



SUFFOLK COUNTY COMPTROLLER JOHN M. KENNEDY, JR. PRESS RELEASE

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CONTACT:

Doug Segall – 631-853-5040

Cell: 631-875-1235

doug.segall@SuffolkCountyNY.gov

IRS Rules on County Septic System Grants

The IRS delivered a ruling on requirements for Suffolk County and homeowners to report septic improvement grants

Hauppauge, NY – The IRS has completed and delivered a long anticipated Private ruling to Suffolk County Comptroller John M. Kennedy regarding the ongoing controversy over Suffolk County’s Septic Improvement Program grants. After the Comptroller submitted a request for a ruling, the IRS has determined the Comptroller was correct in issuing 1099G forms and must continue reporting. This requirement exists regardless of whether the payments were made to the homeowners or to contractors.

Suffolk County has created a grant program to encourage the installation of septic systems in order to reduce the leeching of nitrogen into the ground. This program provides monetary assistance to homeowners who meet certain criteria and choose to install these systems. The program provides grants of up to \$30,000 when combined with additional New York State grants.

The IRS has determined that these grants qualify as gross income to recipients/homeowners and must be reported by the County. The County Executive had previously claimed that they were not subject to this reporting requirement, and published a legal opinion asking Kennedy to rescind the reported 1099’s.

Kennedy stated, “I’ve been accused by some that by doing my job and following federal tax law, this program is being put in jeopardy. To that, I say I was elected to represent the 1.5 million residents of Suffolk County, not a select group which may benefit from this grant. I support efforts to preserve our County’s beautiful environment and our clean water. That does not mean I must stand by and allow the County Executive to violate federal law.”

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