

Multi-Discipline Approach to Reduce Commercial Real Estate Taxes

Real Estate taxes on Long Island, especially on commercial properties, are among the highest in the nation and present a challenge to owners and businesses trying to manage their costs and remain competitive in their industries. Place on top of that the historical arbitrariness of our local assessment systems, and the region is at a real competitive disadvantage.

Fortunately there are ways to mitigate these factors through a multiple-discipline approach that ensures that the property at issue is taxed at the appropriate level and that the property takes advantage of the various tax incentive programs available to Long Island commercial taxpayers.

If you intend to buy, build and/or expand a building, lease a significant portion of a building, or otherwise are looking to ensure its tax burden is minimized and stabilized, you should consult with experts in the field.

A Tax Certiorari can analyze the current and projected assessments for the property. An attorney with experience in IDA and Municipal Development Incentives practice can determine if there are other tax abatement programs or subsidies that may be available, such as Industrial Development Agency ("IDA") PILOT programs, tax abatements through §485-b of the Real Property Tax Law ("RPTL"), and other NYS programs to incentive business and economic development.

Tax Certiorari

As an owner or tenant, you may want to attempt to get the tax assessment reduced by commencing a tax certiorari proceeding. In a

tax certiorari proceeding you can challenge your tax assessment on many different grounds. The most common ground for the challenge is that the property is over assessed, i.e., the property is assessed at a fair market value greater than its true fair market value. However, a good tax certiorari attorney, with the resources of a multi-discipline law

firm, will look at all the different aspects of a property's assessment that affect its real estate tax burden in an attempt to reduce it. Issues regarding the property's environmental conditions, zoning restrictions, inventory, classifi-

cation or the calculation of its taxable assessment are just a few examples. RPTL §485-b Abatements can also come into play. In layman's terms, there is more than one way to skim a tax bill.

IDA Benefits

IDA's can offer substantial benefits to commercial real estate projects, benefits that are often overlooked by the real estate and business communities. These benefits can often make or break a deal and IDA's are looking to "make" deals that might otherwise not happen. Commercial brokers especially should be aware of what an IDA can bring to the table.

Any time a business is looking to move or expand its business (or even just to renew its lease), the possibility of IDA assistance should be looked into, especially if it involves significant construction, tenant improvements

or furniture, fixtures and equipment [FF&E] purchases.

The potential benefits include: a sales tax exemption on eligible equipment and construction materials; a mortgage recording tax exemption; and, sometimes most valuable, a beneficial PILOT agreement with significant savings on real property taxes. These benefits can be maximized by coordination with the tax certiorari proceedings pending on the site.

It is essential that qualified IDA counsel be brought into the picture as early as possible, before a contract, when the deal is being put together. IDA's want to help incentivize projects, not give benefits to something that is happening anyway.

Conclusion

All too often, owners and businesses incorrectly assume that real estate tax relief and benefits are not available to them. This firm has the expertise in each of these areas and any property or project deserves a multi-faceted and comprehensive analysis to assure that real estate taxes are minimized and "right-sized." Opportunities for commercial real estate tax abatements and reductions on Long Island exist; you just have to know where to look.

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