

State of New York



Appendix A

STAR

The School Tax Relief Program

NYS Division of Housing a Community Renewal
 NYS Department of Taxation and Finance --
 Office of Real Property Tax Services

<http://www.tax.ny.gov>

Administering STAR in Manufactured Housing Communities

What is STAR?

The School Tax Relief (STAR) Program, which became law in 1997, provides a partial exemption from school property taxes for owner occupied, primary residences such as one, two and three family houses, condominiums, cooperative apartments, and manufactured homes (also known as mobile homes in Real Property Tax Law).

There are two types of STAR exemptions. Owners who are aged 65 or older, with a combined income of \$79,050 or less (increased annually for cost-of-living adjustments) are eligible for the Enhanced STAR exemption. The Enhanced STAR exemption is worth \$60,100 in full value assessment (2011-2012 school year).

Secondly, owners who occupy their primary residences and whose total income is less than \$500,000 are eligible for the Basic STAR exemption. The Basic STAR exemption is \$30,000 in full value.

In counties where the median home value is higher than the statewide median home value, the Basic and Enhanced STAR exemptions are prorated up so that homeowners in these areas will realize equivalent tax relief.

New York State Division of Housing and Community Renewal is responsible for enforcing the laws concerning the rights of tenants of manufactured housing communities. If you have any questions or complaints regarding rent reductions in manufactured home parks as a result of STAR Program exemptions, the toll free number to contact is (800) 432-4210.

How to Apply

The individual homeowner must apply to the local assessor by taxable status date in order to receive the STAR exemption. For the Basic STAR exemption, the homeowner must provide proof of ownership and proof of primary residency as requested by the assessor. For the Enhanced STAR exemption, the homeowner must also provide proof of age and proof of income (copies of federal or state income tax forms). Enhanced STAR applicants must reapply each year to prove income eligibility, except for those who elect to participate in the STAR income verification program. Basic STAR applicants apply once but must notify the assessor of changes in eligibility.

Responsibilities of Owners of Manufactured Housing Communities

Most people who receive the STAR exemption will see the tax savings directly on their school tax bills. However, for most people who own manufactured homes that are located in communities (also known as mobile home parks), the tax savings will appear on the school tax bill for the manufactured housing community. The owner of the manufactured housing community is responsible for crediting the tax savings against the rent payable on the home that has received the exemption.

The owner or operator of a manufactured housing community may credit the tax savings against the monthly rent in 12 installments, beginning with the first monthly rental payment due 60 days after the penalty-free period for the payment of taxes and continuing for 11 months.

Alternatively, the community owner (or operator or agent) may either: (1) credit the total reduction against the first month's rent, with any balance credited against the following month(s)' rent(s) until exhausted, or (2) pay the total reduction to the manufactured home owner within 60 days of the interest-free collection period.

Failure of an owner or operator of a manufactured housing community to comply shall be a violation punishable by a fine not to exceed \$500 per violation.

How STAR Exemption is Calculated

The assessor is responsible for calculating the STAR exemption. Let's take the case of the Stardust Manufactured Housing Community located in Anytown, NY that assesses at 100% of market value. Stardust Manufactured Housing Community has 7 pads and 7 manufactured homes. The assessor should provide the manufactured home park owner with the STAR exempt amount of each manufactured home and the total exempt amount. The total assessed value of the manufactured home park is given on the school tax bill. For example, the Assessor of Anytown has assessed Stardust Manufactured Housing Community as follows:

7 pads values @ \$11,000/pad = \$ 77,000
 7 manufactured homes = \$ 79,000
 Total assessed value = \$156,000

Stardust Manufactured Housing Community STAR Enhanced Exemption = \$60,100				
Pad	Manufactured Home Owner	Value	STAR Type	Home Exempt Amount
1	Adams	\$9,000	none	
2	Bettinger	\$9,000	Enhanced	\$9,000
3	Carlson	\$9,000	none	
4	Daniels	\$17,000	Basic	\$17,000
5	Evans	\$17,000	Enhanced	\$17,000
6	Fitzgerald	\$9,000	Basic	\$9,000
7	Green	\$9,000	none	
STAR EXEMPTION TOTAL				\$52,000

Two homeowners, Bettinger and Evans, applied and were approved for the Enhanced STAR exemption. Two additional owners, Daniels and Fitzgerald applied for and received the Basic Exemption. Because Anytown assesses at 100% of market value, the Enhanced STAR works by exempting up to the first \$60,100 of assessed value for each home. The Basic STAR exempts up to the first \$30,000 of assessed value.

