

TYPES OF EXEMPTIONS

Q. What are the tax exemptions on real property owned by veterans?

A. The eligible funds veterans' real property tax exemption (Real Property Tax Law, section 458) provides a partial exemption where property owned by a veteran or certain other persons designated in the law has been purchased with pension, bonus, or insurance monies, referred to as "eligible funds."

Another exemption, known as the alternative veterans' exemption (Real Property Tax Law, section 458-a), is available only for residential property of veterans who served during wartime or received an expeditionary medal. Each county, city, town and village (municipality) was given the option of deciding not to grant this alternative exemption. A municipality, however, which initially opted not to grant the alternative exemption, may decide to change its decision and grant the exemption. Ask the assessor or the clerk of the municipality in which your residence is located to determine if the alternative exemption is in effect.

Q. How does the "eligible funds" veterans' exemption work?

A. This exemption reduces the property's assessed value to the extent that eligible funds were used in the purchase, generally up to a maximum of \$5,000. It is applicable to general municipal taxes (county, city, town or village), but not to school taxes or special district levies.

The law provides a partial exemption from real property taxation for property purchased with the proceeds of a veteran's pension, bonus or insurance monies, or dividends or refunds on such insurance, compensation paid to prisoners of war, mustering-out pay, etc. These types of payments are called "eligible funds."

The application form for the eligible funds exemption is RP-458; it must be filed with the local assessor by "taxable status date." In most towns, this date is March 1, but please check the date with your assessor to be sure. An exemption provided to specially adapted homes of paraplegics, or the homes of their widowed spouses, is covered by section 458(3) and by item 10 on the RP-458 form.

Q. How does the "alternative" veterans' exemption work?

A. The alternative exemption provides a property tax exemption of 15% of assessed value to veterans who

served during wartime and an additional 10% to those who served in a combat zone. The law also provides an additional exemption to disabled veterans equal to one-half of their service-connected disability ratings. The application form for the alternative exemption is RP-458-a; it must be filed with your local assessor.

The alternative exemption also is applicable only to general municipal taxes and not to school taxes or special district levies. Unlike the eligible funds veterans' exemption, however, the alternative exemption is limited to the primary residence (including, at local option, cooperative apartment) of a veteran, and is not based on eligible funds.

MORE INFORMATION ON THE ALTERNATIVE VETERANS' EXEMPTION

Q. Where the alternative exemption is in effect, does the assessor automatically give the exemption to a war veteran?

A. No. This is not an automatic exemption. The veteran must file an application (RP-458-a) with the assessor by "taxable status date." In most towns, this date is March 1, but please check the date with your assessor to be sure. The veteran must show a discharge or release from the U.S. Armed Forces under honorable conditions and that the service was during a period of war or that the veteran received an Armed Forces expeditionary medal, a Navy expeditionary medal, a Marine Corps expeditionary medal, or a Global War on Terrorism expeditionary medal. If the veteran seeks the additional exemption(s) available under the law, proof must be provided to show service in a combat zone and/or a service-connected disability. Where an additional alternative exemption is granted based on a service-connected disability rating, any change in the percentage of disability rating must be reported by filing Form RP-458-a-Dis with the assessor. A veteran who died in service of a service-connected disability is deemed to have a disability rating of 100%. A veteran has the option to re-file Form RP-458-a in subsequent years if changes have occurred which affect qualification for an increased or decreased amount of exemption other than disability-related changes (as indicated above).

Information to Prove Eligibility

Q. What type of proof will be accepted?

A. Form DD-214, which you should have received upon separation from the service, contains some of the information the assessor needs to determine your

eligibility. Other written documentation also may help to prove eligibility, such as a copy of discharge orders, VA documentation for disability rating, etc. You should also have a copy of the deed to the house or other proof that you and/or your spouse are the owners of the property.

