

Real Property Tax Equity In New York State

- General Property Tax Info.
- Reassessment Process
- Equalization Rates
- General Questions

*Public Information Meeting:
Town of Clayton – Jefferson County
November 19, 2009*

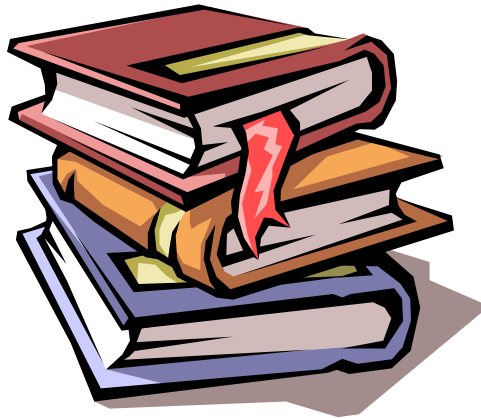




Outline For Discussion:

- Meeting Objectives
 - Clarify process/expectations
 - Improve communications
 - Hear property owners' concerns
 - Define responsibility/powers
- Ground Rules
 - Focus on the assessment process – not a debate.
 - No individual parcel reviews

LEGAL FRAMEWORK



Assessment Standard

Real Property Tax Law – Section 305

What the Law Requires!!!

- The "Assessment Standard" (RPTL 305): "all real property in each assessing unit shall be assessed at a **uniform** percentage of value".
- The assessor signs an oath to this effect when signing the tentative assessment roll every year!*
 - "value" is defined as "market value" - the most probable sale price, in a competitive and open market, between a willing and knowledgeable buyer and seller, made without duress to either party
- tax bills must display the municipality's uniform percentage and the parcel's market value

Non-uniform assessing practices result in an unfair distribution of the tax burden!

Inventory Requirements

What the Law Requires....

- RPTL Section 501
 - ✦ The assessor shall make available assessment inventory and valuation data for the public to review.
- Part 190-1.2 of RPT Rules and Regulations
 - ✦ “(The) physical characteristics of the improvements to the parcel that are necessary to value the parcel by at least one of the standard appraisal methods...”
 - ✦ (Cost, Income or Market)

NEW YORK STATE
OFFICE OF REAL PROPERTY SERVICES
RESIDENTIAL, FARM AND VACANT LAND PROPERTY RECORD CARD

Site Information Section SWIS/SBL _____ Card No. ____ of ____

Site No.	Property Class
Route No.	
Nbhd. Code:	Val Dist
Sewer Type:	1=None 2=Private 3=Comm/Public
Water Supply:	1=None 2=Private 3=Comm/Public
Utilities:	1=None 2=Gas 3=Electric 4=Gas & Elec
Site Desirability:	1=Inferior 2=Typical 3=Superior
Nbhd. Type:	1=Rural 2=Suburban 3=Urban 4=Commercial
Nbhd Rating:	1=Below Avg 2=Average 3=Above Avg
Road Type:	1=None 2=Unimproved 3=Improved 4=Right-of-Way
DC Entry Type:	1=Inter Inspec 2=Inter Refuse 3=Total Refusal 4=Est 5=No Entry
Zoning Code:	

NOTES

NOTES

SWIS TAX MAP NUMBER

OWNER PROP CLASS

LOCATION SCHOOL DIST HC

SALE PRICE SALE DATE

Audit Control Section

Collector	Date (mmdyyy)	Time	Activity	Source
	/ /	:		
	/ /	:		

Audit Control Codes Activity N=None M=Measured Only L=Listed	Source 1=Owner 2=Relative 3=Tenant 4=Other 5=NOAH 6=Assess.Data	Sales Information Codes Sales Type 1=Land Only 2=Bldg. Only 3=Land & Bldg 4=Right-of-Way	Valid 0=Not Valid 1=Valid
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Reappraisal Cycle Section

Date of Last Phy Insp. ____/____/____ Date of Reappraisal ____/____/____

Sale Date	Sales Information Section Sale Price	Sale Type	Valid
/ /			
/ /			

Land Breakdown Section

Waterfront Type:

1=Pond 2=River 3=Lake 4=Canal 5=Ocean 6=Bay
Land Type 01=Primary 05=Tillable 09=Muck 13=Vineyard 02=Secondary 06=Pasture 10=Waterfront 14=Wetland 03=Undeveloped 07=Woodland 11=Orchard 15=Leased Land 04=Residual 08=Wasteland 12=Rear
Soil Rating P Poor (05) 01-10 (09) 01-04 N Normal (06) 01-10 (11) 01-10 G Good (07) 01-04 (13) 01-10
Influence Code 1=Topog 5=View 2=Location 6=Wetness 3=Shape 7=Environmental 4=Restricted Use 8=Other

Land Type	Front Feet	Depth	Acres	Square Feet	Soil Rtn	Water Type	Depth Factor	Infl %	Infl Cd 1	Infl Cd 2	Infl Cd 3

Signature below does not mean contents verified, only that data was collected in your presence.

