



TOWN OF PORTVILLE, NEW YORK

Town of Portville Government Special Newsletter – March 27, 2008

APRIL 16, 2008 PUBLIC HEARING ON ADOPTING “HOME IMPROVEMENT EXEMPTION LAW”

The Town Board of the Town of Portville will hear public comment on April 16th at its monthly town board meeting which begins at 7:00PM at the Westons Mills Community Center located at 1310 Olean Portville Road, Westons Mills, NY 14788.

The hearing is being held to consider the adoption of Local Law 3 for 2008 which is referred to as “The Home Improvement Exemption Law.” This law, if adopted, is a local application of Real Property Tax Law Section 421-f which provides for up to \$80,000 of partial exemption when computing your property tax.

This law is intended to provide incentives to property owners who want to improve or expand the size of their homes. It also enables property owners to slowly absorb the impact of the subsequent larger assessed value of their home as a result of the improvement. It provides for partial exemption if: a) the property is a one or two family residence; b) the improvement is at least \$3,000; c) after the improvement, the greater portion of the home is more than 5 years old; d) the improvement was reconstruction, alteration or improvement, and not ordinary maintenance or repair; and e) the capital improvement commenced after this local law was adopted.

Let’s look at two difference examples of how this law would work.

Example 1: Say that the improvement is \$150,000. The first \$80,000 would be exempt in Year 1 and the exemption for each of the next 7 years after that would go down by \$10,000 or 12.5%. Thus, in Year 9, the assessment for the improvement would be back up at \$150,000.

Example 2: If the improvement was \$10,000, what would happen? Well, in Year 1, the entire \$10,000 improvement would be exempt. Each year thereafter, that exemption would be reduced by \$1,250 (12.5%) until, in Year 9 there would no longer be any exemption and the property would receive the full value of the improvement in its assessment.

If you do a home improvement that you would like to see exempted using this law, do you need to apply for this exemption? Yes. There is a specific form called RP-421-f which must be filled out with the appropriate documentation to support obtaining the exemption and turned into the assessor.

Do you need to reapply each year? No. Once you have applied and obtained the exemption for a specific improvement, you do not need to reapply.

What happens if you are no longer the owner of the property? If the property transfers to anyone other than the heirs or distributees of the owner, the exemption is terminated.

What happens if this law changes during the exemption timeline of 8 years? Your exemption would continue throughout the 8 years regardless of whether or not this local law had been repealed.

How will this exemption impact the mill rate for the community? The mill rate is the tax you get charged per \$1,000 of assessed value on your property. As an example, let’s say that the town budget was \$800,000 and it never changed year over year. Let’s also say the taxable assessed value of all properties in Portville was \$140 million and it never changed year over year. And, let’s also say, there were 10 properties that each had a \$150,000 improvement the first year. Here are the results. The mill rate would increase by \$0.0328 per thousand dollars of accessed value and would decline by \$0.0041 per year for 7 years thereafter.

The end objective is to provide incentive for improvements and new development, to increase the number of people living in Portville, and to encourage reduction of the mill rate to help reduce tax impact on property owners. This is one of many initiatives that your Town Board is pursuing to revitalize the economic well-being of your community.

Terry Keeley, Supervisor
Denny Cornell, Deputy Supervisor
Marlin Jeffers, Councilperson
Bill Stern, Councilperson
Gary Woodhead, Councilperson
Stuart Frost, Highway Superintendent

Go to our website
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for significantly more information about what’s
going on in your Town government.

1102 Olean Portville Road
PO Box 630
Portville, NY 14770
(716) 933-6658 Phone
(716) 933-7877 Fax
WWW.PORTVILLE-NY.COM