STATE OF NEW YORK

8313

2023-2024 Regular Sessions

IN ASSEMBLY

November 27, 2023

Introduced by M. of A. WALSH -- read once and referred to the Committee on Real Property Taxation

AN ACT to amend the real property tax law, in relation to adjusting the school tax relief (STAR) exemption for homes located outside a city with a population greater than one million (Part A); and to amend the tax law, the education law and the general municipal law, in relation to a real property tax freeze(Part B)

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. This act enacts into law components of legislation relating to certain real property taxes. Each component is wholly contained within a Part identified as Parts A through B. The effective date for each particular provision contained within such Part is set forth in the last section of such Part. Any provision in any section contained within a Part, including the effective date of the Part, which makes reference to a section "of this act", when used in connection with that particular component, shall be deemed to mean and refer to the corresponding section of the Part in which it is found. Section three of this act sets forth the general effective date of this act.

PART A

Section 1. Subparagraph (vi) of paragraph (b) of subdivision 2 of section 425 of the real property tax law, as added by section 1 of part D-1 of chapter 57 of the laws of 2007, and clause (A) as further amended by subdivision (b) of section 1 of part W of chapter 56 of the laws of 2010, is amended and a new subparagraph (vii) is added to read as follows:

(vi) For the two thousand nine--two thousand ten school year [~~and thereafter~~] **through the two thousand twenty-three--two thousand twenty-**

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

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four school year, for homes located outside a city with a population greater than one million:

(A) The base figure for the enhanced STAR exemption shall equal the prior year's base figure multiplied by the percentage increase in the consumer price index for urban wage earners and clerical workers (CPI-W) published by the United States department of labor, bureau of labor statistics, for the third quarter of the calendar year preceding the applicable school year, as compared to the third quarter of the prior calendar year. If a base figure as so determined is not exactly equal to a multiple of one hundred dollars, it shall be rounded to the nearest multiple of one hundred dollars. It shall be the responsibility of the commissioner to annually determine such base figures.

(B) The base figure for the basic STAR exemption shall be thirty thousand dollars.

(vii) For the two thousand twenty-four--two thousand twenty-five school year and thereafter, for homes located outside a city with a population greater than one million, notwithstanding any other provision of this section, the enhanced STAR exemption shall equal fifty percent of the median assessed value of all homes outside a city with a population greater than one million, as calculated by the comptroller and the commissioner.

§ 2. This act shall take effect immediately.

PART B

Section 1. Section 606 of the tax law is amended by adding a new subsection (bbb) to read as follows:

(bbb) Real property tax freeze credit. (1) As used in this subsection:

(A) The term "freeze-compliant budget" means a budget of a taxing jurisdiction that has met the requirements of section two thousand twenty-three-c of the education law or section three-d of the general municipal law, whichever is applicable.

(B) The terms "independent special district" and "dependent school district" have the same meaning as set forth in section three-d of the general municipal law.

(C) The term "STAR exemption" means the school tax relief exemption authorized by section four hundred twenty-five of the real property tax law.

(D) The term "taxing jurisdiction" means a county, city, town, village, school district or an independent special district, except that such term shall not include a city with a population of one million or more, nor shall it include a county wholly located within such a city.

(E) The term "levy credit factor" means the allowable levy growth factor for a taxing jurisdiction, as determined pursuant to section three-c of the general municipal law or section two thousand twenty-three-a of the education law, minus one.

(2) An individual taxpayer who meets the eligibility standards set forth in paragraph three of this subsection and whose primary residence is located in a taxing jurisdiction that has a freeze-compliant budget for the fiscal year starting in two thousand twenty-five, two thousand twenty-six or two thousand twenty-seven, whichever is applicable, shall be allowed a credit against the taxes imposed by this article. Subject to the provisions of paragraph six of this subsection, such credit shall be determined as follows:

(A) If a school district other than a dependent school district has a freeze-compliant budget for its fiscal year starting in two thousand

twenty-five, a credit shall be allowed for the eligible taxpayer's two thousand twenty-five taxable year in the amount that is the greater of (i) the amount by which the real property taxes imposed upon such residence by or on behalf of that school district for the fiscal year starting in two thousand twenty-five exceeds the real property taxes so imposed for the fiscal year starting in two thousand twenty-four, or (ii) the product of the real property taxes imposed upon such residence by or on behalf of that school district for the fiscal year starting in two thousand twenty-four multiplied by the levy credit factor for that school district for the fiscal year starting in two thousand twenty-five.

(B) If a taxing jurisdiction, other than a school district or a city with a dependent school district, has a freeze-compliant budget for its fiscal year starting in two thousand twenty-six, a credit shall be allowed for the eligible taxpayer's two thousand twenty-six taxable year in the amount that is the greater of (i) the amount by which the real property taxes imposed upon such residence by or on behalf of that taxing jurisdiction for the fiscal year starting in two thousand twenty-six exceeds the real property taxes so imposed for the fiscal year starting in two thousand twenty-five, or (ii) the product of the real property taxes imposed upon such residence by or on behalf of that taxing jurisdiction for the fiscal year starting in two thousand twenty-five multiplied by the levy credit factor for that taxing jurisdiction for the fiscal year starting in two thousand twenty-six.