SIGNATURE _____ 6

RESIDENTIAL BUILDING SECTION

RESIDENTIAL BUILDING AREA SECTION

MAP #

Building Style
 01=Ranch 07=Mansion 13=Bungalow
 02=Raised Ranch 08=Old Style 14=Other
 03=Split Level 09=Cottage 15=Town House
 04=Cape Cod 10=Row 16=A-Frame
 05=Colonial 11=Log Home 17=Manf. Housing
 06=Contemporary 12=Duplex

1st Story

2nd Story

Add Story

½ Story

¾ Story

No. of Stories

Ext. Wall Mat.
 01=Wood 04=Composition 06=Stucco
 02=Brick 05=Concrete 07=Stone
 03=Aluminum/Vinyl 08=Synthetic

Fin Ovr Gar

Fin Attic

Fin Basmt

Actual Yr. Built

Effective Yr. Built

Unfin ½

Yr. Remodeled

Unfin ¾

No. Kitchens

Kitchen Qual: 1=Poor 3=Normal 5=Excellent
 2=Fair 4=Good

Unfin Ovr Gar

No. Full Baths

No. Half Baths

Unfin Rm

Bath Qual: 1=Poor 3=Normal 5=Excellent
 2=Fair 4=Good

SFLA

Fin Rec Rm

No. Bedrooms

No. Rooms

MEAS. CODE	CONST. GRADE	CONDITION
1= Quantity	A=Excellent	1=Poor
2=Dimensions	B=Good	2=Fair
3=Square Feet	C=Average	3=Normal
4=Dollars	D=Economy	4=Good
	E=Minimum	5=Excellent

No. Fireplaces

Heat Type: 1=No Central 3=Hot Water/Steam
 2=Hot Air 4=Electric

STRUCTURE CODES

Fuel Type: 1=None 3=Elec. 5=Wood 7=Coal
 2=Gas 4=Oil 6=Solar 8=Geo

Garages	POOLS	BARNs	MISCELLANEOUS
RC1=Carport RG1=Gar-1.0 att RG2=Gar-1.5 att RG3=Gar-2.0 att	RG4=Gar-1.0 det RG5=Gar-1.5 det RG6=Gar-2.0 det RG7=Garage/wApt	LS1=St/Vnyl LS2= Fibgls LS3=Concrete LS4=Gunit LS5=Abv Gr	FB1=1.0 Dry FB2=1.5 Dry FB3=2.0 Dry FB4=1.0 Gen FB5=1.5 Gen FB6=2.0 Gen FB7=Pole FB8=Horse GH2=GrnHse-res TC1=Tennis Court

SHEDS	MOBILE HOME	8 PORCH TYPE
FC1=Shed FC2=Aluminum FC3=Galvanized FC4=Finishd	RM5=Mobile Home MH1=basement MH2=roof MH6=7x12 room MH7=7x24 room MH8=Tip-Out room MH9=Wood Addon	RP1=Open RP2=Cover RP3=Screen RP4=Enclsd RP5=Up Op RP6=Up Cov RP7=Up Scr RP8=Up Enc

Central Air: Blank=No 1=Yes

Basement Type
 1=Pier/Slab 2=Crawl 3=Partial 4=Full

IMPROVEMENT SECTION

Basement Garage Capacity

Overall Cond: 1=Poor 3=Normal 5=Excellent
 2=Fair 4=Good

Struc Code	MC	Dimension 1	Dimension 2	SQ FT (MISC)	QUANT..	GRADE	COND.	ACTUAL YR BUILT	EFFECTIVE YR BUILT	PCT. GOOD
										.
										.
										.
										.
										.
										.
										.
										.
										.
										.
										.
										.

