



Office of the Ulster County Comptroller

ULSTER COUNTY MORTGAGE TAX SNAPSHOT:

Total County Distributions at Three-Year High, Most Municipal Revenues Remain Strong

January 2019

Background

Article 11 of the NYS Tax Law authorizes counties to collect the mortgage recording tax (“MRT” or “tax”), which “is an excise tax on the privilege of recording a mortgage [within the state].”¹ The MRT is secured by the recording office of the county – the Clerk – at the time of recording where the property is situated.² The location of the mortgaged property ultimately determines the tax rates that will be in effect, which are a combination of the following:

- A *basic tax* of 50 cents per \$100 of mortgage debt or obligation secured; and
- A *special additional tax* of 25 cents per \$100 of mortgage debt or obligation secured; and
- An *additional tax* of 25 cents per \$100 of the mortgage debt or obligation secured (inside the Metropolitan Commuter Transportation District) unless it has been suspended within the county where the property is located; and
- A city or county *local tax* of 25 to 50 cents per \$100 of mortgage debt or obligation secured, where applicable.³

Ulster County’s MRT is 75 cents per \$100 (or fraction thereof on principal debt secured by a mortgage).⁴ This rate consists of the *basic tax* and *special additional tax* only, placing Ulster County among the ten NYS counties that impose the lowest overall tax.⁵

Once collected, MRT revenues are transmitted monthly to the State and County by the Ulster County Clerk’s Office. Revenues are distributed semiannually to the various taxing jurisdictions within the county where the property is located.⁶ Twice a year in Ulster County, the Clerk’s Office prepares a semiannual report that is approved by the NYS Department of Taxation & Finance. After approval by the State, the Ulster County Clerk and Commissioner of

¹ See *gen* “General Questions and Answers on the Mortgage Recording Taxes” (TSB-M-96 (2) R), by the NYS Dept. of Taxation and Finance Taxpayer Services Division Technical Services Bureau (July 1, 1996).

² See *gen* “Mortgage Recording Tax,” by the NYS Dept. of Taxation and Finance (updated November 26, 2018). Available at www.tax.ny.gov/pit/mortgage/mtgidx.htm

³ See *id.* (summarizing NYS Tax Law § 253)

⁴ See *gen* “Recording Fees” of the Ulster County Clerk. Available at <https://ulstercountyny.gov/countyclerk/recfees.html>

⁵ See *gen* “Mortgage Recording Tax Return” (Form MT-15), by the NYS Dept. of Taxation and Finance (12/18) (providing a current list of the various tax rates in effect by jurisdiction, including the following counties that only impose the basic tax and special additional tax: Chemung, Chenango, Greene, Jefferson, Madison, Montgomery, Otsego, St. Lawrence, Tioga, and Ulster). Available at https://www.tax.ny.gov/pdf/current_forms/mortgage/mt15.pdf

⁶ See *gen* NYS Tax Law § 261.

