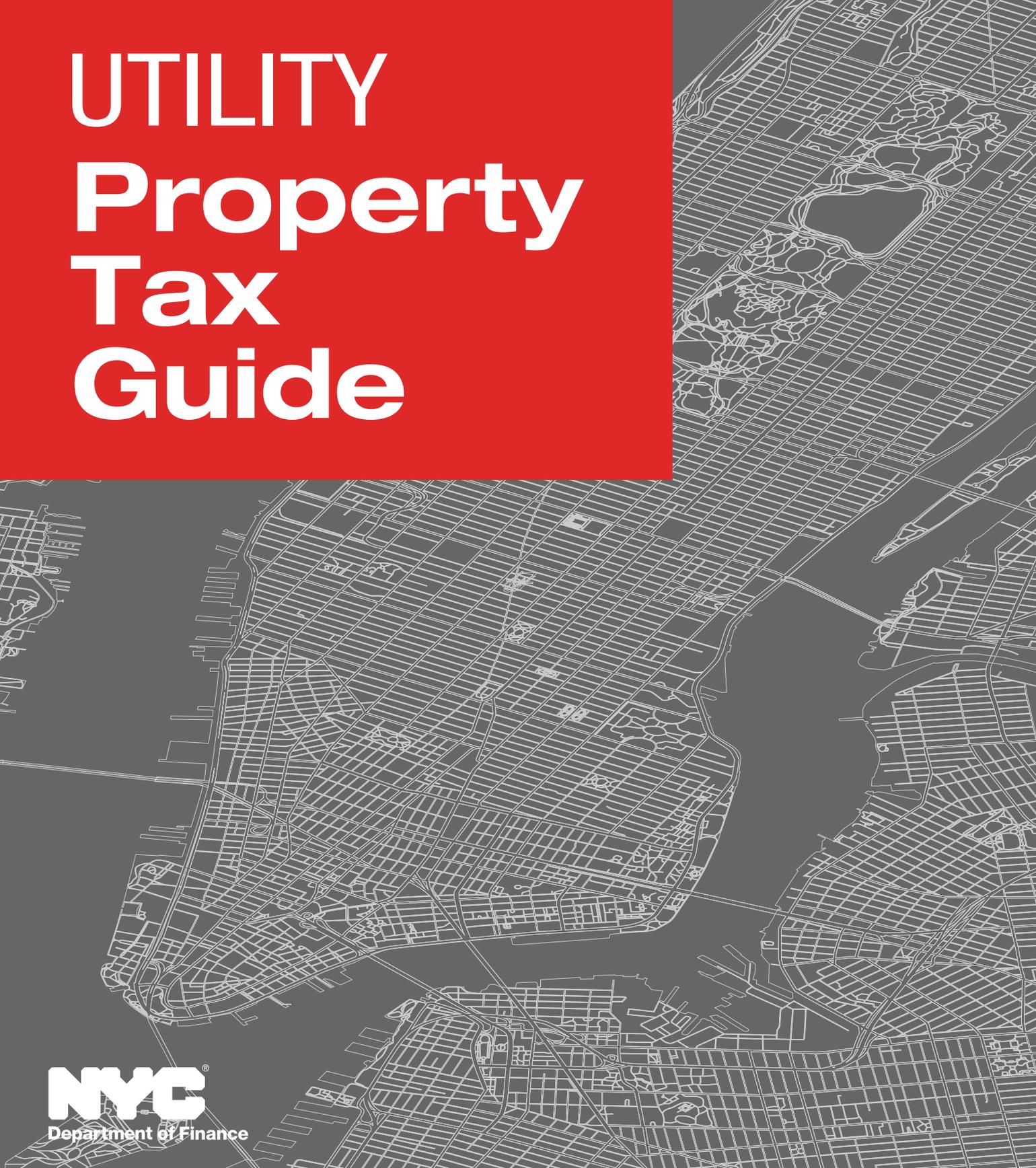


UTILITY Property Tax Guide





NYC[®]
Department of Finance

how we calculate your property tax bill

1
step

DETERMINE MARKET VALUE

We determine the market value of most utility properties using the cost approach, which is the current replacement cost of the equipment minus accrued depreciation. We also use the income approach for some tax class 4 utility properties, in which we estimate a market value for your property based on its income-producing potential.

2
step

DETERMINE ASSESSED VALUE

A property's assessed value is a percentage of its market value and is used, with the adjustments described below, to determine the property's annual tax bill.