Exterior Cond: 1=Poor 3=Normal 5=Excellent
 2=Fair 4=Good

Interior Cond: 1=Poor 3=Normal 5=Excellent
 2=Fair 4=Good

Constr. Grade: A=Excellent C=Average E=Min
 B=Good D=Economy

Grade Adjust:

Pct. Goods

What the Law Requires.....

○ Real Property Tax Law, §502(3)

RPTL 502 (3) 1999 "The assessment roll shall set forth the uniform percentage of value applicable to the assessing unit"

(Requires the assessor to indicate, each year, the relationship between assessments on that roll and market value, the level of assessment, LOA.)

What the Law Requires.....

- **Real Property Tax Law, §102(19)**
- **“State equalization rate” means the percentage of full value at which taxable real property in a county, city, town or village is assessed as determined by the state board.**

New York's Real Property Tax System

- Approx. 5.5 million parcels of property
- Approx. \$42 Billion in Real Property tax which goes entirely to local government
- Approx. 200,000 sales of property a year

Municipalities Grouped by Parcel Count

<u>Parcel Counts</u>	<u>Municipalities</u>	<u>Total Parcels</u>
< 1,000	151	112,110
1,000 – 3000	511	898,806
3,000 – 5,000	154	573,439
5,000 – 10,000	104	728,487
>10,000	74	3,162,960



New York's Real Property Tax System

- Assessment rolls filed every year
- Assessor verifies that the roll is equitable and states the Level of Assessment (LOA)
- State confirms the LOA or determines a different equalization rate
- Equalization rates used to distribute aid and apportion taxes

Property Tax Equity

Properties of comparable market value within a taxing jurisdiction would pay comparable real property taxes without regard to exemptions



NON-UNIFORM ASSESSING

Property A

Market Value

\$100,000



Assessed Value

\$80,000

Property B

Market Value

\$100,000



Assessed Value

\$120,000

If Tax rate = \$20/1000

Estimated Taxes = \$1,600

Estimated Taxes = \$2,400

UNIFORM ASSESSING

Property A

Market Value

\$100,000



Assessed Value

\$100,000

Property B

Market Value

\$100,000



Assessed Value

\$100,000

If Tax rate = \$20/1000

Estimated Taxes = \$2,000

Estimated Taxes = \$2,000

Benefits of Property Tax Equity



❖ **Fair Assessments**



❖ **Increased State Aid**



❖ **Stable Equalization Rates**

How is Property Tax Equity Achieved?



- ❖ **Current & Accurate Local Property Assessments**
- ❖ **Current & Accurate State Equalization Rates**

Fair Assessments: What They *Do*

- Produces equity by eliminating unfair assessments
- Distributes tax burden fairly within the municipality
- Increases taxpayer confidence and understanding
- Provides defensible data and assessments



Fair Assessments: What They Do *Not* Do

- Generate additional revenue
- Correct external inequalities
- Prevent tax shifts
- Compensate taxpayers for prior inequities

Reassessment

A systematic analysis of all locally assessed parcels to assure that all assessments are at a stated uniform percentage of value as of the valuation date of the assessment roll upon which the assessments appear. (Section 102, Real Property Tax Law.)

It can be done by a reappraisal of individual properties, trending of a group of properties, or a combination of both.

The terms reassessment, revaluation and update are synonymous.

Reassessment

- Solution to inequitable assessments.
- Determine the Fair Market Value of all Parcels
- Three approaches to value:
 1. Cost – The cost to build
 2. Market – The cost to buy
 3. Income – Value based on the property's rental income.

REASSESSMENT PROCESS



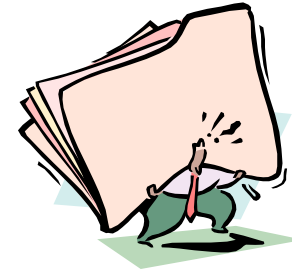
1. Public Information

2. Data Collection

3. Computerize Data

4. Valuation & Field Review

5. Assessment Disclosure



Assessment Process

- Annual Reassessment = C.E.M.
 - Continual Equity Maintenance
 - Each parcel's assessment is reviewed annually and either left unchanged or adjusted upwards/downwards to reflect 100% fair market value.
 - **Fair market value** = The ***most probable selling price*** a property would bring on the open market between a knowledgeable and willing buyer and a knowledgeable and willing seller acting without undue stress.

