

# Charitable Reserve Funds

## Training and Education Sessions Coming to a Town Near You

The 2018-2019 New York state budget put forth substantive changes to the calculation of real property taxes that, if localities opt into, will change tax collecting as it currently exists. Specifically, if a local government or school district opts in to create a **charitable reserve fund** and adopts a local law creating a **real property tax credit**, taxpayers would have the option to make a donation to the reserve fund and receive a credit of up to 95 percent of the donation against their real property taxes. New York's answer to the \$10,000 limitation on State and Local Tax (SALT) deductions that accompanied December's Tax Cuts and Jobs Act (H.R. 1) would theoretically benefit itemizing taxpayers in three ways. First, their donations to the municipal charitable reserve fund can be written off as a charitable donation, and then their taxable income at the federal level is reduced, resulting in a real property tax reduction from those credits. It is unclear yet whether these charitable write-offs will be recognized at the federal level.

While the state released a guidance document on May 16 that details the procedures to follow with the charitable reserve funds and the real property tax credits, many questions remain. The guidance document can be found at: <https://www.tax.ny.gov/pdf/ORPTS/charitable-contributions-guidance.pdf>. The Association of Towns will be traveling throughout the state this summer to provide regional training and information sessions on these charitable reserve funds. In the meantime, the Association of Towns is available to answer any and all questions from its members regarding this issue. Our members may call our office at (518)465-7933 to speak with one of our attorneys, Monday through Friday, 8:30 a.m. to 5 p.m. Be sure to stay tuned to our website [www.nytowns.org](http://www.nytowns.org) and our social media pages for updates and announcements on the time and location of these sessions.