(C) If a school district other than a dependent school district has a freeze-compliant budget for its fiscal year starting in two thousand twenty-six, a credit shall be allowed for the eligible taxpayer's two thousand twenty-six taxable year in the amount by which the real property taxes imposed upon such residence by or on behalf of such school district for the fiscal year starting in two thousand twenty-six exceeds the real property taxes so imposed for the fiscal year identified as follows:

(i) if the school district's budget for the fiscal year starting in two thousand twenty-five was a freeze-compliant budget, a credit shall be allowed for the eligible taxpayer's two thousand twenty-six taxable year in the amount of the credit for school district taxes allowed for the eligible taxpayer's two thousand twenty-five taxable year; together with the amount that is the greater of (I) the amount by which the real property taxes imposed upon such residence by or on behalf of that school district for the fiscal year starting in two thousand twenty-six exceeds the real property taxes so imposed for the fiscal year starting in two thousand twenty-five, or (II) the product of the real property taxes imposed upon such residence by or on behalf of such school district for the fiscal year starting in two thousand twenty-five multiplied by the levy credit factor for that school district for the fiscal year starting in two thousand twenty-six.

(ii) if the school district's budget for the fiscal year starting in two thousand twenty-five was not a freeze-compliant budget, a credit shall be allowed for the eligible taxpayer's two thousand twenty-six taxable year in the amount that is the greater of (I) the amount by which the real property taxes imposed upon such residence by or on behalf of that school district for the fiscal year starting in two thousand twenty-six exceeds the real property taxes so imposed for the fiscal year starting in two thousand twenty-five, or (II) the product of the real property taxes imposed upon such residence by or on behalf of such school district for the fiscal year starting in two thousand twen-

ty-five multiplied by the levy credit factor for such school district for the fiscal year starting in two thousand twenty-six.

(D) If a taxing jurisdiction, other than a school district or a city with a dependent school district, has a freeze-compliant budget for its fiscal year starting in two thousand twenty-seven:

(i) if the taxing jurisdiction's budget for the fiscal year starting in two thousand twenty-six was a freeze-compliant budget, a credit shall be allowed for the eligible taxpayer's two thousand twenty-seven taxable year in the amount of the credit for the taxes imposed by or on behalf of such taxing jurisdiction allowed for the eligible taxpayer's two thousand twenty-six taxable year; together with the amount that is the greater of (I) the amount by which the real property taxes imposed upon such residence by or on behalf of such taxing jurisdiction for the fiscal year starting in two thousand twenty-seven exceeds the real property taxes imposed upon such residence by or on behalf of that taxing jurisdiction for the fiscal year starting in two thousand twenty-six, or (II) the product of the real property taxes imposed upon such residence by or on behalf of such taxing jurisdiction for the fiscal year starting in two thousand twenty-six multiplied by the levy credit factor for such taxing jurisdiction for the fiscal year starting in two thousand twenty-seven.

(ii) if the taxing jurisdiction's budget for the fiscal year starting in two thousand twenty-six was not a freeze-compliant budget, a credit shall be allowed for the eligible taxpayer's two thousand twenty-seven taxable year in the amount that is the greater of (I) the amount by which the real property taxes imposed upon such residence by or on behalf of such taxing jurisdiction for the fiscal year starting in two thousand twenty-seven exceeds the real property taxes so imposed for the fiscal year starting in two thousand twenty-six, or (II) the product of the real property taxes imposed upon such residence by or on behalf of such taxing jurisdiction for the fiscal year starting in two thousand twenty-six multiplied by the levy credit factor for such taxing jurisdiction for the fiscal year starting in two thousand twenty-seven.

(E) If a city with a dependent school district has a freeze-compliant budget for its fiscal year starting in two thousand twenty-five, a tax credit shall be allowed for the eligible taxpayer's two thousand twenty-five taxable year in the amount equivalent to sixty-seven percent of the amount that is the greater of (i) the amount by which the real property taxes imposed upon such residence by or on behalf of that city for the fiscal year starting in two thousand twenty-five exceeds the real property taxes so imposed for the fiscal year starting in two thousand twenty-four, or (ii) the product of the real property taxes imposed upon such residence by or on behalf of such city for the fiscal year starting in two thousand twenty-four multiplied by the levy credit factor for such city for the fiscal year starting in two thousand twenty-five.