Q. Where can I get a copy of my veteran's service record or other information to document my eligibility?

A. Check with your local office of the New York State Division of Veterans' Affairs (listed in the telephone directory under New York State) or your County Veterans' Service Agency as to how you should proceed. In addition, you can write to the National Personnel Records Center, Military Personnel Records, 9700 Page Avenue, St. Louis, MO 63121-5100. If you are a veteran, or next-of-kin of a deceased veteran, you may use www.archives.gov/research_room/vetreacs to order a copy of your military records. For all others, your request may be made using standard Form 180.

Eligibility

Q. What does the law mean by a "period of war?"

A. The exemption is available to veterans who served on active duty in the U.S. armed services during the Persian Gulf Conflict (on or after August 2, 1990); Vietnam War (December 22, 1961-May 7, 1975); Korean War (June 27, 1950-January 31, 1955); World War II (December 7, 1941-December 31, 1946); World War I (April 6, 1917-November 11, 1918); the Mexican Border Period (May 9, 1916-April 5, 1917) or the Spanish-American War (April 21, 1898-July 4, 1902). The dates of the Korean and Vietnam Wars and the Persian Gulf Conflict are prescribed in the State law, while the dates of the other wars are derived from Federal law. Also eligible for the exemption are certain individuals who served during World War II in the U.S. Merchant Marine and persons who served overseas in a civilian capacity during World War II either in the American Field Service under United States Armies and the United States Army Groups or as a flight crew and aviation ground support employee of American Airlines' contract with the Air Transport Command.

Q. May a veteran who did not serve during a "period of war" qualify for the exemption?

A. Yes, a veteran who is a recipient of an Armed Forces expeditionary medal, a Navy expeditionary medal, a Marine Corps expeditionary medal, or a Global War on Terrorism expeditionary medal may qualify.

Ownership

Q. What are the ownership requirements for the alternative exemption?

A. The legal title to the property must be in the name of the veteran or the spouse of the veteran or both, or the unremarried surviving spouse of the veteran, or if allowed by local option, a Gold Star Parent (defined as the parent of a child who died in the line of duty while serving in the United States Armed Forces during a period of war). The title requirement also is satisfied if the veteran, veteran's spouse, the unremarried surviving spouse, or the Gold Star Parent is the legal life tenant of the property, or if the title has been transferred to a trust, such a person is a trustee or the beneficiary of such trust. These title provisions also apply to the "eligible funds" exemption. Under certain circumstances, the exemption also may be allowed where title is in the name of the dependent parent of the veteran or his or her child who is under 21 years of age.

Q. What are the residential and occupancy requirements of the law?

A. The property must be used exclusively for residential purposes. However, if a portion of the property is used for non-residential purposes, the exemption will apply only to that portion of the property that is used exclusively for residential purposes. In addition, the property for which the exemption is sought must be the primary residence of the veteran, the unremarried surviving spouse, or the Gold Star Parent unless that person is absent from the property due to medical reasons or is institutionalized.

Q. If the qualifying veteran is deceased, can the alternative exemption still be granted?

A. Yes, provided that title to the property is in the name of the veteran's unremarried, surviving spouse, who continues to use the home as the primary residence. A veteran who also is the unremarried surviving spouse of a qualifying veteran also may receive any exemption to which the deceased spouse was entitled. In the event both husband and wife are deceased, the exemption can be continued for the veteran's dependent mother, father, child or children under 21 who have legally received the property and who use it as their primary residence.

Dollar Limits of Exemption

Q. What are the dollar limits on the alternative veterans' exemption?

A. Once it decides to put the alternative exemption into effect, each county, city, town and village has the additional option of using the maximum set of exemptions established by State law or passing a local law to use either an increased maximum or reduced maximum set of exemptions.

The maximums provided for in State law are \$12,000 for a wartime veteran, plus \$8,000 for a combat-zone veteran, and an additional \$40,000 for a disabled veteran. Beginning with 2006 assessment rolls, the three maximums can be increased incrementally to as high as \$36,000, \$24,000 and \$120,000, respectively. Alternatively, they can be reduced incrementally to as low as \$6,000, \$4,000 and \$20,000, respectively.

