

First American Title Insurance Company of New York

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CURRENT DEVELOPMENTS

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NASSAU COUNTY TRANSFER TAX

At an emergency session on August 9 requested by the County Executive, the Nassau County Legislature, by a vote of 14 to 4, enacted a local law adding Title 34 to the Miscellaneous Laws of Nassau County, which local law imposes a one percent (1%) real property transfer tax to take effect August 15, 1999.

New Article 31-E of the state Tax Law authorizes the County of Nassau, acting through its local legislature, to adopt a law imposing a transfer tax for each conveyance of real property in the County where the consideration exceeds \$500. The tax will be imposed at a rate of \$5 for each \$500 of consideration or part thereof and will apply to all conveyances occurring on or after the effective date of the local law. The tax will not apply to conveyances made pursuant to binding written contracts entered into prior to August 15. For a conveyance to be grandfathered and not subject to the tax, the Nassau County Clerk will require confirmation of the date on which the contract was executed by either evidence of the prior recording of the contract or the deposit of the earnest money when the contract was signed. The state legislation provides that the tax is to expire on January 31, 2001.

The tax must be paid at the same time as the New York State Transfer Tax is paid. It will be apportioned if the property is only partially in Nassau County. A return for this tax must be filed with payment, and the return will be in substantially the same form as the New York State Transfer Tax form (TP-584). No instrument effectuating a conveyance covered under this Article will be recorded without the filing of the required return and the payment of the tax.

The grantor is to pay the tax; however, if the grantor has failed to pay the tax or is exempt from payment, the grantee is liable to pay the tax. Parties exempt from the payment of the tax are the state of New York (or any of its agencies, instrumentalities, political subdivisions or public corporations), the United Nations, the United States of America and any of its agencies and instrumentalities.

Conveyances that are fully exempt from the imposition of New York State Transfer Tax are also exempt from the imposition of the Nassau County Transfer Tax, except for the exemption under by Section 1405(b)(10) of the Tax Law. There is no exemption provided for the Nassau Transfer Tax for an option or contract to purchase real property where the consideration is less than \$200,000 and such property is used solely by the grantor as his personal residence and consists of a 1-, 2-, or 3-family house, individual condominium unit or individual cooperative unit.

Contact Amelia Kelly at 516-832-3200 for further information.

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