(F) If a city with a dependent school district has a freeze-compliant budget for its fiscal year starting in two thousand twenty-six:

(i) if the city's budget for the fiscal year starting in two thousand twenty-five was a freeze-compliant budget, a credit shall be allowed for the eligible taxpayer's two thousand twenty-six taxable year in an amount equivalent to thirty-three percent of the amount that is the greater of (I) the amount by which the real property taxes imposed upon such residence by that city for the fiscal year starting in two thousand twenty-five exceeds the real property taxes so imposed for the fiscal year starting in two thousand twenty-four, or (II) the product of the real property taxes imposed upon such residence by or on behalf of such

city for the fiscal year starting in two thousand twenty-four multiplied by the levy credit factor for such city for the fiscal year starting in two thousand twenty-five; together with the amount of the credit for the taxes imposed by or on behalf of such city allowed for the eligible taxpayer's two thousand twenty-five taxable year; and together with an amount equivalent to sixty-seven percent of the amount that is the greater of (I) the amount by which the real property taxes imposed upon such residence by that city for the fiscal year starting in two thousand twenty-six exceeds the real property taxes so imposed for the fiscal year starting in two thousand twenty-five; or (II) the product of the real property taxes imposed upon such residence by or on behalf of such city for the fiscal year starting in two thousand twenty-five multiplied by the levy credit factor for such city for the fiscal year starting in two thousand twenty-six; and a credit shall be allowed for the eligible taxpayer's two thousand twenty-seven taxable year in an amount equivalent to thirty-three percent of the amount that is the greater of (I) the amount by which the real property taxes imposed upon such residence by that city for the fiscal year starting in two thousand twenty-six exceeds the real property taxes so imposed for the fiscal year starting in two thousand twenty-five, or (II) the product of the real property taxes imposed upon such residence by or on behalf of such city for the fiscal year starting in two thousand twenty-five multiplied by the levy credit factor for such city for the fiscal year starting in two thousand twenty-six; together with an amount equivalent to forty-nine and one-quarter percent of the amount of the credit for the taxes imposed by or on behalf of such city allowed for the eligible taxpayer's two thousand twenty-five taxable year.

(ii) if the city's budget for the fiscal year starting in two thousand twenty-five was not a freeze-compliant budget, a credit shall be allowed for the eligible taxpayer's two thousand twenty-six taxable year in an amount equivalent to sixty-seven percent of the amount that is the greater of (I) the amount by which the real property taxes imposed upon such residence by that city for the fiscal year starting in two thousand twenty-six exceeds the real property taxes so imposed for the fiscal year starting in two thousand twenty-five or (II) the product of the real property taxes imposed upon such residence by or on behalf of such city for the fiscal year starting in two thousand twenty-five multiplied by the levy credit factor for such city for the fiscal year starting in two thousand twenty-six; and a credit shall be allowed for the eligible taxpayer's two thousand twenty-seven taxable year in an amount equivalent to thirty-three percent of the amount that is the greater of (I) the amount by which the real property taxes imposed upon such residence by that city for the fiscal year starting in two thousand twenty-six exceeds the real property taxes so imposed for the fiscal year starting in two thousand twenty-five or (II) the product of the real property taxes imposed upon such residence by or on behalf of such city for the fiscal year starting in two thousand twenty-five multiplied by the levy credit factor for such city for the fiscal year starting in two thousand twenty-six.

(G) If a city with a dependent school district has a freeze-compliant budget for its fiscal year starting in two thousand twenty-five but does not have a freeze-compliant budget for its fiscal year starting in two thousand twenty-six, a tax credit shall be allowed for the eligible taxpayer's two thousand twenty-six taxable year an amount representing thirty-three percent of the amount that is the greater of (I) the amount by which the real property taxes imposed upon such residence by that

city for the fiscal year starting in two thousand twenty-five exceeds the real property taxes so imposed for the fiscal year starting in two thousand twenty-four or (II) the product of the real property taxes imposed upon such residence by or on behalf of such city for the fiscal year starting in two thousand twenty-four multiplied by the levy credit factor for such city for the fiscal year starting in two thousand twenty-five.

(3) To be eligible for such credit, the taxpayer (or taxpayers filing joint returns) must meet the following criteria:

(A) For the two thousand twenty-five taxable year, the taxpayer's primary residence must have qualified for the STAR exemption for the two thousand twenty-five--two thousand twenty-six school year, or would have so qualified if an application for such exemption had been submitted in a timely manner.

(B) For the two thousand twenty-six taxable year, the taxpayer's primary residence must have qualified for the STAR exemption for the two thousand twenty-six--two thousand twenty-seven school year, or would have so qualified if an application for such exemption had been submitted in a timely manner.

(C) For the two thousand twenty-seven taxable year, the taxpayer's primary residence must have qualified for the STAR exemption for the two thousand twenty-seven--two thousand twenty-eight school year, or would have so qualified if an application for such exemption had been submitted in a timely manner.