Assessment Process

- Mass Appraisal – Residential
 - Valuation is based upon recent comparable sales of similar properties
 - Steps
 - Data Collection – Sales Verification
 - Edit and Analysis – Sales Ratio Studies
 - Field Review
 - Assessment Disclosure Hearings
 - Formal Grievance Procedure
 - Small Claims Assessment Reviews (SCAR)

Mass Appraisal vs. Fee Appraisal

○ Mass Appraisal

- Valuation from public right of way
- Based upon historic data
- Approximately 5 minutes per parcel
- Determines market value.

○ Fee Appraisal

- Interior Inspection
- Line Item adjustments
- Approximately 1 parcel per day.
- Determines market value.

Assessment Process

Mass Appraisal – Example of a Sales Comparison Worksheet

	Subject		Sale1	Sale2	Sale3	Sale4
	Old Style	Style	Old Style	Old Style	Old Style	Old Style
	Normal	Condition	Normal	Good	Normal	Normal
	Average	Grade	Average	Average	Average	Average
	3	Beds	3	3	3	2
	1.5	Baths	2	2	1	2
	1590	SFLA	1842	1646	1540	1876
	<1ac	Land	<1ac	<1ac	<1ac	<1ac
	1913	Yr Built	1890	1895	1930	1910
	Shed	Outbuildings	Det Gar	Det Gar	Det Gar	Det Gar
		External				
2004	160,000	Sale Price	166,000	179,000	155,000	144,900
Asmt		Sale Date	7/13/2003	8/28/2003	5/27/2003	8/15/2003

Assessment Process

- Mass Appraisal – Commercial
 - Valuation is based on the Income Approach
 - Steps
 - Data Collection – Income and Expense, Sales Verification
 - VFF creation – Valuation Factor File
 - Field Review
 - Assessment Disclosure Hearings
 - Formal Grievance Procedure
 - Certiorari

Assessment Disclosure Notice

- Mailed to all properties regardless of change in value (in reval year only)
 - Shows the impact on the tax liability related strictly to the revaluation.
 - Hold the tax levy/tax apportionments from previous year as constant.
 - Adjusts the tax rates based upon new taxable values.

Assessment Disclosure Meetings

- What are Disclosure Meetings?
 - Platform for the public to present information to the Assessor.
 - Non-confrontational
 - Information sharing
 - Time very limited – 5-10 minutes, please come prepared.

Assessment Disclosure Meetings

- How to Prepare:
 - Review Data/Inventory
 - Focus on Assessed Valuation (Market Value)
 - Search for comparable sales
 - Bring relative data – recent appraisal
 - Bring a positive attitude
 - Remember the person you are meeting with is a professional appraiser with one objective in mind – to ensure that you are assessed at 100% fair market value.



Formal Review Process

- Local Board of Assessment Review
- County Board of Assessment Review
- Small Claims Assessment Review (SCAR)
- Supreme Court – Certiorari/Article 7



Annual Reassessment and Equalization

- ❖ **Are interdependent.**
- ❖ **Are mutually supportive.**

ORPS' Goals

Promote the *maintaining* of equity thru annual reassessment

- assist in developing annual reassessment plans
- work with localities to optimize resources (county, towns, contractors, ORPS)
- build local capacity to attain and maintain equity

Use results of local reassessment (values) in Full Value Measurement

- equalization rate = local value / State's full value
- verify results at uniform percent of 100
- local value is used as State's full value



New York State's statute and standards for assessment administration are guided by the standards for assessment administration published by the International Association of Assessing Officers (IAAO) and are supported by the Real Property Tax Administration System Alliance. The following statement is from the IAAO's Standard on Property Tax Policy [Paragraph 4.2.2.] (1997):

➤ **Current market value** implies annual assessment of all properties. This does not necessarily mean that every property must be appraised each year. In annual assessment, the assessing officer should consciously re-evaluate the factors that affect value, express the interactions of those factors mathematically, and use mass appraisal techniques to estimate property values. Thus, it is necessary to observe and evaluate, but not always to change, the assessment of each property each year to achieve current market value.

