



Upcoming Changes to the Peconic Bay Community Preservation Fund Tax

Effective April 1, 2023, a recent amendment to the Peconic Bay Community Preservation Fund Tax (the “Peconic Bay Tax”) will affect 4 of the 5 east-end towns that comprise the Peconic Bay Region of Long Island. The amendment will affect residential and commercial property transfers in the Towns of Shelter Island, East Hampton, Southampton and Southold. The amendment does not apply to property transfers in the Town of Riverhead.

For the four affected towns, the Peconic Bay Tax rate will increase from 2% to 2.5% of the sale price, and each town will increase its allowance for improved properties for conveyances under a certain consideration amount. Allowances for all transactions over \$2,000,000.00 will be eliminated as well.

Below is the new allowance breakdown effective as of April 1, 2023:

- East Hampton  
\$400,000.00 allowance for Improved Land  
\$100,000.00 allowance for Vacant (Unimproved Land)  
No allowance for conveyances greater than \$2,000,000.00
- Shelter Island  
\$400,000.00 allowance for Improved Land  
\$100,000.00 allowance for Vacant (Unimproved Land)  
No allowance for conveyances greater than \$2,000,000.00
- Southampton  
\$400,000.00 allowance for Improved Land  
\$100,000.00 allowance for Vacant (Unimproved Land)  
No allowance for conveyances greater than \$2,000,000.00
- Southold  
\$200,000.00 allowance for Improved Land  
\$75,000.00 allowance for Vacant (Unimproved Land)  
No allowance for conveyances greater than \$2,000,000.00
- Riverhead  
\$150,000.00 allowance for Improved Land  
\$75,000.00 allowance for Vacant (Unimproved Land)  
No allowance for conveyances greater than \$2,000,000.00

Since these new rules become effective April 1, 2023, they do not apply to transactions entered into prior to April 1, 2023 and the parties to such transactions may elect to utilize the previous allowances and 2% tax rate, provided that a fully executed copy of the sales contract dated prior to April 1, 2023 is submitted with the deed when recording with the Suffolk County Clerk.

For more information on what these changes means for current or pending transactions, please contact:

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