(4) For each year this credit is allowed, the commissioner shall determine the taxpayer's eligibility for this credit utilizing the information available to the commissioner. When the commissioner has determined a taxpayer to be eligible for this credit, the commissioner shall advance a payment of the amount determined in accordance with this subsection. The taxpayer shall not apply for such credit in conjunction with the filing of his or her return. A taxpayer who has failed to receive an advance payment that he or she believes was due to him or her, or who has received an advance payment that he or she believes is less than the amount that was due to him or her, may request payment of the claimed deficiency in a manner prescribed by the commissioner.

(5) If the amount of the credit allowed under this subsection, if any, shall exceed the taxpayer's tax for the taxable year, the excess shall be treated as an overpayment of tax to be credited or refunded in accordance with the provisions of section six hundred eighty-six of this article, provided, however, that no interest shall be paid thereon.

(6) The following provisions shall apply to the calculation of the credit pursuant to paragraph two of this subsection:

(A) If the tax bill pertaining to the eligible taxpayer's primary residence includes taxes levied by or on behalf of multiple taxing jurisdictions, the credit shall be based upon the change in the aggregate tax liability of such residence, provided that any tax appearing on the tax bill that is not attributable to a freeze-compliant budget shall be disregarded when determining the aggregate tax liability of such residence.

(B) If the tax bill pertaining to the eligible taxpayer's primary residence includes relevied taxes or other taxes that were previously billed but not paid, those taxes shall be disregarded when determining the aggregate tax liability of such residence.

(C) If the tax bill pertaining to the eligible taxpayer's primary residence includes usage charges, unit charges or other charges that are

based upon the consumption of a service, those charges shall be disregarded when determining the aggregate tax liability of such residence.

(D) Notwithstanding the foregoing provisions of this subsection, no credit shall be allowed to the extent that the tax liability of the eligible taxpayer's primary residence increased due to one or more of the following events:

(i) A physical improvement to the eligible taxpayer's primary residence.

(ii) A removal or reduction of an exemption on the eligible taxpayer's primary residence, including a reduction of the STAR exempt amount calculated pursuant to subdivision two of section four hundred twenty-five of the real property tax law.

(iii) A revaluation that caused the assessment of the eligible taxpayer's primary residence to increase by a percentage that is greater than the applicable change in level of assessment. As used herein, the terms "revaluation" and "change in level of assessment" shall have the same meanings as set forth in sections one hundred two and twelve hundred twenty of the real property tax law, respectively.

(E) In the case of property consisting of a cooperative apartment corporation that is described by paragraph (k) of subdivision two of section four hundred twenty-five of the real property tax law, an eligible owner shall be allowed a credit in the amount equal to sixty percent of the average tax credit in that taxing jurisdiction for that fiscal year, as determined by the commissioner, or in the case of a cooperative apartment corporation that is described by subparagraph (iv) of paragraph (k) of subdivision two of section four hundred twenty-five of the real property tax law, a credit of twenty percent of such average tax credit.

(F) In the case of property consisting of a mobile home that is described by paragraph (l) of subdivision two of section four hundred twenty-five of the real property tax law, an eligible owner shall be allowed a credit in the amount equal to twenty-five percent of the average tax credit in that taxing jurisdiction for that fiscal year, as determined by the commissioner.

(G) In the case of a city with a dependent school district, it shall be presumed that sixty-seven percent of the city tax bill is for school district purposes and that thirty-three percent is for general city purposes.

(H) The amount of the credit shall be rounded to the nearest dollar, except where such amount is greater than zero and less than one dollar and fifty cents, in which case the amount of the credit shall be rounded up to two dollars.

(7) No credit shall be allowed under this subsection in relation to property located within a city with a population of one million or more.

§ 2. The education law is amended by adding a new section 2023-c to read as follows:

§ 2023-c. Certification of compliance with property tax freeze requirements. A school district that is subject to the provisions of section two thousand twenty-three-a of this part must comply with the requirements of subdivision two of this section in order to render its taxpayers eligible for the real property tax freeze credit authorized by subsection (bbb) of section six hundred six of the tax law for a fiscal year starting in two thousand twenty-five. The property tax cuts will be extended for a second year in jurisdictions which comply with the tax cap and have a state approved government efficiency plan which demonstrate three year savings and efficiencies of at least one percent per

year from shared services, cooperation agreements and/or mergers or efficiencies. The director of the budget shall consider past efficiencies, shared services and reforms in their approval process. While localities may offer a variety of approaches it is anticipated that the county government or board of cooperative educational services will convene and facilitate a process and submit a county wide or board of cooperative educational services region wide plan for approval. A school district that is subject to the provisions of section two thousand twenty-three-a of this part must comply with the requirements of subdivision two and either subdivision three or subdivision four of this section in order to render its taxpayers eligible for the real property tax freeze credit authorized by subsection (bbb) of section six hundred six of the tax law for a fiscal year starting in two thousand twenty-six.