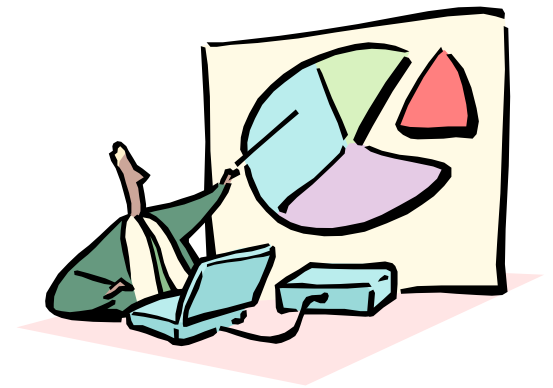


A significant aspect of keeping assessments fair and current is the systematic analysis undertaken by assessors. In order for all taxpayers to be treated fairly and in accordance with the law, a systematic review should be undertaken by the assessor each year. Systematic analysis can be accomplished by:

- the physical review and appraisal of each property in a municipal-wide reappraisal;
- an analysis of all the properties in the municipality, and adjustment of assessments, when necessary, using market trend factors (also known as "trending"); or
- some combination of reappraisal and trending.

The Four Steps of Systematic Analysis

1. Obtain current, accurate property and market area data
2. Group the data and market information
3. Use accepted analytical techniques
4. Validate the results



Systematic Analysis Matrix

		GROUP'S LEVEL OF ASSESSMENT	
		Not 100%	100%
GROUP'S UNIFORMITY	Poor	Reappraise entire group	Reappraise parcels not at 100%
	Good	Trend Group	OK as is

IAAO Principle of Annual Reassessment

Current market value implies annual reassessment of all properties... it is necessary to observe and evaluate, **but not always change**, the assessment of **each** property **each** year to achieve current market value.

Selective Assessing vs. Fair Assessing

The Real Property Tax Law (see Sections 301 and 305) requires assessors to assess all real property at a uniform percentage of market value each year. When signing the tentative assessment roll, the assessor is essentially signing an oath regarding the uniformity of assessments.

In 2004, approximately 370 cities and towns, ranging in size from towns with a few hundred parcels to New York City, are conducting reassessments. Of those, approximately 280 are committed to keeping assessments at market value annually.

Not surprisingly, some taxpayers may believe that they have been selectively reassessed. Selective reassessment is characterized by a municipality that is not doing a municipal-wide reassessment, yet specific parcels, various portions of an assessing unit, or certain types of property are reassessed without regard to the relative uniformity of assessments within the municipality. (For further explanation see attached [ORPS Opinion of Counsel Vol.10 No.60](#) .)

Selective Assessing vs. Fair Assessing

When updating assessments annually, an assessor looks at all of the parcels within a community and maintains all of the assessments at market value (or a uniform percentage thereof) each year. In such a case, assessments may:

- remain the same
- be adjusted through the use of market trends,
- or be adjusted based on a physical reappraisal.

Selective Assessing vs. Fair Assessing

Some taxpayers may question why they have been included in either of the two latter categories. Again, the assessor makes this determination based upon a systematic analysis of **the entire municipality**. In either case, the assessor should be able to provide evidence of the systematic analysis that has been undertaken with a rationale for the decision to trend or reappraise.

Examples of such evidence might be: sales-ratio studies, real estate market analyses, computer-assisted mass appraisal results, analyses regarding coefficients of dispersion (CODs), price related differentials (PRDs) and/or multiple regression.

The key aspect of the systematic analysis is that it included **all of the parcels in the municipality**.



Advantages and Benefits of Annual Reassessment

- Provides more manageable, and less abrupt, changes in assessment
- Eliminates the cumulative impact of infrequent reassessments on the tax rate
- Protects the community's initial investment in an equitable assessment roll
- Allows the state equalization rate to be 100%
- Lessens the uncertainty of changes in the tax rate due to changes in the equalization rate
- Allows for common tax rates in school and county where all localities are reassessing annually

More Advantages and Benefits

- Assessments reflect current market conditions which in turn
 - simplifies the process
 - improves taxpayer communication and understanding
 - makes assessments fair and defensible
 - should result in fewer assessment complaints at grievance day
 - should reduce small claims case

More Advantages and Benefits

- Property tax bills will be more accurate and fair.
- Property owners will be better able to understand and evaluate their assessment and tax bills.
- Assessments can be updated on a regular basis to maintain them at full value and reflect the changing real estate market.
- The new equalization methodology will use the town assessment instead of survey appraisals to calculate an equalization rate.
- State aid is offered annually when an equitable assessment roll is maintained at 100% of value.

