

# COUNTY OF ULSTER

P.O. BOX 1800  
KINGSTON, NEW YORK 12402

Office of the Comptroller

(845) 340-3525  
(845) 340-3697-Fax



Elliott Auerbach  
*Comptroller*

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## Relevy Report for Selected Towns

Towns of Hardenburgh, New Paltz, Olive, and Saugerties  
For sales during 2011 and 2012

Relevy Amount to the 2013 Town and County Tax Bills

February 25, 2013

**Prepared By:**

Ronald E. Clum, CPA, Director of Internal Audit and Control  
Samantha Bertolozzi, Senior Auditor

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February 25, 2013

Dear County Officials:

One of the County Comptroller's Office top priorities is to identify areas where county departments and agencies can improve their operations and services in order to assist county officials in performing their functions. This includes the development and promotion of short-term and long-term strategies to achieve reduced costs, improved service delivery, and to account for and protect the County's assets.

The reports issued by this Office are an important component in accomplishing these objectives. These reports are expected to be a resource and are designed to identify current emerging fiscally related problems and provide recommendations for improvement.

The following is our report on an issue that was brought to our attention by a concerned town as it relates to the relevy of taxes onto the Town and County bills. When a property which had a property tax exemption (aged or veterans exemptions being the most common) transfers title to a person or entity not entitled to the exemption(s), the new owner pays this reduced amount from the date of sale to the end of the calendar year, but the difference between the amount paid and the correct "non-exemption" tax should be "repaid" by a relevy onto their taxes in subsequent years.

During calendar years 2011 and 2012 Ulster County had 7,491 properties that transferred title of which 476 had exemptions associated with them. The towns mentioned above had 1,558 sales of which 209 of them had exemptions associated with them in which no relevy amount was calculated or added back to the new owners' 2012 and 2013 taxes. These towns comprised 21% of the sales and accounted for 44% of the properties that had exemptions.

We provided copies of this report to the Town Supervisors of the identified towns. The Town of Saugerties Office of the Assessment responded back on January 22, 2013 with a letter which is contained within Appendix 2 of this report. The Town of New Paltz called us regarding questions/concerns they had and we extended their response deadline to February 19, 2013. As of this date they have not yet responded. The Town of Saugerties concern was considered in the preparation of this report.

If we can be of assistance to you, or if you have any questions concerning this report, please feel free to contact us.

Respectfully submitted,

Ulster County Comptroller

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## RELEVY REPORT ON SELECTED TOWNS

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February 25, 2013

### EXECUTIVE SUMMARY

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In November of 2012, our office became aware that “Section 520 Relevies” were not being calculated and reported by certain Ulster County municipalities. After our initial review of this matter, our office determined that it was an area which should be investigated, as it has a financial impact proportionately upon every taxpayer in those Ulster County towns as it relates to their Town and County real estate bills, as well as their school taxes, which are beyond the scope of this report.

Although all property owners are assessed in New York State, not all of it is taxable. Some properties, such as religious organizations or government owned properties are completely exempt from paying property taxes. Others are partially exempt, such as veterans or senior citizens.

When a property is sold or transferred, the County is notified by a Form called a “Real Property Transfer Report” (RP-5217), completed in connection with all real estate closings. The information associated with the sale or transfer is then transferred to the local assessing units so that they are aware of all the properties that have sold or transferred in their particular taxing district. The local assessor then has an opportunity to identify the properties which sold which had an exemption associated with it. It is important to note that these exemptions at the date of sale/transfer may no longer be associated with the property as the exemption has “expired” at that time. It must be re-applied for by the new property owner if they qualify for the particular exemption.

This report reveals that the Towns of Hardenburgh, New Paltz, Olive, and Saugerties were not identifying the transferred properties which had an exemption associated with them. It is imperative that these properties be identified in order for the relevy to be calculated; this is the amount of tax that should have been paid by the current owner from the date of sale/transfer to the end of the assessing unit with no exemption associated with it.

Our report reveals that there was approximately \$65,000 (\$32,000 County and \$34,000 Town) of relevies which should have been added back onto the tax bills of new owners of these properties that sold. As a result of ignoring this process, the individual taxpayers within those towns paid a disproportionate share of the taxes to make up for these non-relevied taxes.

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## RELEVY REPORT ON SELECTED TOWNS

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### I. AUTHORITY

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The Office of the County Comptroller conducted this report in accordance with the Comptroller's authority as set forth in Article IX, Section 57, first paragraph, and Sections 57(A) and (G) of the Ulster County Charter, as well as applicable State laws, rules and regulations.

### II. BACKGROUND

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According to New York Real Property Tax Law- §520 "Assessment and Taxation of Exempt Property upon Transfer of Title", when a property is sold that has a full or partial exemption attached to it, such property shall become fully taxable and the new owner shall be liable for the pro rata share of the unexpired portion of the taxable year. It goes on to say that once the assessor is made aware of the fact that a property has changed title and had an exemption attached to it, the assessor shall reclassify the property as taxable and shall include this pro-rated factor as an omitted tax onto the tax rolls of the subsequent tax year. This "relevy" in essence is recapturing the amount of reduced taxes provided by the exemption to which the new owner is not entitled.