1. Definitions. As used in this section:

a. "Mergers" means: reorganizations of eligible school districts pursuant to sections fifteen hundred five, fifteen hundred eleven through fifteen hundred thirteen, fifteen hundred twenty-four, fifteen hundred twenty-six, seventeen hundred five, eighteen hundred one through eighteen hundred three, or twenty-two hundred eighteen of this title; or reorganizations, consolidations, or dissolutions of eligible school districts in which one or more eligible school districts are terminated and another eligible school district assumes jurisdiction over the terminated school district or districts pursuant to any other provision of law.

b. "Cooperation agreements" means agreements entered into between eligible school districts to implement the sharing or consolidation of functions or services, including but not limited to: procurement, real estate and facility management, fleet management, business and financial services, administrative services, payroll administration, time and attendance, benefits administration and other transactional human resources functions, contract management, grants management, transportation services, facilities and function, human services facilities and functions, customer service facilities and functions and information technology infrastructure, process, services and functions.

c. "Eligible school district" means a school district that is subject to section two thousand twenty-three-a of this part, but shall not mean a school district that is subject to article fifty-two of this title.

d. "Government efficiency plan" means a plan that identifies cooperation agreements, shared services and/or mergers or efficiencies to be fully implemented by one or more eligible school districts that are signatories to the plan.

e. "Lead district" means the eligible school district that is participating in a government efficiency plan with more than one signatory that has elected to submit the government efficiency plan to the director of the budget on behalf of all signatories to the plan.

f. "Shared services" means functional consolidations by which one eligible school district completely provides a service or function for another eligible school district, which no longer engages in that function or service; shared or cooperative services between and among eligible school districts; and regionalized delivery of services between and among eligible school districts. These shared services may be for services or functions including but not limited to: procurement, real estate and facility management, fleet management, business and financial services, administrative services, payroll administration, time and attendance, benefits administration and other transactional human

resources functions, contract management, grants management, transportation services, facilities and functions, human services facilities and functions, customer service facilities and functions and information technology infrastructure, processes, services and functions.

2. Certification of compliance with tax levy limit. a. Upon the adoption of the budget of an eligible school district, the chief executive officer of such school district shall certify to the state comptroller, the commissioner of taxation and finance and the commissioner that the budget so adopted does not exceed the tax levy limit prescribed by section two thousand twenty-three-a of this part. Such certification shall be made in a form and manner prescribed by the state comptroller in consultation with the commissioner of taxation and finance and the commissioner.

b. In order for such certification to give rise to a real property tax freeze credit under subsection (bbb) of section six hundred six of the tax law, such certification shall be made no later than the twenty-first day of the fiscal year to which it applies.

c. If such a certification has been made and the actual tax levy of the school district exceeds the applicable tax levy limit, the excess amount shall be placed in reserve and used in the manner prescribed by subdivision five of section two thousand twenty-three-a of this part, even if a tax levy in excess of the tax levy limit had been duly authorized for the applicable fiscal year by the school district voters.

d. Notwithstanding any provision of law to the contrary, every school district that is subject to the provisions of section two thousand twenty-three-a of this part shall report both its proposed budget and its adopted budget to the office of the state comptroller and the commissioner at the time and in the manner as they may prescribe, whether or not such budget has been or will be certified as provided by this subdivision.

3. School district government efficiency plans submitted by lead district. a. The superintendent of each lead district shall submit to the director of the budget by June first, two thousand twenty-six, a government efficiency plan that demonstrates three year savings and efficiencies of at least one percent per year from shared services, cooperation agreements and/or mergers or efficiencies over the aggregate two thousand twenty-five--two thousand twenty-six school year tax levies for all eligible school districts that are signatories to such plan.

(i) The superintendent of each eligible school district that is a signatory to a government efficiency plan shall submit to the superintendent of the lead district by May fifteenth, two thousand twenty-six, a written certification that the eligible school district agrees to undertake its best efforts to fully implement by the end of the two thousand twenty-seven--two thousand twenty-eight school year the cooperation agreements, mergers, efficiencies and/or shared services specified for the eligible school district in such plan.

(ii) The chief financial officer of a school district that is a signatory to a government efficiency plan shall submit to the superintendent of the lead district by May fifteenth, two thousand twenty-six, a written certification that in his or her professional opinion, full implementation by the end of the two thousand twenty-seven--two thousand twenty-eight school year of the cooperation agreements, mergers, efficiencies and/or shared services that are to be taken by such school district itself as specified in such plan will result in the savings set forth in such plan attributable to such school district.