3
step

APPLY EXEMPTIONS ON FILE

The City of New York offers tax breaks known as exemptions. If you qualify for any of these exemptions, we subtract these amounts from your property's assessed value to determine its taxable value.

4
step

PROPERTY TAX BILL

We calculate the amount you owe in property taxes by applying the city's tax rate for class 3 and 4 utility properties, a percentage set each year by the city council based, in part, on state law requirements, to your taxable assessed value. If your property receives a type of tax break known as an abatement, we subtract it from your bill to reduce the total amount that you owe.

1 step

Market Value — Valuing Your Property

Properties in New York City are divided into four tax classes, each valued and assessed differently under the law. Tax classes 3 and 4 include utility property, among other types. Utility properties in New York City are designated by a “U” building class in either tax class 3 or 4. Utility properties can consist of land, buildings, specialized structures, and equipment. Common examples include power plants, cell towers, railroad tracks, pipes, large emergency backup generators, and power lines.

For information about how market values are determined for class 1, 2, and other tax class 4 properties, visit www.nyc.gov/propertytaxes.



One- to three-unit primarily residential properties and some vacant land



Government-regulated utility company equipment



Primarily residential property with more than 3 units, including cooperatives & condominiums



All other real property, including office buildings, factories, stores, hotels, and all other utility property

The Department of Finance determines a market value for your tax class 3 or 4 utility property by estimating the replacement cost new of the property minus accrued depreciation.

WE TAKE THE FOLLOWING STEPS TO DETERMINE YOUR MARKET VALUE:

1. First, we take the actual reported costs (including equipment, labor, and installation costs) for the year the equipment was installed. These costs are reported to the Department of Finance by the owner either initially and/or in the REUC RPIE statement filings. If these costs are not reported by the owner, we rely on industry guides to compile this information.
2. Then, we apply trending factors to the initial costs to update them as if the equipment were being installed new today.
3. Next, we apply relevant depreciation formulas to the current cost amounts to account for the value lost since installation. This process gives us the replacement cost new less depreciation (RCNLD) of the equipment.
4. Finally, all derived equipment values for a given BBL are summed to calculate the market and assessed values for the BBL.

CALCULATING YOUR MARKET VALUE:

In this example, we will calculate the market value of a power plant underground conduit.

1. Total original cost of the property in 1984 was \$344,493.
2. To calculate the cost of replacing the conduit today, we use industry indexes for the current and installation years, multiplied by the original cost. In the example below, the current year index is 872, and the installation year index is 668.

Example:

$$[\$344,493 \times (872 \div 668)] = \$449,697$$

3. We then multiply this “trended amount” by the New York State Equalization Board retained value percentage (0.535133) to account for depreciation.

Example:

$$\$449,697 \times 0.535133 = \$240,648$$

This is the replacement cost new less depreciation (RCNLD) or market value for that year.

4. The market value multiplied by the assessment percentage equals the assessed value.

$$\$240,648 \times 0.45 = \$108,292$$

2 steps

Assessed Value — Assessing Your Property

Your utility property's assessed value is a percentage of its market value. As of the publication of this guide, the assessment percentage is 45%.

WHY HAS YOUR PROPERTY'S ASSESSED VALUE CHANGED?

Your assessed value can change for a number of reasons, including:

- Your property's market value has changed.
- You made a physical change to the property, such as adding or retiring equipment or modifying the property through construction work.
- You adjusted the value of an account by shifting assets between accounts.
- You lost a tax exemption or abatement, or its value was reduced.

3 steps

Exemptions — Reducing Your Property Tax

The City of New York offers tax breaks known as exemptions to not-for-profit organizations, governmental entities, and others. If you are granted an exemption, it is subtracted from the assessed value of your utility property, reducing your taxable value. (An exemption differs from an abatement, a type of tax break that reduces your tax due after the tax has been calculated.) Your July property tax bill shows the exemptions you will receive for the tax year beginning July 1.

FINDING THE RIGHT EXEMPTION(S) FOR YOU

Real Estate of Utility Companies exemptions include ICIP, Hospital, Educational, MTA, Parks Dept NYC, Amtrak, Industrial Waste Facility, Public Authorities, Charitable, Shelter Rent, NYS Urban Development, and Clean Energy.

WHAT'S THE DIFFERENCE BETWEEN THE TWO REDUCTIONS?

Exemptions: An exemption reduces your assessed value before your taxes are calculated.