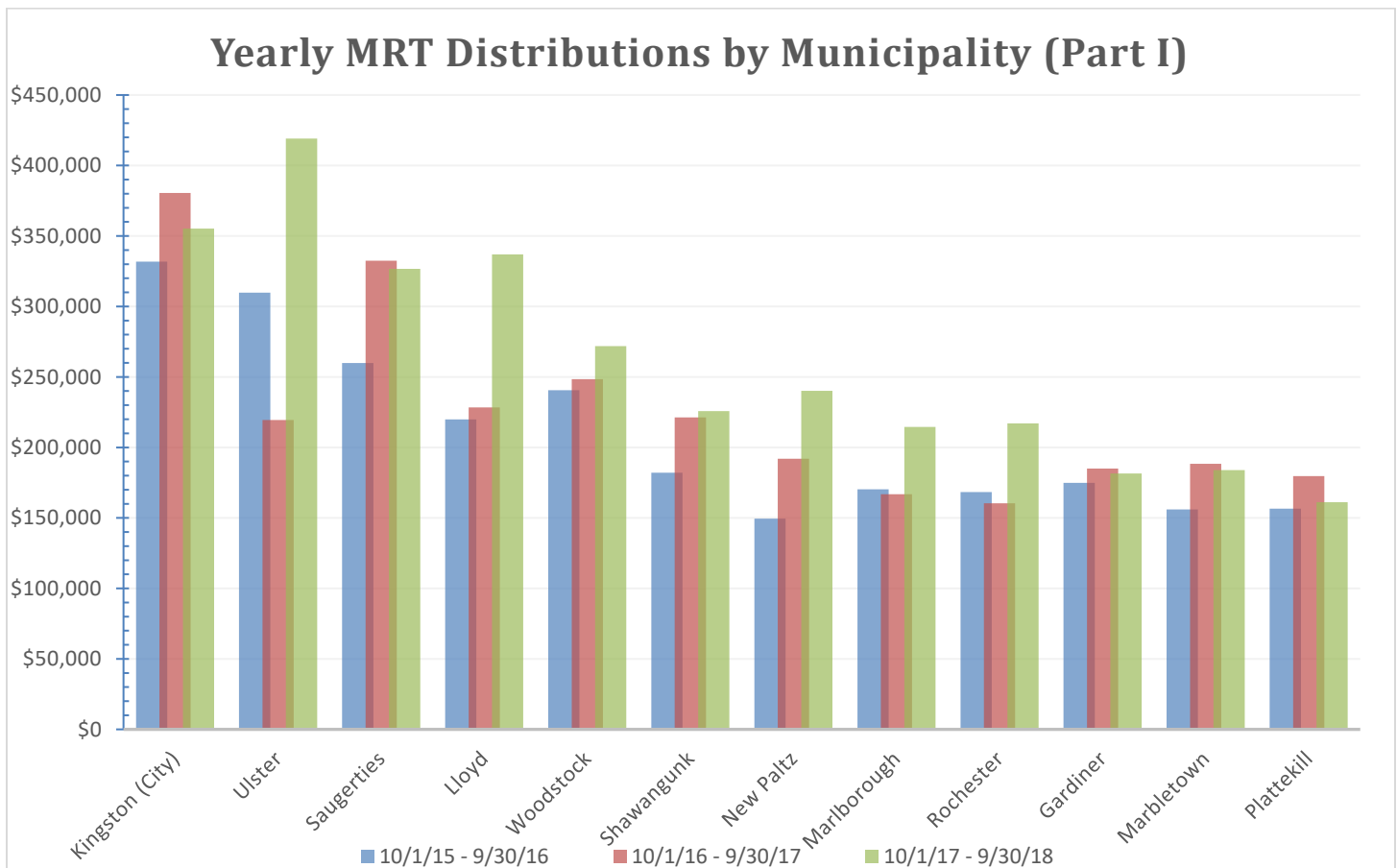


Finance submit a resolution requesting authorization from the County Legislature to distribute MRT revenues to the three villages, twenty towns, and City of Kingston.⁷

Separate from any other local or special additional tax they receive, counties are reimbursed for the expenditures they incur as part of collecting the MRT (such as printing and staffing costs).⁸ Though Ulster County does not receive a direct share of the MRT, it is reimbursed \$14,586.36 each month (or \$175,036.32 per year) as approved by the State and Ulster County Legislature in order to administer the tax, including salary and computer software expenses.⁹

MRT Distributions by Ulster County

The following two graphs show MRT revenues that Ulster County has distributed to municipalities, accounting for the period between October 1, 2015 and September 30, 2018:¹⁰