Tax Rates

- Step 1 – Assessment

- Determines Fair Market Value for all Parcels
- Applies exemptions as directed by RPTL
- Determines TAXABLE VALUE

Tax Rates

- Step 2 – Taxing Jurisdiction (i.e. school, town, county, etc.)
 - **Develops a Budget**
 - How much money do they need to perform the services they provide?
 - **Subtracts revenues from other sources**
 - State aid, sales tax revenue, user fees, etc.
 - **Determines amount to be raised locally**
 - This is known as the **TAX LEVY** – the amount to be raised through the property tax – the “tax of last resort”

Tax Rates

○ Step 3 – Tax Rate Calculation

○ Tax Rate = $((\text{TAX LEVY}) / (\text{TAXABLE BASE})) * 1000$

So...

If Tax Levy ↑ and Tax Base Unchanged ---then--- Tax Rate ↑

If Tax Levy Unchanged and Tax Base ↑ ---then--- Tax Rate ↓

If Tax Levy ↓ and Tax Base ↑ ---then--- Tax Rate ↓ ↓

Tax Rates – Example

- Town Assessor - Taxable Value = \$100,000,000
- Town A – Needs to raise \$1,000,000
- Tax Rate = $(1,000,000)/(100,000,000) * 1000$
= \$10 per 1000 of taxable value

-
- Town Assessor – Taxable Value = \$104,000,000
= +4% increase in market value
 - Town A – Needs to raise \$1,020,000 (+2%)
 - Tax Rate = $(1,020,000)/(104,000,000) * 1000$
= \$9.81 per 1000 of taxable value
- Or a –1.9% change in the tax rate.

EFFECT OF REVALUATION ON THE TAX RATE

Prior to reassessment:

Budget = \$20,000,000 Taxable Value = \$50,000,000

Tax Rate = $\frac{\$20,000,000}{\$50,000,000}$ OR \$400 PER 1,000

Following reassessment:

Budget = \$20,000,000 Taxable Value = \$1,000,000,000

Tax Rate = $\frac{\$20,000,000}{\$1,000,000,000}$ OR \$20 PER 1,000

Measuring Equity

The International Association of Assessing Officers (IAAO) has developed standards for PRD and COD

- Coefficient of Dispersion (COD) measures the average percentage by which individual ratios vary from the median ratio (assessed value/sale price)
- Price-related differential (PRD) measures the inequity in tax burden between high and low value properties in the same property group

Coefficient of Dispersion (COD)

IAAO COD Standards

Single family homes – 15% (newer homes 10%)

Income properties – 20% (15% in larger jurisdictions)

Vacant/Farm properties – 20%

- Low COD's indicate that assessments are uniform
- High COD's indicate that properties are being assessed at inconsistent percentages of market value



Price-Related Differential (PRD)

Acceptable PRD range: 0.98 – 1.03

- PRD $>$ 1.03 – According to IAAO standards, assessments are considered *regressive* (high value properties are underassessed relative to low value properties)
- PRD $<$ 0.98 – According to IAAO standards, assessments are considered *progressive* (high value properties are overassessed relative to low value properties)

State Aid Programs

➤ Annual Aid

- Up to \$5 per parcel annually for first 5 years.
- Requirements:
 - Annual maintenance of assessments at 100%
 - Annual systematic analysis of all locally assessed property
 - Annual revision of assessments, as necessary, to maintain the uniform percent of value
 - Municipal plan to reinspect and reappraise every parcel at least once every six years
 - 6 year plan to reinspect and reappraise every parcel

➤ Triennial Aid

- Up to \$5/parcel in the year of the reappraisal of all properties
- Cannot qualify more than once in a three year period
- Sunsets in 2011

Section 1573: Basic Criteria for State Aid – Annual & Triennial

- Satisfy standards for
 - quality and maintenance of valuation data;
 - presentation of public information and data;
 - administration of exemptions;
 - an acceptable level of assessment uniformity;
and
 - compliance with rules and statute.