(iii) The chief financial officer of each eligible school district that is a signatory to a government efficiency plan shall submit to the lead district by May fifteenth, two thousand twenty-six, a written certification that in his or her professional opinion, full implementation of the cooperation agreements, mergers, efficiencies and/or shared services as specified for all of the eligible school districts that are signatories to such plan will result in savings over the aggregate two thousand twenty-five--two thousand twenty-six school year tax levies for all eligible school districts that are signatories to such plan of at least one percent in each of the two thousand twenty-seven--two thousand twenty-eight, the two thousand twenty-eight--two thousand twenty-nine and the two thousand twenty-nine--two thousand thirty school years.

b. The chief financial officer of each lead district shall submit the following documents to the director of the budget on or before June first, two thousand twenty-six: (i) the government efficiency plan; (ii) a list of all eligible school districts that are signatories to such plan; (iii) all of the certifications required by paragraph a of this subdivision; and (iv) an analysis of the aggregate amount of savings set forth in such plan attributable to all eligible school districts that are signatories to such plan that will be achieved if the cooperation agreements, mergers, efficiencies and/or shared services identified in such plan are fully implemented by the end of the two thousand twenty-seven--two thousand twenty-eight school year. The director of the budget shall review such documents and shall consider past efficiencies, shared services and reforms in their approval process to determine whether the requirements of this subdivision have been met with respect to each eligible school district that is a signatory to the government efficiency plan and shall notify the commissioner of taxation and finance of such determinations no later than July thirty-first, two thousand twenty-six.

4. School district government efficiency plans submitted by a single eligible school district. a. While localities may offer a variety of approaches it is anticipated that the county government or board of cooperative educational services will convene and facilitate a process and submit a county wide or board of cooperative educational services region wide plan for approval. As such, eligible school districts are strongly encouraged to develop a single government efficiency plan for all of the eligible school districts in their board of cooperation educational services district. However, the superintendent of each eligible school district that is not participating in a government efficiency plan with more than one signatory may submit to the director of the budget by June first, two thousand twenty-six, a government efficiency plan that demonstrates three year savings and efficiencies of at least one percent per year from shared services, cooperation agreements and/or mergers or efficiencies over such eligible school district's two thousand twenty-five--two thousand twenty-six school year tax levy.

(i) In the event an eligible school district chooses to submit such a government efficiency plan, the superintendent of such eligible school district shall submit to the director of the budget by June first, two thousand twenty-six, a written certification that such eligible school district agrees to undertake its best efforts to fully implement by the end of the two thousand twenty-seven--two thousand twenty-eight school year the cooperation agreements, mergers, efficiencies and/or shared services specified in such plan.

(ii) In the event a school district chooses to submit such a government efficiency plan, the chief financial officer of such eligible

school district shall submit to the director of the budget by June first, two thousand twenty-six, an analysis of the savings set forth in such plan that will be achieved if the cooperation agreements, shared services and/or mergers or efficiencies identified in such plan are fully implemented by the end of the two thousand twenty-seven--two thousand twenty-eight school year, as well as a written certification that in his or her professional opinion, full implementation of the cooperation agreements, mergers, efficiencies and/or shared services as specified in such plan will result in savings over its two thousand twenty-five--two thousand twenty-six school year tax levy of at least one percent in each of the two thousand twenty-seven--two thousand twenty-eight, the two thousand twenty-eight--two thousand twenty-nine and the two thousand twenty-nine--two thousand thirty school years.

b. The director of the budget shall review the documents referred to in paragraph a of this subdivision and shall consider past efficiencies, shared services and reforms in their approval process to determine whether the requirements of this subdivision have been met with respect to an eligible school district that has submitted a government efficiency plan and shall notify the commissioner of taxation and finance of such determination no later than July thirty-first, two thousand twenty-six.

§ 3. The general municipal law is amended by adding a new section 3-d to read as follows:

§ 3-d. Certification of compliance with property tax freeze requirements. A municipal corporation or an independent special district that is subject to the provisions of section three-c of this article must comply with the requirements of subdivision two of this section in order to render its taxpayers eligible for the real property tax freeze credit authorized by subsection (bbb) of section six hundred six of the tax law for a fiscal year starting in two thousand twenty-six. The property tax cuts will be extended for a second year in jurisdictions which comply with the tax cap and have a state approved government efficiency plan which demonstrate three year savings and efficiencies of at least one percent per year from shared services, cooperation agreements and/or mergers or efficiencies. The director of the budget shall consider past efficiencies, shared services and reforms in their approval process. While localities may offer a variety of approaches it is anticipated that the county government or board of cooperative educational services will convene and facilitate a process and submit a county wide or board of cooperative educational services region wide plan for approval. A municipal corporation or an independent special district that is subject to the provisions of section three-c of this article must comply with the requirements of subdivision two and either subdivision three or subdivision four of this section in order to render its taxpayers eligible for the real property tax freeze credit authorized by subsection (bbb) of section six hundred six of the tax law for a fiscal year starting in two thousand twenty-seven. Provided however, that a city with a dependent school district must comply with the requirements of subdivision two of this section in order to render its taxpayers eligible for the real property tax freeze credit authorized by subsection (bbb) of section six hundred six of the tax law for a fiscal year starting in two thousand twenty-five and comply with the requirements of subdivision two of this section, and both the city and its dependent school district must jointly comply with the requirements of subdivision three or subdivision four of this section, in order to render its taxpayers eligible for the real property tax freeze credit authorized by subsection (bbb)

of section six hundred six of the tax law for a fiscal year starting in two thousand twenty-six or two thousand twenty-seven.

