



FINANCE
NEW • YORK
THE CITY OF NEW YORK
DEPARTMENT OF FINANCE

DEPARTMENT OF FINANCE

PROPERTY DIVISION

STATEMENT OF ASSESSMENT PROCEDURE – 05/26/06

WHEN WILL EQUIPMENT BE SEPARATELY ASSESSED?

This Statement of Assessment Procedure will explain how Finance will assess generators and other equipment such as boilers that are located within certain properties.

Background

New York State Real Property Tax Law provides that equipment such as boilers and generators are real property. Section 102(12)(f) defines real property to include the following:

(f) Boilers, ventilating apparatus, elevators, plumbing, heating, lighting and power generating apparatus, shafting other than counter-shafting and equipment for the distribution of heat, light, power, gases and liquids

Until recently, generators were owned only by utility companies. Now, due to modern needs, anyone can purchase or build a generator to provide back-up support in the case of a power outage from major utility suppliers and in the case of an emergency.

In previous years, Finance would determine whether to separately assess a generator based on whether the generator was owned by the building owner or a tenant. If a building owner owned a back-up generator, the generator was not separately assessed. However, if a tenant owned the generator even though it is not considered a fixture and would not be permanently affixed to the building when the tenant's lease expired, Finance assessed the generator as real property.

Finance's goal is to assess all real property fairly and consistently. To ensure that all equipment such as boilers and generators located within properties are treated consistently, and so that our methodologies are transparent, through this Statement of Assessment Procedure, Finance will explain how it will determine whether a generator should be assessed as real property.

Procedure

- ◆ *Finance will assess generators, boilers and other similar equipment located in a building used for such property only to the extent that rental income is produced*

When a generator or boiler or other equipment is located in an income-producing property such as an office building, Finance will capture the rental income derived from that equipment as part of the property's total income.

This equipment will not be separately assessed. With respect to generators, this policy applies to generators that are in buildings and not stand alone generators located on land.

For example, if the owner of a generator pays rent to have a generator on a property, or if tenants pay a fee for the benefit of having the generator, these amounts will be included in property's income.

◆ ***Income paid by tenants for the use of a generator should be reported on the RPIE.***

If an owner receives rent for having a generator or other equipment on the property, this rent must be reported as rental income on the annual Real Property Income and Expense form filed with Finance.