Long Island: A community on the move

Thanks to ambitious redevelopment initiatives, new transportation projects and diversified industries, the region is becoming an even more attractive place to live and work.

To gain insight on the latest developments on Long Island, Crain's Custom turned to accounting and advisory firm Citrin Cooperman, which has been expanding its presence on Long Island and just moved its office to a state-of-the-art facility in Melville. We spoke with Corey D. Bell, CPA, partner; Michael A. Sabatini, CPA, managing partner of the Long Island Office; and Catherine M. Taylor, Esq., principal.

Q *Crain's:* What's next for the business landscape on Long Island—and how can local businesses make the most of upcoming trends?

A *Citrin Cooperman:* Long Island has long been known for its world-class beaches and summer vacation destinations—and tourists spent over $5.5 billion locally in 2017 alone. The area has also long been home to several aerospace and defense companies, as well as a strong agriculture and fishing economy.

However, the Long Island economy is evolving, with a greater diversification of industries. It now boasts the largest concentration of jobs in the life sciences sector of any region in New York State.

Q *Crain's:* Long Island's storied Gold Coast and East End regions have a long tradition of multigenerational wealth. With the recent tax reform, how are these residents planning for future generations and the succession of their businesses?

A *Citrin Cooperman:* The new federal tax law, which doubles the federal estate and gift tax exemption to $11.2 million for unmarried taxpayers and $22.4 million for married taxpayers, has stimulated gifting conversations for many Long Island residents. Some are looking to use this increased gift exemption right away, assuming that completed gifts will pass without triggering estate tax, but others are taking a more cautious route. The New York State estate tax (which kicks in at $5.6 million and has a gift component) needs to factor into any conversation about lifetime gifting.

Changes to the gift tax rules are also bringing renewed focus to business owners' succession planning. However, there are other important factors to consider, such as family dynamics, income taxes, and even business domicile issues.

Q *Crain's:* For many New York City residents, Long Island is a favorite summer getaway. Are there any changes afoot in the tax reform that will affect those who currently own, or who are considering purchasing, a secondary home on Long Island?

A *Citrin Cooperman:* The Tax Cuts and Jobs Act of 2017 (TCJA) hit New Yorkers particularly hard, because of our high property taxes and the TCJA's limitation on deductions for real estate and mortgage interest. We're still waiting for IRS guidance, but many Long Islanders are already putting some strategies into play. One is to purchase the home as an investment or to convert existing property into rental property. This option allows many expenses to be taken as business expenses, and the real property tax and mortgage interest limitations do not apply. Before taxpayers implement any plans, however, they should have a thorough discussion with their tax professional.

Q *Crain's:* How significant will the recent tax reform legislation and the upcoming property tax reassessment for the 400,000 homes in Long Island's Nassau County be for Long Island taxpayers?

A *Citrin Cooperman:* With the TCJA's reduction of the state and local tax deduction, Long Island taxpayers could significantly benefit from a potential reduction of their property tax assessment. The TCJA caps the state tax deduction at $10,000, meaning that any amount paid in property tax over the $10,000 limit will not be deductible. Those taxpayers paying greater than $10,000 in state and local taxes (including income and real estate taxes), would benefit from any potential reduction in their property taxes stemming from the upcoming assessment, which could help to close the gap between their property tax obligation and the TCJA's maximum deduction.

In addition, with the TCJA also reducing the Alternative Minimum Tax on individuals, many residents will see their tax obligation significantly improve from the tax reform and upcoming property tax reassessment.

Q *Crain's:* Many of Long Island's older communities are taking on a brand new look. Which revitalization projects are making the biggest mark right now?

A *Citrin Cooperman:* There are many planned and ongoing revitalization projects working to transform Long Island into a vibrant community for young professionals to live year-round and for local businesses to thrive and create jobs. There are currently several projects set to improve the Long Island Railroad, including the development of train routes directly to Grand Central Terminal, the expansion of the Main Line through Hicksville, and the double track through Ronkonkoma.

The planned New York Islanders arena, and development of the surrounding Belmont area, are long-awaited and welcome developments. New communities have sprouted up in the last few years around Farmingdale, Patchogue and Wyandanch, with revitalized downtown areas. A massive redevelopment of the area surrounding Ronkonkoma station and Long Island MacArthur Airport is also expected to contribute to a bustling, revitalized downtown area.

Q *Crain's:* How is your firm involved in giving back to the local community?

A *Citrin Cooperman:* This year, on June 4, members of our team partnered with Habitat for Humanity of Suffolk County, the Ronald McDonald House of Long Island, and Bideawee for the firm's annual day of service. The firm will also make a monetary donation to these organizations. We also conduct annual food drives each fall in connection with Island Harvest and an annual coat drive with New York Cares. It's gratifying for our partners and staff to give back to our local communities and take part in the continued growth of Long Island. ■

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