Abatements: An abatement reduces your taxes after they've already been calculated.

Please visit www.nyc.gov/finance for the most up-to-date information about exemptions.

Your Annual Property Tax Bill – Utility Properties



NYC
Department of Finance

Billing Summary	Amount
Outstanding charges <i>(Sum of unpaid balance and interest fees from billing periods)</i>	\$0.00
New charges <i>(Sum of new property taxes and other charges-see below for details)</i>	\$2,397,820.94
AMOUNT DUE BY JULY 1, 2024	\$2,397,820.94
The amount shown at the right includes the amount due this period plus your remaining property taxes, other charges, and any past-due amounts for the rest of the tax year, which ends on June 30. The amount shown includes a discount of \$23,978.21 that you would receive if you pay by July 1, 2024.	\$4,771,663.67

Your property details:

Estimated market value: ● \$346,700,000

Tax class: 4 - Commercial Or Industrial

Exemptions: ● \$110,738,925.00

How we calculate your annual taxes:

Billable assessed value: ● \$156,015,000.00

minus exemptions: ● – \$110,738,925.00

times the current tax rate: ● x 10.5920%

Annual property tax: ● \$4,795,641.88

Activity for This Billing Period (Due July 1, 2024)

Department of Finance charges

The charges below include property tax and other property-related charges. If you have questions, contact DOF at www.nyc.gov/dofcustomerservice.

Finance-Utility Property	\$2,397,820.94
Department of Finance Total	\$2,397,820.94

● **Estimated Market Value**

The Department of Finance determines a market value for your tax class 3 or 4 utility property based on the cost to replace the property minus accrued depreciation.

● **Assessed Value**

A property’s assessed value is a percentage of its market value. It is calculated by multiplying your property’s market value by its assessment percentage.

● **Exemptions**

The value of your exemptions is deducted from your assessed value.

● **Tax Rate**

The rate at which New York City taxes your property class. This percentage is set by the city council each year (based, in part, on state law requirements) and is subject to change. If you have any abatements, they are applied and subtracted from the amount of your taxes to determine your final property tax bill.

● **Annual Property Tax**

Your final annual property tax amount is the taxable assessed value multiplied by the current tax rate

New York State and Utility Property Taxes

Not all utility property in New York City is valued and assessed solely by the NYC Department of Finance. For the two cases outlined below, the New York State Department of Taxation and Finance has a role in utility property valuation.

- a. **Special franchise property (all block 70000 property)** is valued and assessed by the state. The NYC Department of Finance bills the taxes based on the state's assessment.
- b. **Freight railroad ceilings and telecommunication ceilings** are caps on assessed values for freight railroad and telecommunications that the New York State Department of Taxation and Finance determines each year after the NYC Department of Finance has published the tentative assessment roll. The telecommunications ceiling is added prior to the final assessment roll while the railroad ceiling most often results in remissions or impositions.

Review of How We Calculate Your Property Tax

ANNUAL PROPERTY TAX = ([THE LOWER OF ACTUAL OR TRANSITIONAL ASSESSED VALUE – EXEMPTIONS × TAX RATE] – ABATEMENTS)

1
days

Market Value:

We value utility property based on the cost to replace the property minus accrued depreciation.

2
days

Assessed Value:

Market Value × Level of Assessment (45%)

3
days

Exemptions:

Assessed Value – Exemptions = Taxable Value

4
days

Annual Property Tax:

(Taxable Value × Tax Rate) – Abatements

Paying Your Property Tax Bill

Property tax bills are mailed quarterly for properties with an assessed value of \$250,000 or less, and semiannually for properties assessed at more than \$250,000. Quarterly bills are due on July 1, October 1, January 1, and April 1; your bill will generally be mailed a month before its due date. Semiannual bills are mailed a month before their January 1 and July 1 due dates.

Once you receive your bill, review it carefully to ensure that you understand not only how much you owe, but where that amount comes from. Refer to this booklet as a guide and learn more at www.nyc.gov/finance, where you can also view your property tax bill at any time.

HOW TO PAY

Follow the instructions on your bill or visit www.nyc.gov/payonline to learn how to pay online, by mail, or in person.

Notice of Property Value

AN ANNUAL NOTICE WITH DETAILS ABOUT YOUR PROPERTY

One of the most important documents you will receive from the Department of Finance is the Notice of Property Value, or NOPV. Mailed to you each January, the NOPV will tell you our determination of your property's market and assessed values.

