

Property Tax and Equalization Workshop for Local Officials



Town of Portville

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Property Tax in NYS

- Finances local govt. and schools
- 9200 taxing jurisdictions
- Largest single revenue source



Where the Property Tax Goes

Total Outside NYC = \$26 Billion

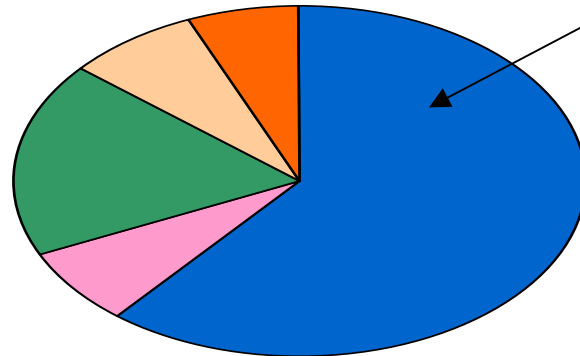
Town Purposes
\$1.92 Billion
7.4%

Special District Purposes
\$1.69 Billion
6.5%

School Purposes
\$15.81 Billion
60.8%

County Purposes
\$4.71 Billion
18.1%

City/Village Purposes
\$1.87 Billion
7.2%





Understanding the Property Tax

Calculation of Property Taxes:

- Amount of Tax Levy (Budget minus Revenues)
- Divided by Taxable Assessed Value (Assessed Value minus Exemptions)
- Equals Tax Rate (x 1000)



Understanding the Property Tax

Calculation of Property Tax Rate

- Amount of Town Tax Levy **\$513,591**
- Divided by Taxable
Assessed Value **\$95,640,000**
- Equals Tax Rate **\$5.37 per \$1000**



Understanding the Property Tax

- Although assessments play an integral part of the tax calculation, the amount of the tax levy is the controlling factor in the amount of taxes we all pay



Understanding the Property Tax

- Assessments affect the **distribution** of the Real Property Tax
- Assessors are charged by law with the duty of assessing real property and maintaining assessment equity



Understanding the Property Tax

- Assessment functions for valuation
 - Discover
 - List
 - Value for Assessment

REAL PROPERTY TAX LAW



RPTL 305 (2)

All real property in each assessing unit shall be assessed at a uniform percentage of value.

Uniform percentage of value also referred to as Level of Assessment (LOA)

