

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 (age 65 and over) 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, which reduces what they would otherwise owe on their property tax bills that year. Local school districts are, in turn, reimbursed by the state for the uncollected property tax revenues. Since its inception, STAR has shifted more than \$3.2 billion from the local tax burden to the state.

Most STAR recipients save several hundred dollars on their property taxes each year. Several factors contribute to the calculation of the actual amount, including the assessed value of the home and its location (some counties are adjusted upwards to account for higher home values and higher taxes), the level of assessment in the community, and an annual adjustment based on the rate of inflation (for Enhanced STAR only).

Prior year savings under STAR are now also a factor. In 2011-12, the state enacted a two percent cap on the increase in maximum STAR savings over the previous year.

Although STAR exemptions apply to school property taxes, school districts have no influence over the exemptions or tax savings. STAR exemption amounts are calculated by the Office of Real Property Tax Services (ORPTS), a division of the state Department of Taxation and Finance.

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.

The school property tax bill will clearly state the STAR exemption amount and tax savings. If taxes are held in an escrow account, homeowners should receive a receipt that includes STAR information.

THERE ARE TWO TYPES OF STAR AVAILABLE BASED ON THE AGE AND INCOME OF THE HOMEOWNERS:

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 one time for BASIC STAR, and it remains in effect until ownership of the home changes. However, the exemption amount is calculated each year, and the 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 (\$79,050 in 2013). 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.

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

For detailed information about the STAR program, including eligibility, application instructions and forms, municipality exemption amounts, and maximum STAR savings, visit the New York State Department of Taxation and Finance website at <http://www.tax.ny.gov/pit/property/star/index.htm>

To find your local assessor, go to <http://orpts.tax.ny.gov/MuniPro/>

Senior citizens who own their own home may be eligible for property tax exemptions along with STAR. Visit <http://www.tax.ny.gov/pit/property/exemption/seniorexempt.htm> to learn more.