In addition to your market and assessed values, the NOPV will list your current exemptions, though it may not include the exemptions you will receive in the next tax year.

The NOPV is not a bill and does not require payment. You'll want to keep the notice on file and refer to it throughout the year.

Here is an example of an NOPV for a class 3 or 4 utility property:



NYC
Department of Finance

**IMPORTANT INFORMATION
ABOUT YOUR PROPERTY**

NOTICE OF VALUE

January 15, 2025

Ident Number
0

● Borough: 1 Block: 00000 Lot: 00

Tax Class: 3

THIS IS NOT A BILL. This notice gives you information about how the New York City Department of Finance values your property.

Property Assessment			
	Current Tax Year July 1, 2023 - June 30, 20234	Change	Upcoming Tax Year July 1, 2024 -June 30, 2025
● Market Value	\$8,000,000	+\$0	\$8,000,000
Assessment Percentage	45%	--	45%
● Assessed Value	\$3,900,000	+\$0	\$3,900,000
● Exemption Value	\$0	+\$0	\$0
● Taxable Value	\$3,900,000	+\$0	\$3,900,000

Exemption: None

Definitions

Market Value is the estimated value for Class 3 properties based on the cost to reproduce the property minus applicable depreciation.

Assessment Percentage is a fixed percentage of Market Value. For class 3 properties, it is 45%.

Assessed Value is calculated by multiplying your Market Value by the Assessment Percentage.

Exemption Value is the amount of property tax benefits you currently have (except for abatements, which are not here but are listed on your property tax bills). This value is subject to change. If you recently applied for exemptions, they may not be listed. For more information about exemptions, visit www.nyc.gov/ownerexemption or contact 311.

Taxable Value is the Assessed Value minus the Exemption Value.

Estimate your property taxes for 2024/25 by multiplying your Taxable Value by the current tax rate, and then subtract abatements. The result will be an estimate of your property taxes for 2024/25.

Important Information

- You may challenge your property value. Please read more about how to challenge your property values at www.nyc.gov/nopv.
- You must file an annual REUC Real Property Income and Expense (REUC RPIE) statement unless you are exempt by law. The deadline to file is June 1, 2025. Failure to file will result in penalties and interest, which will become a lien on your property if they go unpaid. Visit www.nyc.gov/rpie for more information.
- If you have tried to resolve an issue through normal Department of Finance channels and feel it has not been settled, you may contact the Taxpayer Advocate at: www.nyc.gov/taxpayeradvocate, or by calling 311.

● Property Description

Basic property information: ownership, description, classification, and BBL.

Property Identification: BBL

Every property in New York City has a unique identifier known as a borough-block-lot number, or BBL. For utility property, the block number is between 70000 and 89999 and is not tied to a physical block designation. This “pseudo BBL” serves as your account number with the Department of Finance and will appear on nearly every notice or statement you receive from us. Be sure to have your BBL on hand when you contact DOF—it will help us resolve your issue more quickly.

The Borough number is always first:

1 = Manhattan	2 = Bronx	3 = Brooklyn
4 = Queens	5 = Staten Island	

The Block number is second: It is 5 digits.

The Lot number is last: It can be up to 4 digits.

● Market Value

The Department of Finance determines a market value for your tax class 3 and 4 utility properties based on the cost to replace the property minus accrued depreciation. We also use the income approach for some tax class 4 utility properties, in which we estimate a market value for your property based on its income-producing potential.

● Assessed Value

A property’s assessed value is a percentage of its market value. It is calculated by multiplying the market value by the assessment percentage.

Transitional Assessed Value

For tax class 4 properties, state law requires that we phase in any changes to your actual assessed value over a five-year period. This means that we apply 20% of the change to the taxable value each year for five years. When a new assessment is made each year, any additional change is again spread over a five-year period. In any given year, there are multiple phase-ins being applied, which results in a transitional assessed value for your property. We use the lower of the total actual assessed value or total transitional assessed value to calculate your property tax bill. Please note that physical assessed value changes to your property are not phased in.

● Exemptions

The NOPV lists the exemptions you currently receive and informs you of your exemption value and the total assessed value—the reduction in assessed value as a result of your exemptions.

● Taxable Value

Your assessed value minus your exemption value. The taxable value is the amount on which you are taxed.

Estimated Property Tax

To estimate your property tax, multiply your taxable assessed value by the current tax rate, then subtract any abatements

● Annual REUC RPIE Filing Requirement

All owners of required parcels must file an annual REUC RPIE statement by June 1, or face possible penalties.

