S T A T E O F N E W Y O R K

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I N S E N A T E

May 11, 2012

Introduced by Sen. JOHNSON -- read twice and ordered printed, and when printed to be committed to the Committee on Local Government

AN ACT to amend the real property tax law, in relation to exempting certain lump-sum payments from inclusion as "income" for purposes of the enhanced school tax relief exemption

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Clause (C) of subparagraph (i) of paragraph (b) of subdivision 4 of section 425 of the real property tax law, as amended by section 3 of part E of chapter 83 of the laws of 2002, is amended to read as follows:

(C) For final assessment rolls to be completed in each ensuing year, the applicable income tax year, cost-of-living-adjustment percentage and applicable increase percentage shall all be advanced by one year, and the income standard shall be the previously-applicable income standard increased by the new cost-of-living-adjustment percentage. UNDER NO CIRCUMSTANCE SHALL THE DEPARTMENT OR ANY ASSESSOR PROVIDE FOR OR ESTABLISH AN APPLICABLE INCOME TAX YEAR WHICH DOES NOT COMPLY WITH THE PROVISIONS OF THIS CLAUSE. If there should be a year for which there is no applicable increase percentage due to a general benefit increase as defined by subdivision three of subsection (i) of section four hundred fifteen of title forty-two of the United States code, the applicable increase percentage for purposes of this computation shall be deemed to be the percentage which would have yielded that general benefit increase.

S 2. Subparagraph (ii) of paragraph (b) of subdivision 4 of section 425 of the real property tax law, as amended by section 3 of part E of chapter 83 of the laws of 2002, is amended to read as follows:

(ii) The term "income" as used herein shall mean the "adjusted gross income" for federal income tax purposes as reported on the applicant's federal or state income tax return for the applicable income tax year, subject to any subsequent amendments or revisions, reduced by distributions, to the extent included in federal adjusted gross income, received from an individual retirement account and an individual retire-

EXPLANATION--Matter in ITALICS (underscored) is new; matter in brackets [ ] is old law to be omitted.

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ment annuity; PROVIDED, HOWEVER, THAT SUCH TERM SHALL NOT INCLUDE ANY INCOME FROM A SINGLE LUMP-SUM PAYMENT ACCRUING TO THE TAXPAYER AS THE RESULT OF COMPENSATION PAID PURSUANT TO A CAUSE OF ACTION, WHICH DOES NOT EXCEED, LESS ANY ATTORNEY'S FEES, TWICE THE AMOUNT OF THE APPLICABLE INCOME STANDARD FOR THE ASSESSMENT ROLL; provided, FURTHER, that if no such return was filed for the applicable income tax year, "income" shall mean the adjusted gross income that would have been so reported if such a return had been filed.

S 3. Subparagraph (vi) of paragraph (b) of subdivision 4 of section 425 of the real property tax law is amended by adding a new clause (C-1) to read as follows:

(C-1) APPLICATIONS SUBMITTED BY A PERSON OR PERSONS WHO HAVE RECEIVED A LUMP-SUM PAYMENT AS THE RESULT OF COMPENSATION PAID PURSUANT TO A CAUSE OF ACTION;

S 4. Notwithstanding any provision of law to the contrary, any person who was denied eligibility for the enhanced school tax relief exemption, pursuant to section 425 of the real property tax law, after January 1, 2011 and before the date upon which this act shall have become a law and who would have been eligible for such exemption pursuant to the provisions of this act, may retroactively apply to the appropriate assessor, within 180 days of the date this act shall have become a law, for the exemption. If the assessor shall find that any such applicant is eligible for the enhanced exemption, the education department shall pay the applicant the difference between the tax savings, as determined pursuant to section 1306-a of the real property tax law, the applicant would have received with the enhanced exemption and the tax savings from the school tax relief exemption that the applicant received.

S 5. This act shall take effect immediately, and the provisions of section one of this act shall be deemed to have been in full force and effect on and after January 1, 2011.