NEW YORK COURT OF APPEALS

Roth v. City of Syracuse

21 N.Y.3d 411 (2013) · Decided June 11, 2013

SUMMARY

The New York Court of Appeals affirmed the denial of a real property tax challenge involving five Syracuse rental properties allegedly containing lead paint. The court held that the taxpayer failed to rebut the presumption of validity attaching to the City's assessments because he did not present substantial evidence that the mere presence of lead paint diminished the properties' market value. The court distinguished cases involving legally mandated remediation of severe environmental contamination and declined to treat proposed cleanup costs as a measure of reduced value absent evidence of market impact.

CASE DETAILS

COURT	New York Court of Appeals
WRITING FOR THE COURT	Rivera, J.; Chief Judge Lippman; Judge Graffeo; Judge Read; Judge Smith; Judge Pigott
JURISDICTION	New York
DECIDED	June 11, 2013
DISPOSITION	affirmed
PROCEDURAL POSTURE	Petitioner appealed from a judgment of Supreme Court denying his Real Property Tax Law article 7 challenges to the City of Syracuse's assessments of five residential rental properties. The Appellate Division unanimously affirmed, and the New York Court of Appeals granted leave to appeal and affirmed.
STANDARD OF REVIEW	In an RPTL article 7 proceeding, the taxing authority's assessment receives a rebuttable presumption of validity. The taxpayer must first present substantial evidence rebutting that presumption; only then does the court weigh the entire record to determine whether overvaluation has been established by a preponderance of the evidence.
PRECEDENTIAL VALUE	published precedential opinion of the New York Court of Appeals
PARTIES	Roth v. City of Syracuse

TOPICS

property tax | tax court procedure | environmental law | standard of review | appellate procedure

PRACTICE AREAS

property tax | real estate valuation | environmental contamination | appellate procedure

QUESTIONS PRESENTED

1. Whether Roth rebutted the presumption of validity attaching to the City's property-tax assessments by presenting substantial evidence that the presence of lead paint diminished the market value of the properties.
2. Whether the City's appraisal reports being struck for failure to comply with 22 NYCRR 202.59 (g) (2) required judgment for Roth.
3. Whether estimated lead-paint remediation costs could be used to reduce the assessed value of the properties absent evidence that the contamination actually depressed market value.

HOLDINGS

1. A taxpayer challenging a property-tax assessment under RPTL article 7 must present substantial evidence demonstrating that the property was overvalued. Roth failed to meet that burden because he did not show that the presence of lead paint diminished the market value of the properties during the relevant tax years.
2. Environmental contamination or hazards must be considered in a property-tax assessment only when the taxpayer shows that the condition depresses the property's market value; the mere existence of lead paint is insufficient.
3. The trial court's exclusion of the City's appraisal reports for a procedural deficiency did not require judgment for the taxpayer, because the taxpayer retained the ultimate burden of rebutting the presumption that the City's assessments were valid.

KEY QUOTATIONS

> *"Thus, a petitioner challenging the accuracy of a tax valuation has the initial burden to rebut the presumption by introducing substantial evidence that the property was overvalued"* (417)

> *"However, we also made clear that the effect of environmental contamination or hazards should be considered only if the "environmental contamination is shown to depress a property's value""* (418)

> *"To carry his burden, petitioner must show that the market value of the properties was diminished by the presence of lead paint, not its mere existence."* (418-419)

FACTUAL BACKGROUND

Roth owned five single-family, five-bedroom houses near Syracuse University that he rented to college students. He challenged the City's assessments for 2001 through 2004, alleging that lead paint reduced the properties' market value and claiming an aggregate overvaluation of $825,000. His appraiser used an income-capitalization approach and deducted estimated remediation costs, valuing each property at one dollar, but the properties continued to generate rental income, no remediation costs had been incurred, and there was no evidence that lead paint had depressed their market value during the relevant tax years.

PROCEDURAL HISTORY

Roth commenced consolidated RPTL article 7 proceedings challenging the assessments of five Syracuse rental properties for tax years 2001 through 2004, alleging that the assessments failed to account for lead-paint contamination. Supreme Court denied the petition after rejecting Roth's appraisal evidence and concluding that he failed to prove overvaluation; the court also struck the City's appraisal reports for failure to comply with 22 NYCRR 202.59 (g) (2), but allowed related testimony to stand. The Appellate Division affirmed, and the Court of Appeals affirmed the judgment and the order brought up for review.

DISPOSITION

affirmed

CASES CITED

- Matter of Great Atl. & Pac. Tea Co. v. Kiernan, 42 N.Y.2d 236, 242 (1977)
- Matter of Allied Corp. v. Town of Camillus, 80 N.Y.2d 351, 356 (1992)
- Matter of FMC Corp. [Peroxygen Chems. Div.] v. Unmack, 92 N.Y.2d 179, 188 (1998)
- Matter of Bass v. Tax Commission of City of New York, 179 A.D.2d 387, 387 (1st Dep't 1992)
- Matter of Alexander's Department Store of Valley Stream v. Board of Assessors, 227 A.D.2d 549, 550 (2d Dep't 1996)
- Matter of Commerce Holding Corp. v. Board of Assessors of Town of Babylon, 88 N.Y.2d 724, 727-732 (1996)
- Criscuola v. Power Authority of State of New York, 81 N.Y.2d 649, 652 (1993)
