

Suffolk asks county comptroller to rescind tax form sent to homeowners

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Suffolk County Executive Steve Bellone's administration asked County Comptroller John M. Kennedy Jr. to rescind tax forms sent to homeowners who received grants for high-tech septic systems until the Internal Revenue Service has weighed in.

Kennedy mailed tax forms, known as 1099s, earlier this year to about 60 homeowners who received county grants between \$10,000 and \$20,000 each, spurring anger among homeowners who believe they'll owe thousands of dollars more in federal taxes.

"It makes no sense to threaten homeowners with tax liability unless and until the IRS has indicated that issuing 1099s to homeowners is appropriate," according to the letter from Deputy County Executive Peter Scully. "For that reason, the purpose of this letter is to formally request that your office rescind the 1099s issued to homeowners pending receipt of the letter ruling you have indicated that you will seek from the IRS."

Kennedy's office did not respond to requests for comment. Kennedy had said Wednesday that he planned to ask the IRS for an opinion, known as a private letter ruling, about whether homeowners or contractors should get the tax form to count toward their income.



Dorothy Minnick, of Flanders, who got a grant for pricey advanced septic system designed to reduce nitrogen received a federal tax form for the grant they received, meaning they could owe thousands of dollars more in taxes in Flanders on March 11, 2019. Credit: Jessica Rotkiewicz

Bellone's administration had received an opinion from its law firm, Harris Beach, in March 2018 that said the tax forms should go to installers and designers who directly receive the grant payments. That's because homeowners don't have complete control over how the grant money is spent. Kennedy said he disagreed with the county executive's opinion, and called the law firm's arguments "tangential."

Scully, in the letter, said Kennedy's decision could impact \$75 million in statewide grants issued for septic system replacements. Suffolk County received \$10.1 million in state money last year. . So far, 69 of the advanced systems, which are still being tested, have been installed. Another 81 systems are pending installation, while 1,537 applications are pending.