- Implement assessments at 100% of value

Section 1573: Additional Criteria for Annual Aid

- Annually maintain assessments at 100%
- Annually conduct systematic analysis of all properties
- Annually revise assessments as necessary to maintain uniformity
- Implement program for physically inspecting and reappraising each property at least once every 6 years

Equalization

The State Equalization Rate is the percentage of full value at which real property is assessed



Equalization Rate

An Equalization Rate(ER) is a Ratio

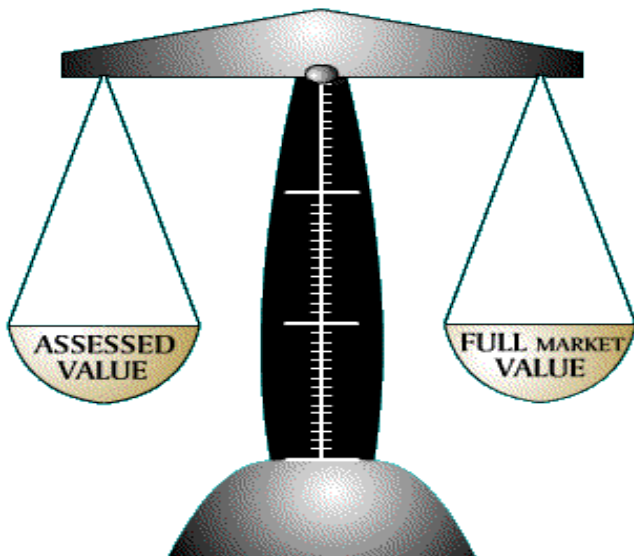
Sum of Roll's Assessed Values
for all Taxable Property


Roll's Total Full Market Value
(ORPS' estimate)

= Roll's ER

ER = LOA

Level of Assessment





NYS ORPS

NYS Office of Real Property Services

Our Mission

To lead the State's efforts
to support local governments
in their pursuit of
real property tax equity.

How ORPS Supports Localities

SCHOOLS

- Equalization Rates
- STAR Assistance

ASSESSING UNITS

- Consulting on Real Property Tax Adm. Improvement
- Valuation, Appraisal and Technical Expertise
- Assessment Adm. & Valuation Software – RPS V4
- STAR Assistance
- GIS Guidance
- Level of Assessment (LOA) Determination
- Systematic Analysis Approach
- Assessor Education – Training and Certification
- Special Franchise and Railroad Ceiling Valuation
- Advisory Appraisals
- Municipal Assessment Equity Project support
- State Aid for Assessment Improvement

More than 2000 Equalization Rates Annually

$$\text{Equalization Rate} = AV \div MV$$

Among the many uses:

- ❖ School Tax Levy Apportionment
- ❖ Calculation of Tax and Debt Limits
- ❖ Sales Tax Revenue Apportionment
- ❖ County Tax Levy Apportionment

Equalization

- o The Equalization Rate is annually determined by verifying the Level Of Assessment (LOA) as stated on the tentative assessment roll.
- o Equalization Rates reflect the current municipal full value
- o Current Equalization Rates will be available prior to the tax apportionment on the Current Assessment Roll (generally September for Schools –January for Counties).

Benefits of Current Equalization Rates

- Easier to understand
- Apportionment of taxes based on current values
- Allows for use of stated level of assessment as the equalization rate
- Towns that conduct reassessments receive equalization rates of 100
- No need for special rates for school apportionment

Benefits of Keeping Assessments Up-to-Date

- If assessments are being maintained at uniform percentage, equalization rate will remain constant.
- If locality isn't adjusting assessments to reflect market value changes, the equalization rate will be adjusted to account for market change.
- If annually adjusted to uniformity at market value, state aid is available.

Advantages and Benefits of Annual Reassessment

- Provides more manageable, and less abrupt, changes in assessment;
- Eliminates the cumulative impact of infrequent reassessments on the tax rate;
- Protects the community's initial investment in an equitable assessment roll;
- Allows the state equalization rate to be 100%;
- Lessens the uncertainty of changes in the tax rate due to changes in the equalization rate;
- Allows for common tax rates in school and county where all localities are reassessing annually.

Doing the right thing for the public good:

- *Improved communications with school, county, city and town officials.*
- *Improved taxpayer understanding – stated level of assessment is the equalization rate.*
- *Promoting Reassessments – to ensure equity for all*

www.orps.state.ny.us

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Question.....

**Why do we even
have a property tax,
anyway?**

**Why not an income
or sales tax?**

We rely on the property tax because.....

- 1. It's been used since colonial times when there was no income tax.
- **2. It's the most stable – local income tax can vary greatly from year to year.**
- **3. It's the least costly to administer – only about 2% of total town budgets.**
- **4. It's difficult to evade – no tax shelters!**
- 5. It's a broad tax – all property owners pay, including commercial and industrial properties.

Questions???

- Our websites:
- www.orps.state.ny.us
- www.townofclayton.com