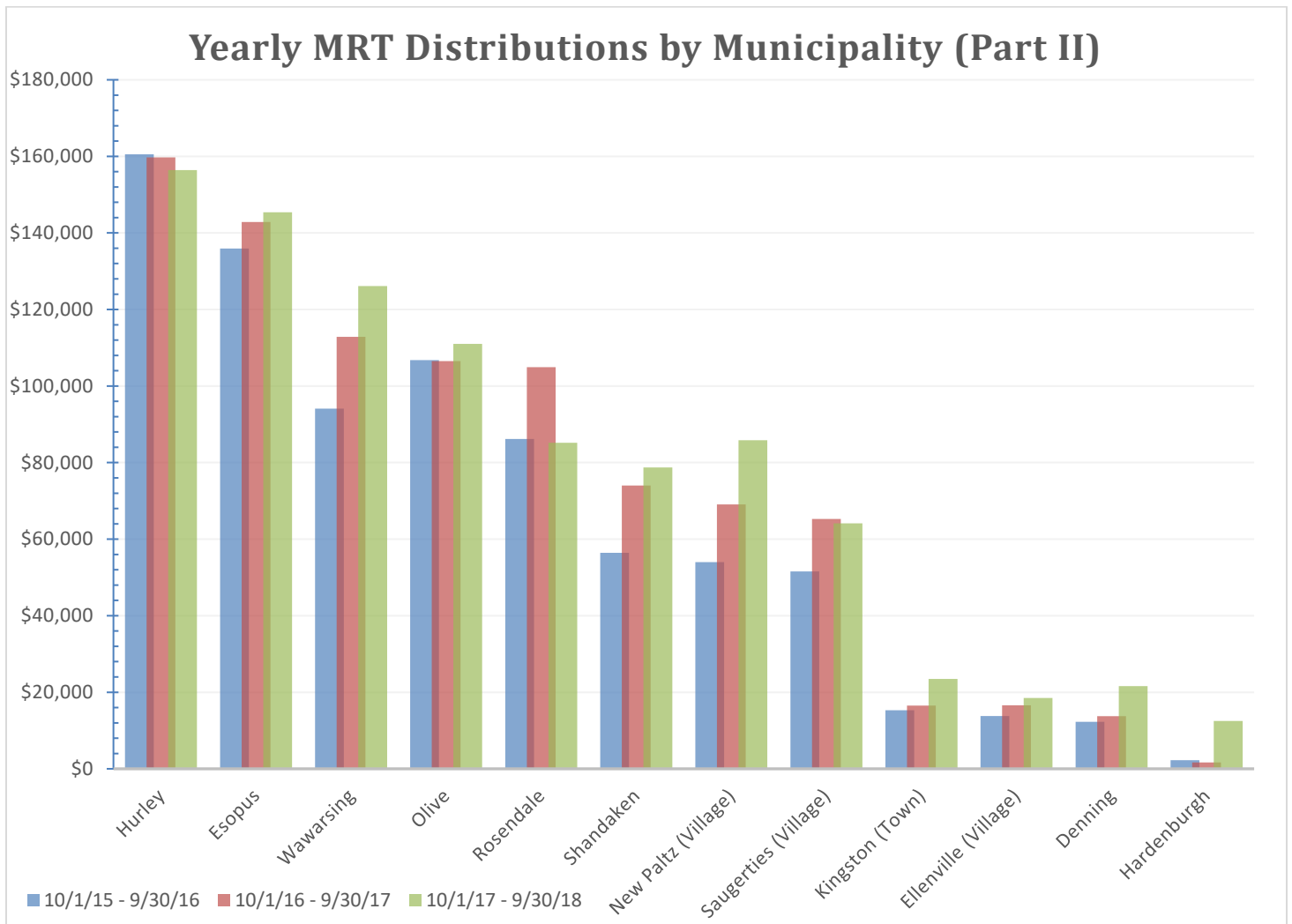


⁷ See *id.* at § 261(3). See also Resolution Nos. 283 of 2016, 456 of 2016, 227 of 2017, 455 of 2017, 206 of 2018, and 486 of 2018 (Authorizing Distribution of Mortgage Tax Receipts Pursuant to Section 261 of the Tax Law), adopted by the Ulster County Legislature.

⁸ See *gen* NYS Tax Law § 262.

⁹ See *gen* “2015-2017 Mortgage Tax Receipts Released,” as reported by the Ulster County Clerk and Ulster County Department of Finance.

¹⁰ See Resolution Nos. 283 of 2016, 456 of 2016, 227 of 2017, 455 of 2017, 206 of 2018, and 486 of 2018 (Authorizing Distribution of Mortgage Tax Receipts Pursuant to Section 261 of the Tax Law), adopted by the Ulster County Legislature (designating and approving all amounts to be apportioned to municipalities).