1. Definitions. As used in this section:

(a) "Mergers" means: consolidations or dissolutions of local government units in accordance with article seventeen-A of this chapter or reorganizations, consolidations, or dissolutions of local government units in which one or more local government units are terminated and another local government unit assumes jurisdiction over the terminated local government unit or units pursuant to any other provision of law.

(b) "Cooperation agreements" means agreements entered into between local government units to implement the sharing or consolidation of functions or services, including but not limited to: procurement, real estate and facility management, fleet management, business and financial services, administrative services, payroll administration, time and attendance, benefits administration and other transactional human resources functions, contract management, grants management, transportation services, facilities and function, human services facilities and functions, customer service facilities and functions and information technology infrastructure, process, services and functions.

(c) "Dependent school district" means a school district that is subject to article fifty-two of the education law and that has a population of less than one million.

(d) "Government efficiency plan" means a plan that identifies cooperation agreements, shared services and/or mergers or efficiencies to be fully implemented by one or more local government units that are signatories to the plan.

(e) "Independent special district" means a special district as defined by section one hundred two of the real property tax law that either (i) has a separate independent elected board, and either has the authority to levy a tax, or can require a municipal corporation to levy a tax on its behalf, or (ii) has a separate independent board appointed by the governing body of another municipal corporation and either has the authority to levy a tax or can require a municipal corporation to levy a tax on its behalf.

(f) "Lead local government unit" means the local government unit that is participating in a government efficiency plan with more than one signatory that has elected to submit the government efficiency plan to the director of the budget on behalf of all signatories to the plan.

(g) "Local government unit" means a municipal corporation or an independent special district that is subject to the provisions of section three-c of this article.

(h) "Shared services" means functional consolidations by which one local government unit completely provides a service or function for another local government unit, which no longer engages in that function or service; shared or cooperative services between and among local government units; and regionalized delivery of services between and among local government units. These shared services may be for services or functions including but not limited to: procurement, real estate and facility management, fleet management, business and financial services, administrative services, payroll administration, time and attendance, benefits administration and other transactional human resources functions, contract management, grants management, transportation services, facilities and functions, human services facilities and functions, customer service facilities and functions and information technology infrastructure, processes, services and functions.

2. Certification of compliance with tax levy limit. (a) Upon the adoption of the budget of a local government unit, the chief executive officer or budget officer of such local government unit shall certify to the state comptroller and the commissioner of taxation and finance that the budget so adopted does not exceed the tax levy limit prescribed in section three-c of this article and, if the governing body of the local government unit did enact a local law or approve a resolution to override the tax levy limit, that such local law or resolution was subsequently repealed. Such certification shall be made in a form and manner prescribed by the state comptroller in consultation with the commissioner of taxation and finance.

(b) In order for such certification to give rise to a real property tax freeze credit under subsection (bbb) of section six hundred six of the tax law, such certification shall be made no later than the twenty-first day of the fiscal year to which it applies.

(c) Notwithstanding any other law to the contrary, if such a certification has been made and the actual tax levy of the local government unit exceeds the applicable tax levy limit, the excess amount shall be placed in reserve and used in the manner prescribed by subdivision six of section three-c of this article, even if a tax levy in excess of the tax levy limit had been authorized for the applicable fiscal year by a duly adopted local law or resolution.

(d) Notwithstanding any provision of law to the contrary, every local government unit shall report both its proposed budget and its adopted budget to the office of the state comptroller at the time and in the manner as he or she may prescribe, whether or not such budget has been or will be certified as provided by this subdivision.

3. Local government government efficiency plans submitted by lead local government unit. (a) The chief executive officer or budget officer of each lead local government unit shall submit to the director of the budget by June first, two thousand twenty-six, a government efficiency plan that demonstrates three year savings and efficiencies of at least one percent per year from shared services, cooperation agreements and/or mergers or efficiencies over the aggregate tax levies for fiscal years beginning in two thousand twenty-five for all local government units and dependent school districts that are signatories to such plan.

(i) The chief executive officer or budget officer of each local government unit and dependent school district that is a signatory to a government efficiency plan shall submit to the chief executive officer or budget officer of the lead local government unit by May fifteenth, two thousand twenty-six, a written certification that the local government unit or dependent school district agrees to undertake its best efforts to fully implement by the end of the local fiscal year beginning in two thousand twenty-eight the cooperation agreements, mergers, efficiencies and/or shared services specified for the local government unit or dependent school district in such plan.