New York City and municipalities in certain counties where the average residential sales prices are significantly higher than the statewide average have the option to increase the maximums incrementally to as high as \$54,000, \$36,000 and \$180,000, respectively.

A full list of the maximums and related information is available from the website listed in this pamphlet. You should check with your assessor to determine the maximum exemption limits in your municipality.

The maximum amounts must be multiplied by the latest final state equalization rate, special equalization rate, or class ratio in New York City and Nassau County, if the equalization rate or class ratio is 100 or less for the assessing unit, in order to arrive at the applicable maximum for each assessment roll. This allows the municipal caps to fluctuate from year to year as equalization rates change. This ensures that a veteran in one town will receive the same benefit from the exemption as a fellow veteran in another town that has the same cap, but which assesses at a different level of assessed value.

MORE INFORMATION ON THE ELIGIBLE FUNDS EXEMPTION

Switching to the Alternative Exemption is Optional

Q. I have an "eligible funds" exemption. Does that exemption remain in effect even though the alternative exemption is available?

A. Your current exemption remains in effect. You do not have to file another application. However, you have the option of switching to the alternative exemption if you qualify for it and it is in effect in any of the municipalities where you pay property taxes (county, city, town or village).

If you decide it is better for you to switch to the alternative exemption, you will have to apply for it. If you do switch to the alternative exemption, you cannot later reverse the action, with two exceptions:

- You move to a new location in the State that does not have the alternative exemption and you use the proceeds of the sale of your prior home in your purchase.
- Your community has adopted the "change-in-level-of-assessment" option and also has opted to permit former eligible funds veterans who switched to the alternative exemption to switch back to eligible funds. (See the next two questions and answers for more information on these options.)

Dealing with Impacts of Reassessments

Q. An amendment was made to the eligible funds law in 1994 that deals with the impacts on that exemption caused by property reassessment projects. What is the change and how does it work?

A. The amendment gives local governments the option to increase the eligible funds exemptions in direct proportion to the general increase in assessments throughout the community. This increase is referred to as the "change in level of assessment."

The State Board of Real Property Services is responsible for certifying the change in the level of assessment. The assessor, in a participating community, will increase or decrease the amount of the exemption by multiplying the amount of the exemption by the change-in-level-of-assessment factor.

For example, if a community-wide property reassessment project increases assessments generally by a factor of 10, the veteran's eligible funds exemption also will be 10 times greater.

Switching from the Alternative Exemption to the Eligible Funds Exemption

Q. I had the eligible funds exemption, but I switched to the alternative exemption after our town's reassessment program because my eligible funds

exemption was worth much less after reassessment. With this new change-in-level option, I would be better off with the eligible funds exemption. Can I switch back?

A. The 1994 amendment allows communities that adopt the change-in-level option to also permit veterans who switched to the alternative veterans' exemption to switch back to the eligible funds exemption and receive the change-in-level exemption. In places authorizing this additional option, veterans wanting to make the switch back to eligible funds need to apply within one year of the adoption of the community's local law.

Moving to Another House

Q. I have the eligible funds exemption. Can I keep that exemption if I move to another house?

A. Yes, again provided you use the proceeds of the sale from your former property to buy your new home.

Q. I had an eligible funds exemption, but I switched to the alternative exemption. Now I have moved to another house. Am I eligible for an exemption?

A. It depends on where you moved. If you moved to a community that grants the alternative exemption, you may receive that exemption.

If you moved to a community that decided not to grant the alternative exemption, you may once again receive the eligible funds exemption if you used the proceeds of sale in your new purchase.

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Veterans' Exemption

Questions & Answers

Partial Exemption from Property Taxes in New York State

*A publication of the
New York State Office of Real Property Services*