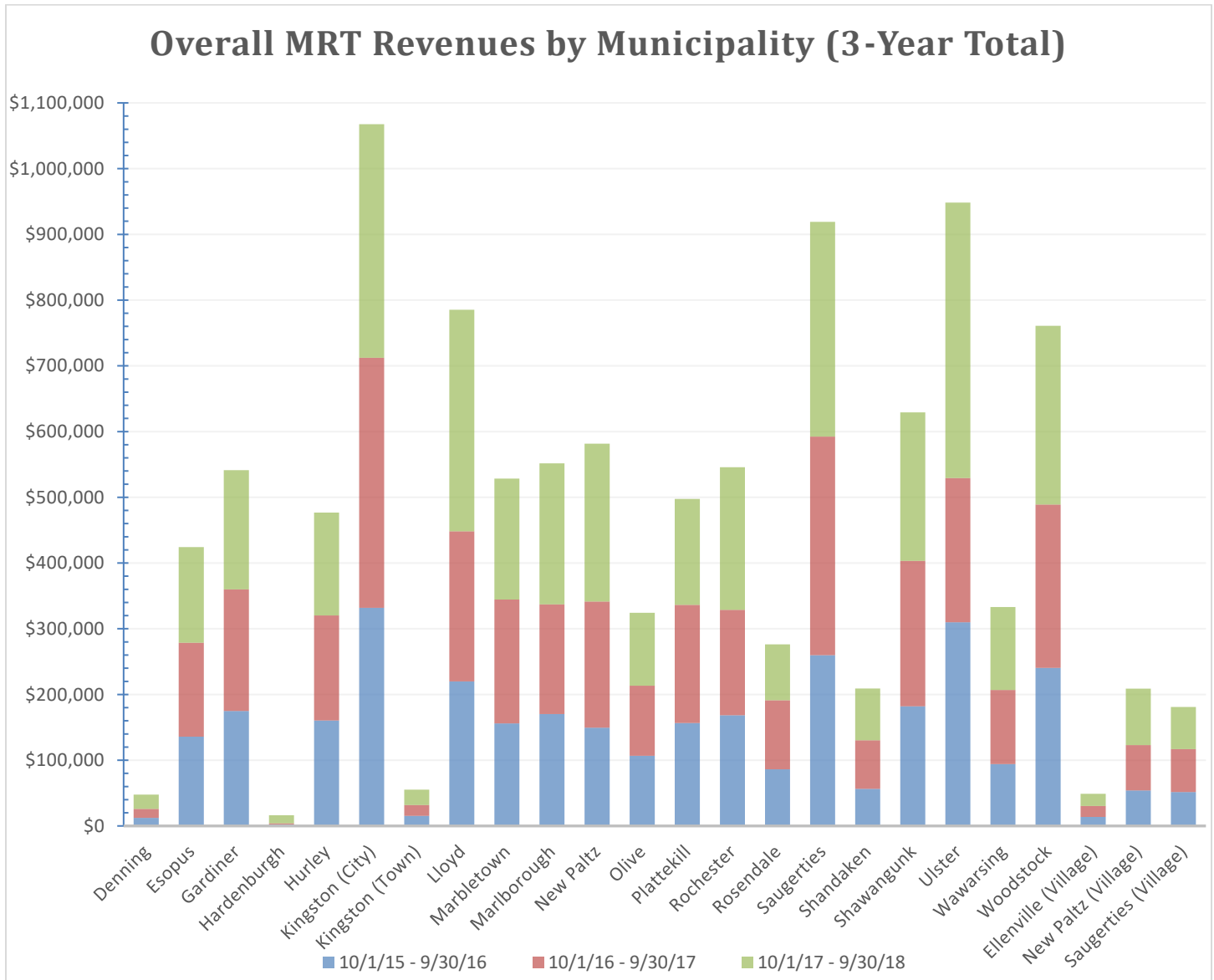


Although MRT distributions for municipalities fluctuated over this period, current revenues for the majority of localities grew as compared to previous years: 22 towns and villages were presently higher versus October 2015 to September 2016, and 16 towns and villages were presently higher versus October 2016 to September 2017.

Notably, 11 municipalities demonstrated MRT growth each year across the October 2015 to September 2018 timeframe: Lloyd, Woodstock, Shawangunk, New Paltz (Town), New Paltz (Village), Esopus, Wawarsing, Shandaken, Kingston (Town), Ellenville (Village), and Denning. However, one town experienced yearly declines across the same period: Hurley.