(ii) The chief financial officer of a local government unit and the chief fiscal officer of the dependent school district, that is a signatory to a government efficiency plan shall submit to the chief executive officer of the lead local government unit by May fifteenth, two thousand twenty-six, a written certification that in his or her professional opinion, full implementation by the end of the local fiscal year beginning in two thousand twenty-eight, of the cooperation agreements, mergers, efficiencies and/or shared services that are to be taken by such local government unit itself as specified in such plan will result in

the savings set forth in the government efficiency plan attributable to such local government unit or dependent school district.

(iii) The chief financial officer of each local government unit and dependent school district that is a signatory to a government efficiency plan shall submit to the lead local government unit by May fifteenth, two thousand twenty-six, a written certification that in his or her professional opinion, full implementation of the cooperation agreements, mergers, efficiencies and/or shared services as specified for all of the local government units and dependent school districts that are signatories to such plan will result in savings over the aggregate tax levies for fiscal years beginning in two thousand twenty-five for all local government units that are signatories to such plan of at least one percent in each of the fiscal years beginning in two thousand twenty-eight, beginning in two thousand twenty-nine and beginning in two thousand thirty.

(b) The chief financial officer of each lead local government unit shall submit the following documents to the director of the budget on or before June first, two thousand twenty-six: (i) the government efficiency plan; (ii) a list of all local government units and dependent school districts that are signatories to such plan; (iii) all of the certifications required by paragraph (a) of this subdivision; and (iv) an analysis of the aggregate amount of savings set forth in such plan attributable to all local government units and dependent school districts that are signatories to such plan that will be achieved if the cooperation agreements, shared services and/or mergers or efficiencies identified in such plan are fully implemented by the end of the local fiscal year beginning in two thousand twenty-eight. The director of the budget shall review such documents and shall consider past efficiencies, shared services and reforms in their approval process to determine whether the requirements of this subdivision have been met with respect to each local government unit and dependent school district that is a signatory to the government efficiency plan and shall notify the commissioner of taxation and finance of such determinations no later than July thirty-first, two thousand twenty-six.

4. Local government government efficiency plans submitted by a single local government unit. (a) While localities may offer a variety of approaches it is anticipated that the county government or board of cooperative educational services will convene and facilitate a process and submit a county wide or board of cooperative educational services region wide plan for approval. As such, local government units are strongly encouraged to develop a single government efficiency plan for all of the local government units in their county. However, the chief executive officer or budget officer of each local government unit that is not participating in a government efficiency plan with more than one signatory may submit to the director of the budget by June first, two thousand twenty-six, a government efficiency plan that demonstrates three year savings and efficiencies of at least one percent per year from shared services, cooperation agreements and/or mergers or efficiencies over such local government unit's tax levy for the fiscal year beginning in two thousand twenty-five.

(i) In the event a local government unit chooses to submit such a government efficiency plan, the chief executive officer or budget officer of such local government unit shall submit to the director of the budget by June first, two thousand twenty-six, a written certification that such local government unit agrees to undertake its best efforts to fully implement by the end of the local fiscal year beginning in two

thousand twenty-eight the cooperation agreements, mergers, efficiencies and/or shared services specified in such plan.

(ii) In the event a local government unit chooses to submit such a government efficiency plan, the chief financial officer of such local government unit shall submit to the director of the budget by June first, two thousand twenty-six, an analysis of the savings set forth in such plan that will be achieved if the cooperation agreements, shared services and/or mergers or efficiencies identified in such plan are fully implemented by the end of the local fiscal year beginning in two thousand twenty-eight, as well as a written certification that in his or her professional opinion, full implementation of the cooperation agreements, mergers, efficiencies and/or shared services as specified in such plan will result in savings over its tax levy for the fiscal year beginning in two thousand twenty-five of at least one percent in each of the fiscal years beginning in two thousand twenty-eight, beginning in two thousand twenty-nine and beginning in two thousand thirty.

(b) The director of the budget shall review the documents referred to in paragraph (a) of this subdivision and shall consider past efficiencies, shared services and reforms in their approval process to determine whether the requirements of this subdivision have been met with respect to a local government unit that has submitted a government efficiency plan and shall notify the commissioner of taxation and finance of such determination no later than July thirty-first, two thousand twenty-six.

§ 4. This act shall take effect immediately.

§ 2. Severability clause. If any clause, sentence, paragraph, subdivision, section or part of this act shall be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder thereof, but shall be confined in its operation to the clause, sentence, paragraph, subdivision, section or part thereof directly involved in the controversy in which such judgment shall have been rendered. It is hereby declared to be the intent of the legislature that this act would have been enacted even if such invalid provisions had not been included herein.

§ 3. This act shall take effect immediately provided, however, that the applicable effective date of Parts A through B of this act shall be as specifically set forth in the last section of such Parts.