Most exemptions are offered by local taxing jurisdictions and range from completely exempt (religious organizations or governments) to partially exempt. During this review we were informed that the most common exemptions were for veterans and for seniors. We analyzed the number of parcels receiving a veteran and/or aged exemption during 2011 and compared that information to the total taxable parcels in that taxing jurisdiction. The results of that test can be found below in **Table #1**.

Town	Total Taxable Parcels	Number of Exemptions			Percentage of Veteran & Aged Exempt to Taxable Parcels
		Veterans	Aged	Total	
Town of Hardenburgh	769	12	3	15	2%
Town of New Paltz	4,090	396	110	506	12%
Town of Olive	3,073	272	183	455	15%
Town of Saugerties	9,277	1,173	498	1,671	18%

Note: All information taken from 2011 annual report of UC Real Property Tax Services Agency and New York State Office of Real Property Tax Services website.

We were provided a "Summary of Relevies-2012" (see Appendix 1) which summarized the sales of properties in 2012 and 2011 that had an eligible exemption on them in which the new owners had to payback their pro-rated share of the savings they were not entitled to as a result of these exemptions. As you will see in Appendix 1 there were four towns that reported "no sales of properties that had exemptions". Upon further analysis we found that the Towns of Hardenburgh, New Paltz, Olive, and Saugerties had sales/transfers in 2011 of 20, 191, 136, and 428 properties,

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and property sales in 2012 of 19, 247, 126, and 421, respectively. With almost 1,600 sales between the four towns we next investigated whether any of these sales had exemptions attached to them.

### III. OBJECTIVES

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The objective of this report was to calculate the amount that should have been relevied onto the 2013 taxes for the sales that occurred during the 2011 and 2012 year for the Towns of Hardenburgh, New Paltz, Olive, and Saugerties.

To achieve our objective we undertook the following:

- Obtained from Ulster County Real Property Service copies of the 2011 and 2012 “Real Property Transfer Reports”, or more commonly known as RP-5217, for the sales that occurred in the these four towns.
- Prepared a schedule from the above reports which contained date of sale, seller name, buyer name, and the specific property identification (Section, Lot, and Block #).
- Broke down the properties sold according to the towns being investigated.
- Traced the property back to the assessment rolls for 2010 and 2011, which are the basis for the 2011 and 2012 real estate taxes, respectively.
- Reviewed the assessment rolls to identify which properties had an exemption associated with them.
- Calculated the real estate taxes associated with those exemptions from the date of sale to December 31<sup>st</sup> of each respective year (2011 or 2012).

By going through the above process we calculated the gross relevy amount that possibly should have been added onto the new buyer’s tax bill. It is important to note that our analysis did not take into consideration whether the new property owners were or were not entitled to the exemptions. This process is handled at the local assessing district and it is the responsibility of the new property owner to apply for the exemptions by the following March 1<sup>st</sup>, if they meet the requirements of each. The result of our inquiry only identified the pool of transfers which the subject municipalities should have examined for this purpose.

### IV. THE PROCESS

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The process begins by a RP-5217 being completed at the closing and forwarded to the state, county, city/town, and village (if applicable). The County uses the information to record the change in ownership, to update the deed, and to collect the appropriate fees. The municipalities’ assessors review these transfers for accuracy, update the assessment records, and should be noting the exemptions associated with the property, if any.

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Noting if the property has an exemption associated with it is an important part of this report as the four identified towns have failed to complete this process. If this process was executed as required, these properties would be identified and forwarded to the County to calculate the amount of the relevy from the date of sale to the end of the assessment year (2010 for the 2011 real estate bills and 2011 for the 2012 real estate bills) and to calculate the amount of the relevy based on current tax rates for that particular town.

Once these relevies are calculated they are added to the new property owner's tax bill in order to recoup the taxes associated with these "expired exemptions". Without the assessors supplying this information, these relevies are not added back to the bills, resulting in the taxpayers of that taxing jurisdiction paying an equitable portion of this amount that was not relevied.

### V. WHY EXAMINE THE RELEVIES ?

The identifying examination and calculation of relevy amounts is a function that is **required** by real property law. If these properties were identified and the appropriate tax recalculated it would have decreased the amount that taxpayers had to pay by a total of \$65,055 for the four towns, based on the information we obtained. Due to the failure of the town assessors to relevy these properties, every taxpayer within those communities paid a disproportionate share of real estate taxes to account for the shortfall.

As an assessor can only go back two years in order to relevy these taxes, it is imperative that the assessors do this annually going forward in order to recapture these expired exemptions.

