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April 14, 2020

Dear Mr. Berg, Mr. Cohen, and Mr. Selvaggio:

Thank you for your letter. We have researched the suggestions you raised and consulted with legal counsel at the New York State Department of Tax and Finance.

As you know, in Scarsdale we have County, School, and Village taxes. County and School taxes are collected by the Town of Scarsdale and are governed by the Westchester County Tax Act (Municipal Code Ch. 283, "The Act"). Specifically, The Act provides that towns may, by resolution, opt to collect school district taxes in two equal installments. Interest is applied only if a payment is late (§283.11). The Act does not currently authorize towns to collect County real property tax in installments.

If the Town wanted to allow multiple payments without interest for County taxes or more than two installments without interest for School taxes, a change to the Westchester law would be required. Such changes could be structured as an opt-in or opt-out or authorized only for a set time with a sunset provision. Towns which are interested in pursuing this ability could work with the County and request a change to The Act.

Amendments to The Act can also be made by State legislation, however, the County would need to pass a Home Rule Resolution by a two thirds vote asking the State to pass the legislation. This option becomes even more problematic because the legislature is not currently in session due to COVID-19 and we are uncertain as to when it will resume. More importantly, since April first has passed, any action to change payments or interest for this tax year must be made expeditiously- which could only be done by enacting a County law.

Because County and School taxes represent eighty-two percent of a resident's property tax bill, raising your suggestions regarding partial payments, interest and penalties with your County Legislator and discussing changes to The Act is an avenue you may wish to pursue.

Villages, however, are not governed by The Act and follow the New York State Real Property Tax Law ("RPTL"). A village can opt to allow partial payments and establish any number of installments it wishes. However, if a village exercises this option, it is required under the RPTL to charge interest on all subsequent payments (§924). The interest amount is set forth in RPTL §924-a and there is no mechanism in the law for a village to make any adjustments to the amount. Legal counsel at the New York State Department of Tax and Finance indicated that it is unclear whether an Executive Order could authorize villages to reduce or waive interest on partial payments. An amendment to the RPTL may be necessary.

We have not seen the language of the proposal under consideration by the County and do not know how it would fit into the current statutory scheme discussed above. Specifically, we have not evaluated whether the proposal would address School taxes.

One additional item of note is that moving to partial payments would present a technological challenge for municipalities. Scarsdale, we have learned, recently completed a two-year process to update its tax collection software. The software allows for only one payment and would require substantial changes in order to accept multiple payments. There would be a significant cost for the necessary upgrades. More staff hours would also be required to collect multiple payments. Other municipalities would likely have these challenges as well.

I hope that you have found this information helpful.

Sincerely,



Amy Paulin