The home values of Bettinger and Evans are \$9,000 and \$17,000 respectively. The Enhanced STAR exempt amounts are \$9,000 and \$17,000 (rounded). The Basic exempt amounts for Daniels and Fitzgerald are \$17,000 and \$9,000 respectively. The total exempt amount is \$52,000. The STAR law states that the exemption cannot exceed the total assessed value attributable to the manufactured home.

The Assessor of Anytown subtracts the STAR exemption total of \$52,000 from the total assessed value of \$156,000 to arrive at the taxable assessed value of \$104,000.

Total Assessed value = \$156,000
 STAR Exemption Total = \$ 52,000
 Taxable Assessed Value = \$104,000

How Owners Distribute the Benefits to Tenants

The tenant in a manufactured housing community that receives the STAR exemption is entitled to a rent reduction equal to the amount by which taxes on the home were reduced after allowing for a 2% reduction. The owner of the manufactured housing community is allowed to retain 2% of the STAR savings for record-keeping expenses. In the example, the STAR tax reduction is to be distributed to Bettinger and Evans of Stardust Manufactured Housing Community.

1. OBTAIN INFORMATION FROM YOUR ASSESSOR

The assessor can give the owner of the manufactured housing community (or the owner obtains from the assessor) the following information:

Exempt amount of each manufactured home that receives a STAR exemption

2. OBTAIN INFORMATION FROM TAX BILL

The following information is listed on the tax bill or can be obtained from the assessor

STAR Savings STAR Exemption Total

Since the School Tax Rate is \$16 per thousand dollars of assessed value, the owner of the Stardust Manufactured Housing Community will see the following on the school property tax bill: "Your tax savings resulting from the New York state school tax relief (STAR) program is \$832.00."

$$\text{Tax rate} \times \frac{\text{STAR Exemption Total}}{1,000} = \text{STAR Savings}$$

$$\$16 \times \frac{\$52,000}{1,000} = \$832.00$$

The STAR savings for Evans would be \$266.56 or \$22.21 per month.

Exemptions for Manufactured Home Owners Who Are Separately Assessed

3. DETERMINE AMOUNT OF SAVINGS TO BE DISTRIBUTED

The owner of Stardust deducts 2% of the STAR savings for record keeping purposes and the rest of the STAR savings are to be distributed to the eligible owners.

STAR Savings =	\$832.00
2% retained by owner =	<u>16.64</u>
Savings to distribute =	\$815.36

What if the Stardust Manufactured Housing Community also includes an eighth home which is owned by Hanks, a veteran who is entitled to an alternative veterans exemption? Since he is entitled to an exemption other than STAR, his home must be separately assessed. If Hanks is also eligible for a STAR exemption, his home would not be included in the assessor's STAR computations of the Stardust Manufactured Housing Community, because those computations apply only to manufactured homes which have been assessed to Stardust's owner.

4. CALCULATE INDIVIDUAL HOMEOWNER'S SAVINGS IN RENT REDUCTION

Once the individual savings have been calculated, the owner of the manufactured housing community may (1) credit the tax savings against the monthly rent in 12 installments beginning with the first monthly rental payment due 60 days after the penalty-free period for the payment of taxes and continuing for 11 months, OR (2) credit the total reduction against the first month's rent, with any balance credited against the following month(s)' rent(s) until exhausted, OR (3) pay the total reduction to the tenant within 60 days of the interest-free collection period.

Since his manufactured home will be separately assessed, Hanks will get a separate tax bill and will be responsible for paying taxes on his home directly, rather than through Stardust's owner. **The rent he pays to Stardust's owner must be reduced to reflect the fact that the taxes attributable to this unit are to be paid directly by Hanks, rather than by Stardust's owner.** Again, Stardust's owner is entitled to retain a 2% administrative expense for the amount of the rent reduction.

Individual homeowner's savings are determined by the following equation.

$$\frac{\text{Home Exempt Amount}}{\text{STAR Exemption Total}} \times \text{STAR Savings to Distribute}$$

STAR Exemption Total =	\$52,000.00
STAR Savings to Distribute =	\$815.36

For Example:

Bettinger's home exempt amount is \$9,000.

$$\frac{\$9,000}{\$52,000} \times \$815.36 = \$141.12$$

The STAR savings for Bettinger would be \$141.12 or \$11.76 per month.

Evan's home exempt amount is \$17,000.

$$\frac{\$17,000}{\$52,000} \times \$815.36 = \$266.56$$

If you have any questions or need additional information regarding applying for the STAR program or the calculations of the STAR program exemptions, please contact:

**New York State
Department of Taxation and Finance**

**Office of Real Property Tax Services
(518) 474-2819**

