



## **Pre-payment of Property Taxes**



As a result of the United States House of Representatives and Senate having passed different tax reform bills that propose the elimination or reduction to deductibility of real property taxes to \$10,000, we at Village Hall have received numerous inquiries from the community regarding the pre-payment of 2018 real property taxes in 2017.

The collection of real property taxes is authorized and governed by New York State Real Property Tax Law. To this end, the Village Tax Receiver is authorized to collect taxes based upon the issuance of a legal tax warrant by the taxing jurisdiction, which in our case is either the County of Westchester, Scarsdale School District or the Village. To address the community's concern regarding pre-payment of real property taxes, the Staff has conferred with the New York State Office of the Comptroller, New York Conference of Mayor's (NYCOM) and the New York State Government Finance Officers Association.

The Comptroller's Office has provided limited guidance in that it provided the Village with a 1985 informal opinion that was issued when similar federal legislation was pending in 1985 that would eliminate the real property tax deduction. That opinion states that a municipality may accept the pre-payment of real property taxes provided that a warrant for the taxes has been received by the municipality. NYCOM reaffirmed this opinion and also surmised that absent a warrant, no authority exists for a municipality to accept the pre-payment of real property taxes.

Here in Westchester County, the tax warrant must be issued by the County of Westchester no later than December 31<sup>st</sup> of each year. To date, the Westchester County Board of Legislators has not approved the 2018 County Budget, which will identify the amount of taxes to be collected through the tax levy. As such, the County has not provided the Town/Village with Scarsdale's warrant for our proportional share of County taxes. With regard to the Village and School taxes, neither governmental entity has gone through their budget process and therefore cannot determine what the levy will be until May and June 2018 respectively.

Accordingly, a warrant for the Village and School taxes will not be issued until the respective 2018/19 budget processes are complete. Without a warrant for the Village and School taxes, the Town/Village is not authorized by law to collect the prepayment of those taxes.

In anticipation that the County warrant will be issued and received by the Custodian of Taxes before December 31, 2017, the staff is preparing estimates of the 2018 County tax eligible for pre-payment. Should the County issue their tax warrant within sufficient time to do so, staff is committed to finalizing and mailing tax notification letters to homeowners to pre-pay their County taxes. The same information will be publicized through the Village's website and local media. Please note that this letter will include the estimated tax owed. As the Village is precluded by law from accepting partial payment, the final tax bill may require a refund of excess proceeds.

Additionally, payment for the capital improvements provided for in the Crane Berkley Special Improvement District, which only includes residents residing within the District, are eligible for early payment at the homeowner's option prior to December 31, 2017. Qualifying interested residents must remit their payment to the Treasurer's Office, bearing a United States Postal Service postmark of no later than December 31<sup>st</sup>, 2017; checks issued through an online banking program are not postmarked and would not constitute payment unless they are received in the Treasurer's office no later than December 29, 2017. Please contact the Treasurer's Department for more information at 914-722-1170.

It should also be noted that the Town/Village makes no representation as to the deductibility of pre-paid real property taxes under federal law. Residents are urged to consult with their tax professional as to the deductibility of pre-paid real property taxes.

The preceding statements are contingent upon the reconciliation of the two tax reform bills by United States Congress and its signature into law prior to December 31, 2017.