate District, all state lands, exclusive of improvements erected thereon, are subject to consistent and uniform real property taxation, in the same manner as is currently done in Rockland County.<sup>2</sup>

There appears now to be a discriminatory policy with regard to the subjection of State-owned land to real property taxes by local governments. Aside from highways and state buildings, about ninety percent of such land is taxable presently for one purpose or another.<sup>3</sup>

This situation has developed so that although more than 3 million acres of such lands are taxable, none of the State land in Westchester County is now taxed by a municipality.<sup>4</sup> In fact, the 40<sup>th</sup> Senate District contains 5,000 of the 7,000 acres of the State's untaxed land in Westchester County at various facilities including two NYSDOT yards, Camp Smith and several state parks.

This represents a large part of almost \$866 billion, or thirty-one percent, that never gets billed, of the \$2.8 trillion in land the state holds.<sup>5</sup>

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<sup>1</sup> "Publication 1270 (9/11): Taxation of State-Owned Land in New York." State Board of Equalization and Assessment. February 1991. Retrieved from [https://www.tax.ny.gov/pdf/publications/orpts/taxation\\_state\\_owned\\_land\\_ny.pdf](https://www.tax.ny.gov/pdf/publications/orpts/taxation_state_owned_land_ny.pdf)

<sup>2</sup> Ch. 364 of 2004

<sup>3</sup> "Court ruling may increase local taxes paid by state." *New York Times*. November 16, 1984. Retrieved from <http://www.nytimes.com/1984/11/16/nyregion/court-ruling-may-increase-local-taxes-paid-by-state.html>

<sup>4</sup> §404 RPT L.

<sup>5</sup> Larry Kaplan. "31% of NY State Land is Tax-Exempt—What Does That Mean?" NPQ. October 30, 2016. Retrieved from <https://nonprofitquarterly.org/2016/10/31/31-ny-state-land-tax-exempt-mean/>

As you are aware, the Hudson Valley, and in particular Westchester County, continues to struggle with an overbearing tax burden. With 5,000 acres off of the tax rolls, governments on all levels are forced to look to local taxpayers to make up the difference. The concern is compounded by the fact that this policy is not uniformly applied across New York State.<sup>6</sup>

An egregious example is the Donald J. Trump State Park Indian Hill Section, split between Westchester and Putnam Counties, which is fully taxable in Putnam Valley, and yet tax exempt in Yorktown. It is a prime example of an “unfunded mandate” on the taxpayers in Yorktown and Westchester. The state’s ownership hurts the local tax base and drains services, and yet the benefits of the property are primarily enjoyed by people who live elsewhere.

The Department of Taxation & Finance’s own website states, “at present, New York has a variety of compensation arrangements that have developed in a piecemeal manner over the past century,” which does not inspire confidence.<sup>7</sup> As Chairman of the Senate Committee on Investigations and Government Operations, I have determined it is important that the legislature fully understands the reason behind these inconsistencies and develop recommendations as to what can be done on a statewide basis.

Therefore, the Committee requests that your office hereby initiate an immediate, comprehensive review with respect to this issue. Specifically, your office’s review on New York State’s policy of taxing state owned land should address the following:

1. Has any study of such policies been conducted since 1996?
2. Please provide an explanation of the different type of compensation mechanisms used by New York State to reimburse municipalities who are paying taxes on state owned land.
3. Please provide a breakdown of municipalities that receive compensation, including the mechanism for calculation, the type of property and amount paid.
4. Does your department have a plan to implement a standardized policy for taxing state owned land?

Property taxes across New York State are a major concern for homeowners, the Governor and I. While the examples provided apply directly to my district there are identical scenarios in other parts of the State. This type of tax discrimination is not only unfair but the inconsistent policy seems to have no rationale behind it.

As Chairman, I respectfully request comments and a completed review by the Department of Taxation and Finance by no later than 5:00 p.m. on February 24, 2017.

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<sup>6</sup> “Compensating Local Governments for Loss of Tax Base Due to State Ownership of Land.” New York State Department of Taxation and Finance. September 1996. Retrieved from [https://www.tax.ny.gov/research/property/reports/state\\_land\\_compensation/index.htm](https://www.tax.ny.gov/research/property/reports/state_land_compensation/index.htm)

<sup>7</sup> “Fact Sheet: New York’s Taxable State-Owned Land.” NYS Department of Taxation and Finance. Retrieved from [https://www.tax.ny.gov/pubs\\_and\\_bulls/orpts/factsheettaxstland.htm](https://www.tax.ny.gov/pubs_and_bulls/orpts/factsheettaxstland.htm)

In addition, the Committee requests that your staff provide Committee staff with a briefing on how your office will ensure a comprehensive policy be implemented that provides equity to all municipalities grappling with State-owned property.

Please feel free to contact me directly with any questions about this request at (518) 455-3111. Thank you for your prompt attention to this matter.

Sincerely,

A handwritten signature in black ink that reads "Dr. Terrence P. Murphy". The signature is written in a cursive, flowing style.

Dr. Terrence P. Murphy  
Senator, 40<sup>th</sup> District

CC: Senator Brad Hoylman, Ranking Minority Member  
Nonie Manion, Executive Deputy Commissioner, New York State Department of Taxation and Finance  
Scott C. Becker, New York State Board of Real Property Tax Services  
Samuel J. Casella, New York State Board of Real Property Tax Services  
Matthew W. Rand, New York State Board of Real Property Tax Services

TPM/mjs