### VI. FINDINGS AND RECOMMENDATIONS

After completing the procedures identified above, based on the information we were provided, we determined that amount of taxes that should have been added to the 2013 town and county bills broken down by towns and calendar years. This information is summarized below in **Table #2:**

Town	The amount of tax that should have been relevied on 2013				
	From Sales in 2011		From Sales in 2012		Total
	County	Town	County	Town	
Town of Hardenburgh	\$ 6.52	\$ -	\$ 26.12	\$ -	\$ 32.64
Town of New Paltz	3,206.27	4,860.11	3,387.17	5,578.58	\$ 17,032.13
Town of Olive	1,603.42	1,007.44	3,974.66	2,277.10	\$ 8,862.62
Town of Saugerties	7,406.80	8,138.90	11,892.86	11,689.14	\$ 39,127.70
	<b>\$12,223.01</b>	<b>\$ 14,006.45</b>	<b>\$19,280.81</b>	<b>\$ 19,544.82</b>	<b>\$ 65,055.09</b>

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It is important to note that the new owners are not eligible for these exemptions in the year of sale, and must wait until the following March 1<sup>st</sup> tax status date for exemptions to be approved for the next tax bills. Determining if the new owners are eligible for the exemptions is beyond this report and is to be determined by the local assessors.

### **VII. CONCLUSION**

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We wish to thank the Real Property Tax Service and the Finance Office and their staff for their help with the gathering of the needed items in order to complete this report. A draft copy of this Report was provided to Commissioner of Finance, Burton Gulnick, Jr. for his review and comments, which have been incorporated into this report.

Respectfully submitted,

Ulster County Comptroller

## **Appendix 1:**

**Summary of Relevies---For 2013 Taxes**  
**As Prepared by Susan Tilson, Real Property Supervisor**

	<b>SUMMARY OF RELEVIES-----2012</b>			
	<b>COUNTY</b>	<b>TOWN</b>	<b>TOTAL</b>	
<b>TOWN</b>	<b>AMOUNT</b>	<b>AMOUNT</b>	<b>AMOUNT</b>	
DENNING	1,244.53	1,881.35	3,125.88	
ESOPUS	1,132.89	632.55	1,765.44	
GARDINER	359.20	206.89	566.09	
HARDENBURGH	0.00	0.00	0.00	
HURLEY	310.02	151.35	461.37	
KINGSTON	36.27	54.61	90.88	
LLOYD	1,303.93	1,320.31	2,624.24	
MARBLETOWN	2,589.29	1,753.89	4,343.18	
MARLBORO	174.44	294.96	469.40	
NEW PALTZ	0.00	0.00	0.00	
OLIVE	0.00	0.00	0.00	
PLATTEKILL	1,137.87	891.95	2,029.82	
ROCHESTER	1,209.14	769.64	1,978.78	
ROSENDALE	1,324.10	1,227.02	2,551.12	
SAUGERTIES	0.00	0.00	0.00	
SHANDAKEN	5,181.63	5,519.53	10,701.16	
SHAWANGUNK	8,760.35	3,923.26	12,683.61	
ULSTER	2,465.78	4,072.60	6,538.38	
WAWARSING	8,965.19	8,367.67	17,332.86	
WOODSTOCK	4,595.32	3,764.56	8,359.88	
<b>TOTALS</b>	<b>40,789.95</b>	<b>34,832.14</b>	<b>75,622.09</b>	
Burton Gulnick Jr.			Susan Tillson	
Ulster County Commissioner of Finance			Real Property Supervisor	
February 22, 2013			February 22, 2013	

## **Appendix 2:**

**Response Letter from the Town of Saugerties  
Office of Assessment- Dated January 22, 2013**

## TOWN OF SAUGERTIES OFFICE OF ASSESSMENT

Tel. (845) 246-2800  
4 HIGH STREET  
SAUGERTIES, NEW YORK 12477

January 22, 2013

I have reviewed the final draft of the Ulster County Comptroller's RELEVY REPORT and respectfully submit the following comments.

I think it is important to state that the relevy process is revenue neutral, which is somewhat ambiguous in the report. There is no loss of revenue.

The Assessor's Office notifies the County of those properties that are to receive a relevy by completing form RP-520, *Notice to Tax Levying Body of Transfers of Exempt Real Property*, for each of the properties and forwarding the form to the County.

The Town of Saugerties did file RP-520 forms to the County in 2011.

The procedure for this Assessor's Office in filing RP-520 forms was to complete them when notified by the County that the forms were nearing the due date for relevy, in late November. Due to unforeseen absences by key employees this year, this procedure was not completed.

To ensure this error does not happen in the future, this Office has enacted a new procedure that requires the completion and forwarding to the County form RP-520 at the time the Office records the sale on its records.

The Office will also file form RP-520 for all sales that closed on or before 10/1/2012, which is allowed under RPTL (Opinion of Counsel 5-58).

Respectfully submitted



Frank V. Orlando, IAO  
Assessor