APPEALING THE ASSESSED VALUE ON YOUR

notice of property value

If you believe that we have set your assessed value too high, you have the right to appeal to the New York City Tax Commission, an independent city agency that has the authority to change your property's assessed value, tax class, and exemptions.

To access Tax Commission appeal forms, visit www.nyc.gov/taxcommission. Printed forms also are available at DOF business centers and at the Tax Commission's office at 1 Centre Street, Room 2400, New York, NY. (To enter 1 Centre Street, you will need a photo ID.) The deadline to submit an appeal for a class 3 or 4 property is March 1. This means that the Tax Commission must receive your appeal by March 1—mailing your appeal on that date is not sufficient

OTHER CORRECTIONS

If there is a factual error on your NOPV (for example, the description of your property is incorrect), please report it to the Department of Finance by emailing reuc@finance.nyc.gov.

your year in

JANUARY 5:
Tentative
roll
published.

MARCH 15: the deadline
to appeal your property's
assessed value to the NYC
Tax Commission.

MARCH 15: the deadline
to apply for tax exemptions.

DOF releases the final
assessment roll and
generates property tax
bills for the tax year
beginning July 1.

JUNE 1:
Annual REUC RPIE
statements must be filed.

You receive your first
property tax bill for
the new tax year.

12 JAN

FEB

MAR

APRIL

MAY

JUNE

resources

Office of the Taxpayer Advocate

If you have made a reasonable effort to resolve a tax issue with the Department of Finance but feel that you have not received a satisfactory response, the Office of the Taxpayer Advocate can help.

For assistance from the Office of the Taxpayer Advocate, visit www.nyc.gov/taxpayeradvocate and complete form DOF-911, "Request for Help from the Office of the Taxpayer Advocate." You may also contact the Office of the Taxpayer Advocate directly:

Call: (212) 748-4785

Fax: (646) 500-6907

Mail: NYC Office of the Taxpayer Advocate, 375 Pearl Street, 26th Floor, New York, NY 10038

The NYC Tax Commission

The New York City Tax Commission is an independent agency that has the authority to change your property's assessed value, tax class, and exemptions.

All appeal forms are available at the Tax Commission's website, www.nyc.gov/taxcommission. You may call the Tax Commission at (212) 669-4410.

property taxes

A new tax year starts; you're taxed at the previous year's tax rate, if the rate for the new tax year has not been adopted by June 6.

The city council votes on the tax rates and the mayor signs off on them. Frequently, because of policy decisions to modify the tax levy class share distribution, the tax rates are not finalized until November. Because we're almost halfway through the tax year from when these rates apply, your taxes for the first part of the year are re-calculated at the new rate.

JULY

AUG

SEPT

OCT

NOV

DEC¹³

glossary

Abatement:

The City of New York offers tax breaks known as abatements that are applied after your tax amount due has been calculated.

Assessed value:

The value calculated by multiplying the market value by the assessment percentage.

Assessment percentage:

A fixed percentage of the market value. For utility property in tax classes 3 and 4, it is 45%.

Exemption:

The City of New York offers tax breaks known as exemptions. If you qualify for any of these exemptions, we subtract these amounts from your property's assessed value to determine its taxable value.

Market value:

The estimated value of the utility property based on the cost to reproduce the property minus accrued depreciation.

Tax classes:

Properties in New York City are divided into four tax classes, each treated differently under the law.

Class 1: One-to three-unit, predominantly residential properties. Also includes certain vacant land and certain types of condominiums.

Class 2: Primarily residential property with more than 3 residential units, including condos and co-ops.

Class 3: Government-regulated utility company equipment.

Class 4: All other real property, including office buildings, factories, stores, hotels, and all other utility property.

glossary

Tax rate:

The rate at which New York City taxes your property class. This percentage is set by the city council each year and is subject to change.

Taxable value:

Your assessed value minus your exemption value. The taxable value is the amount on which you are taxed. For class 4 properties, the taxable value is the lower of the total actual assessed value or total transitional assessed value minus the exemption value.

Transitional assessed value:

For tax class 4 properties, state law requires that we phase in any non-physical changes to your actual assessed value over a five-year period. This means that we apply 20% of the change each year to the transitional assessed value for five years. When a new assessment is made each year, any additional change is again spread over a five-year period. In any given year, there are multiple phase-ins being applied, which results in a transitional assessed value for your property. Please note that physical value changes to your property are not phased in.