Next, we see the total MRT revenues received by the twenty towns, three villages, and City of Kingston over this three-year period:

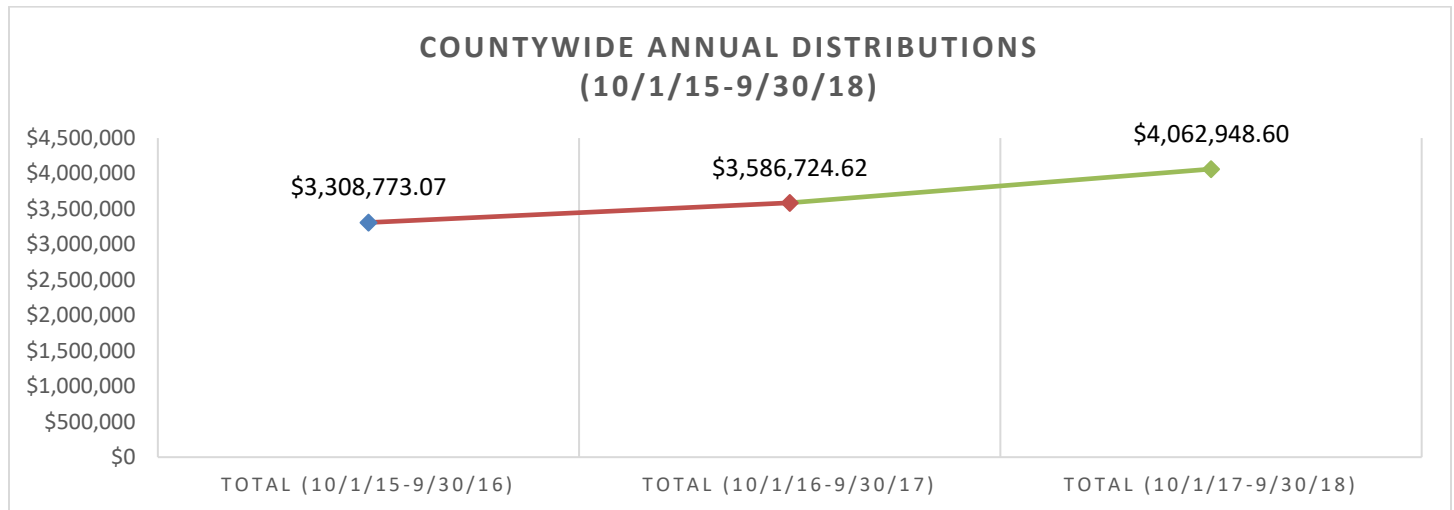


From October 1, 2015 through September 30, 2018, the top five largest MRT amounts were paid to the: City of Kingston (\$1,067,580), Town of Ulster (\$948,442), Town of Saugerties (\$919,045), Town of Lloyd (\$785,259), and Town of Woodstock (\$760,859).

Conversely, the five lowest MRT amounts across the same period were distributed to the: Town of Hardenburgh (\$16,441), Town of Denning (\$47,632), Village of Ellenville (\$48,860), Town of Kingston (\$55,273), and Village of Saugerties (\$180,998).



The last chart shows the total MRT amounts paid out over the past three years by Ulster County to its localities:



MRT distributions across the entire County in 2018 are at a three-year high of \$4,062,949 with receipts increasing \$754,175.53 (or 22.79%) over this period.