REAL PROPERTY TAX LAW



§301 RPTL - Valuation Date on Assessment Roll

§502 RPTL - State Uniform Percentage of Value (LOA) on Assessment Roll

§922 RPTL - State Market Value and Uniform Percentage (LOA) of Value on Tax Bill



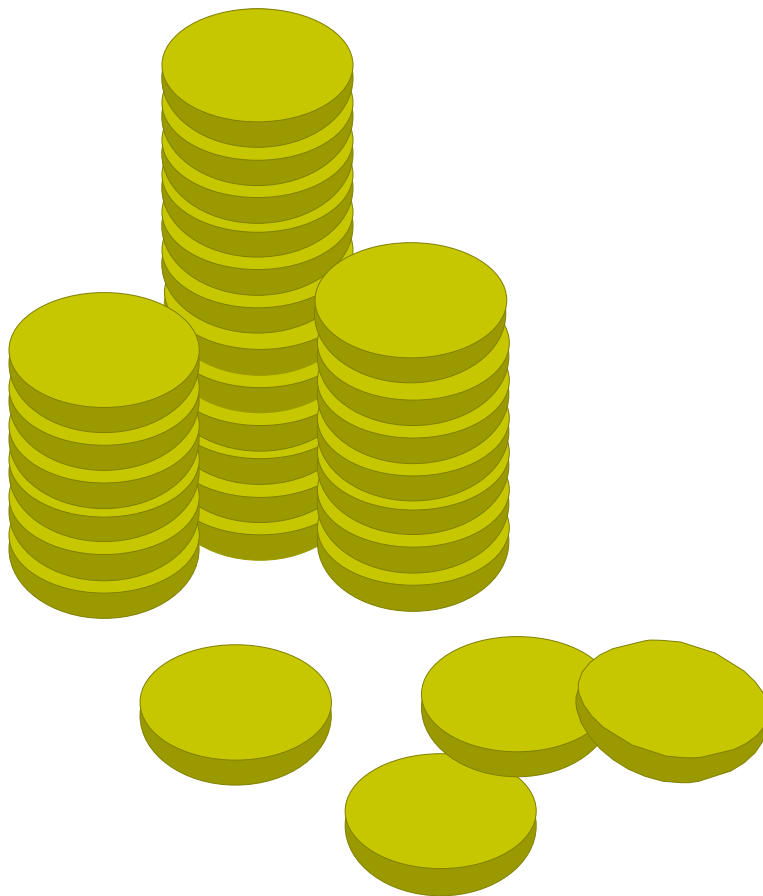
Assessment Equity

Equity with respect to assessments and real property taxes means:

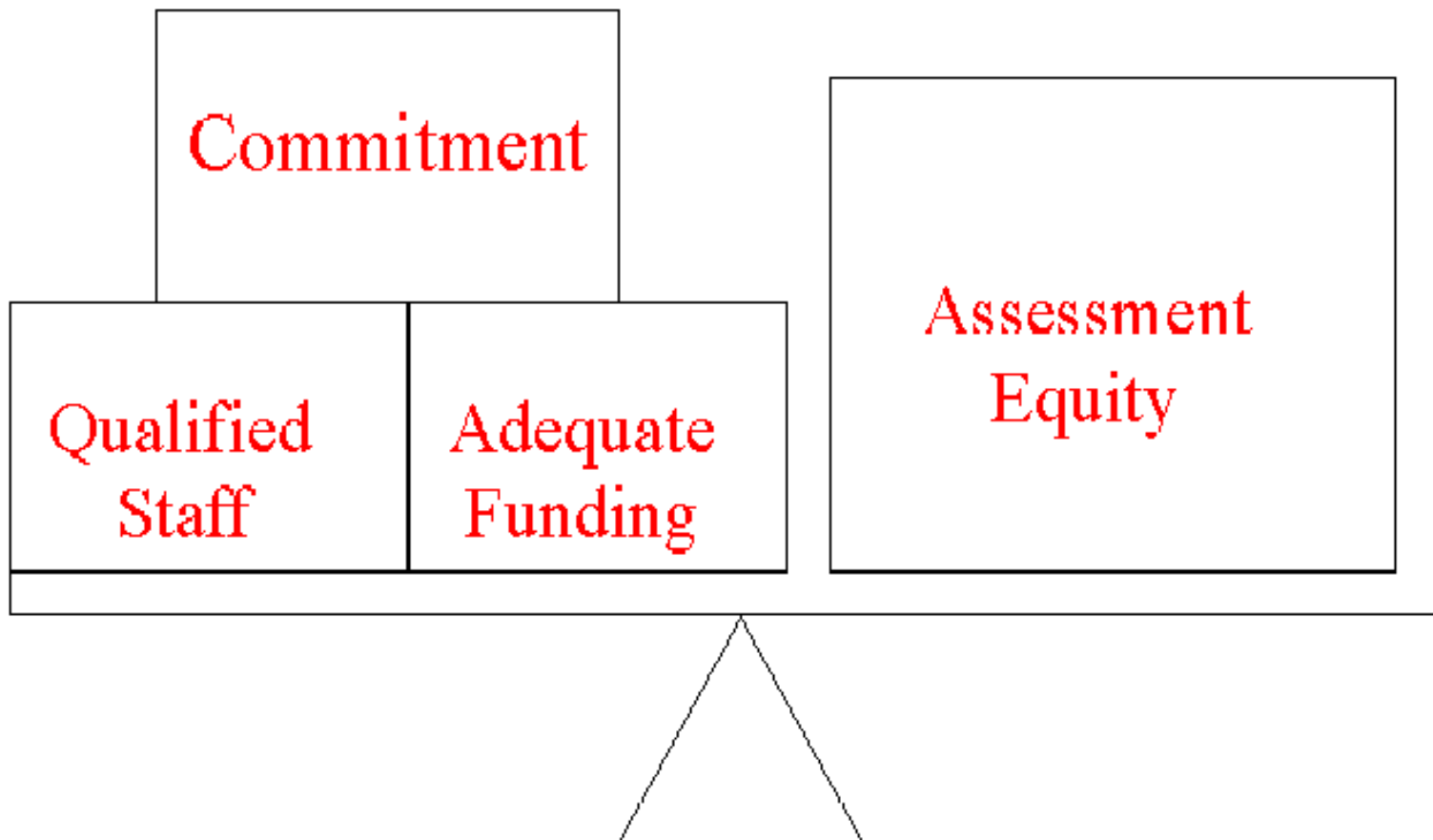
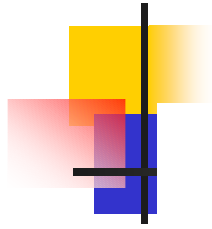
- Properties are assessed at a uniform percentage of value
- Properties with similar values pay similar taxes
- Taxpayers pay their fair share