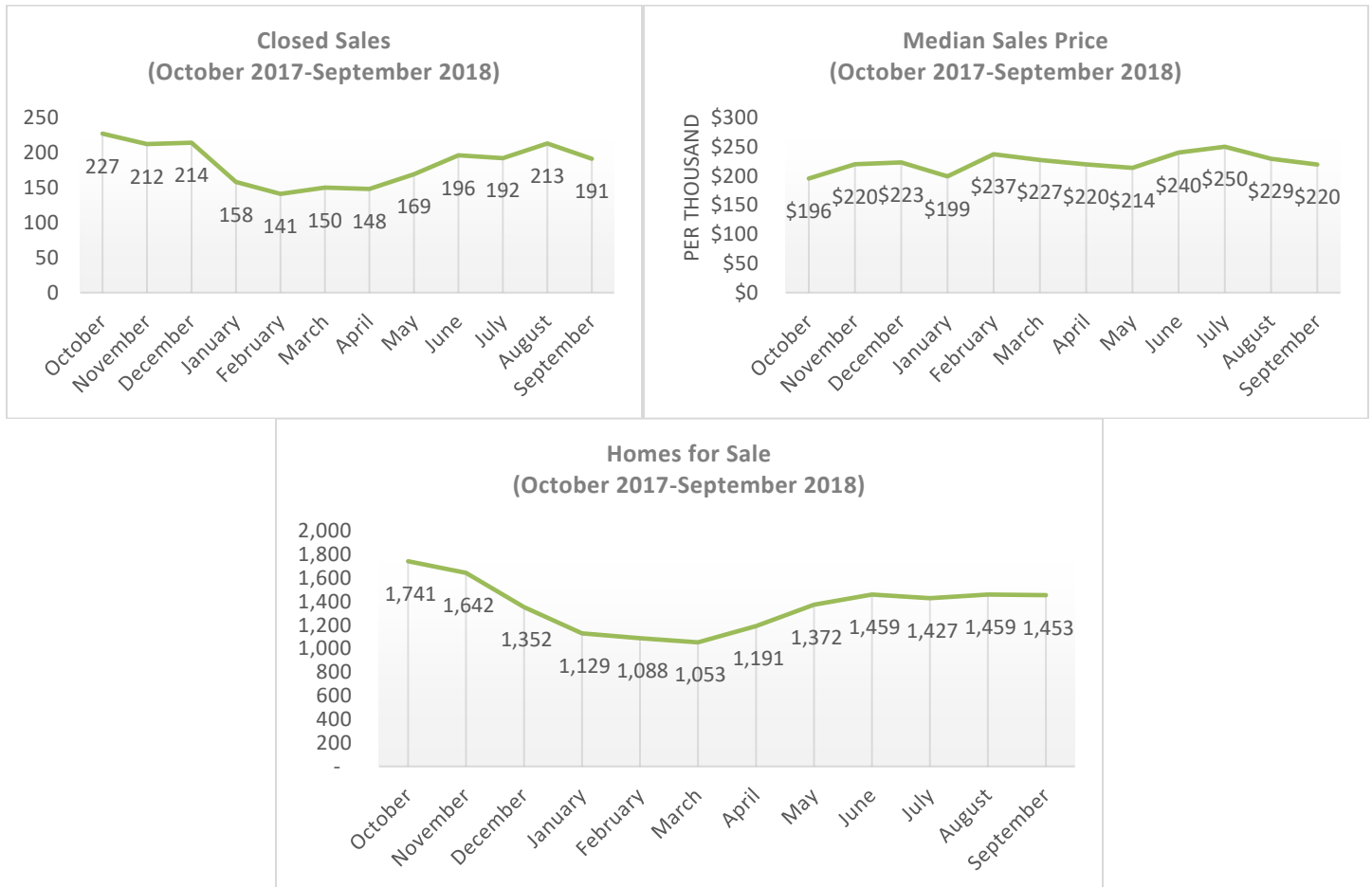
Ulster County's Housing Market

The MRT is sensitive to fiscal fluctuations because its growth is strongly dependent upon economic expansion. As home sales increase, local governments generally receive more mortgage recording tax revenue, as well as increased sales tax and other benefits from consumer activity – such as furniture and building supply purchases – that help local economies. However, falling housing inventory and rising interest rates adversely impact an individual's ability to finance a home and may in turn negatively influence MRT revenues.

It is encouraging that our region has seen an overall upswing in MRT collections from October 2015 through September 2018, which is a testament to relatively strong and sustained housing activity in Ulster County.



The following charts demonstrate three figures provided by the New York State Association of Realtors, Inc. that are specific to the state of the market in Ulster County:¹¹



From October 2017 through September 2018, the average median sales price for homes in Ulster County was \$222,826, there were 2211 total closings (averaging 184 per month), and homes for sale averaged 1364 per month. Generally, depressions in closings and homes for sale were roughly apparent between January and April before picking up again in the second half of the year.

Closed sales (191) and homes for sale (1453) were both lower by the end of September 2018 than October 2017; however, the median sales price (\$220,000) grew, probably due to less homes on the market.

Despite our County's low MRT rate in comparison to the rest of the State, as well as a decreased inventory of homes and potential concerns over affordability, it is reassuring that overall collections remain at their highest point in three years while the majority of municipalities ultimately saw revenue growth across the same period.

¹¹ See "Housing Market Reports (Monthly Indicators)," by the New York State Association of Realtors, Inc. (Activity by County: Ulster) (October 2017 through September 2018). Available at <https://www.nysar.com/industry-resources/market-data/reports>