Effect of Unequal Assessments

Properties of
equal value pay
unequal taxes.



Local Government Responsibility



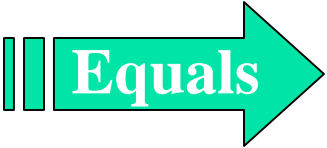
Equalization Rate?

What is it

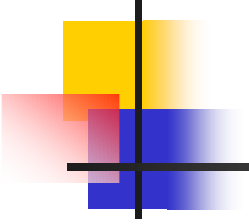
- An equalization rate is the state's measure of a municipality's level of assessment (LOA).
- This is the ratio of total assessed value (AV) to the municipality's total market value (MV). The municipality determines the AV; the MV is estimated by the state.



Definition of State Equalization Rate

State Equalization Rate  $\frac{\text{Sum of Assessed Value}}{\text{Sum of Full Market Value}}$

$$ER = \frac{A.V. \text{ (Local)}}{M.V. \text{ (State)}}$$



Why is equalization necessary?

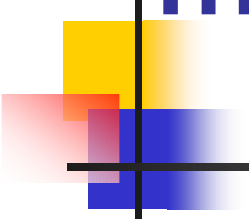
Equalization is necessary in New York State because:

1. There is no fixed percentage at which property must be assessed.
2. Not all municipalities assess property at the same percentage of market value.
3. Taxing jurisdictions do not share the same taxing boundaries as the cities and towns that are responsible for assessing properties.



What does your equalization rate mean

- *Equalization rate of less than 100 means* that the municipality's total market value is greater than its assessed value.
- *Equalization rate of greater than 100 means* that the total assessed value for the municipality is greater than its total market value.
- *Equalization rate of 100 means* that the municipality is assessing property at 100 percent of market value.



What does it mean when your municipality's equalization rate decreases?

- A falling equalization rate means that market values are rising faster than assessed values.
- Keeping assessments up-to-date annually can result in consistent equalization rates each year.



LOA AND EQUALIZATION RATE

- In New York State each municipality is authorized to assess at market value or some fraction of market value.
- A level of assessment (LOA) of 50 percent means that assessments are at half of market value.
- Local assessor is required by law to state the municipal LOA on each year's assessment roll.
- ORPS reviews the work of the assessor and determines whether the stated LOA is within adequate tolerances to be used as the equalization rate.
- The state determines the equalization rate by analyzing the locally stated LOA.
- Equalization rates are the state's measure of each municipality's LOA.



How do equalization rates relate to county/school property taxes?

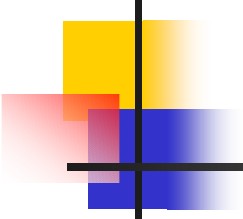
- In order for a county or a school taxing jurisdiction to fairly distribute the tax levy it needs to be divided in proportion to the total market value of each municipal segment.
- This allows for an equitable distribution of taxes based upon the market value of each municipality or segment.



How do equalization rates relate to county and school property taxes?

- Equalization Rate is used to estimate the total market value of an entire taxing jurisdiction and/or segments of jurisdictions.

Assessment Calendar Towns



Key dates that affect the assessment process are:

- Valuation Date.....preceding July 1
- Taxable Status Date.....March 1
- Tentative Roll Filed.....May 1
- Grievance Day.....4th Tuesday in May
- Final Roll Filed.....July 1



Current Assessment Challenges

- Work Demands of the Office are Increasing
- New Star Exemption Programs
- Exemption Complexities
- Increases in Taxpayer Inquiries
- Increased Permit Activity
- Market Changes
- Maintaining Level of Assessment