

# Fair Assessments for Property Taxpayers

## Assemblywoman Galef Fall Forum, Westchester County



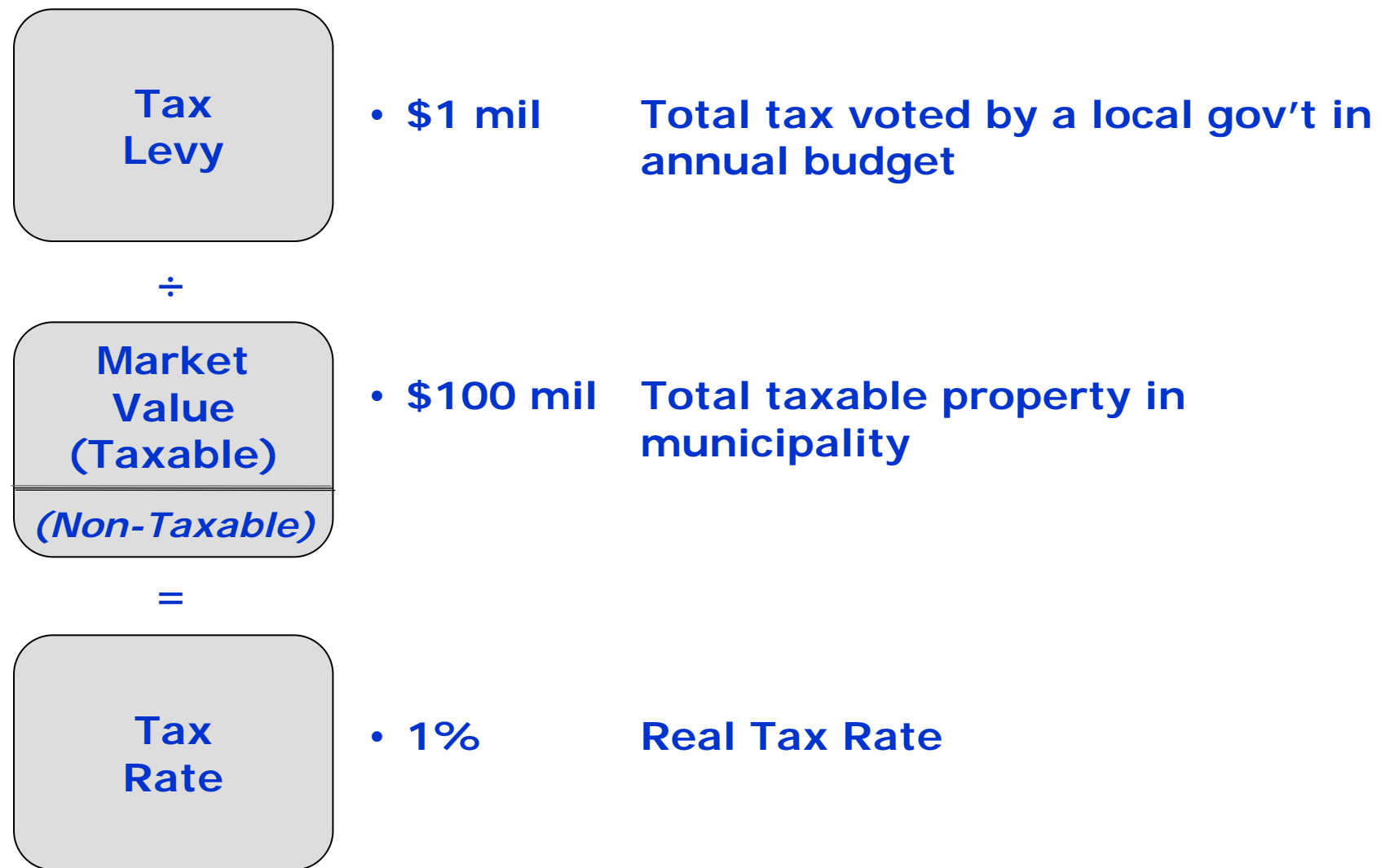
Lee Kyriacou, Executive Director  
7 October 2009



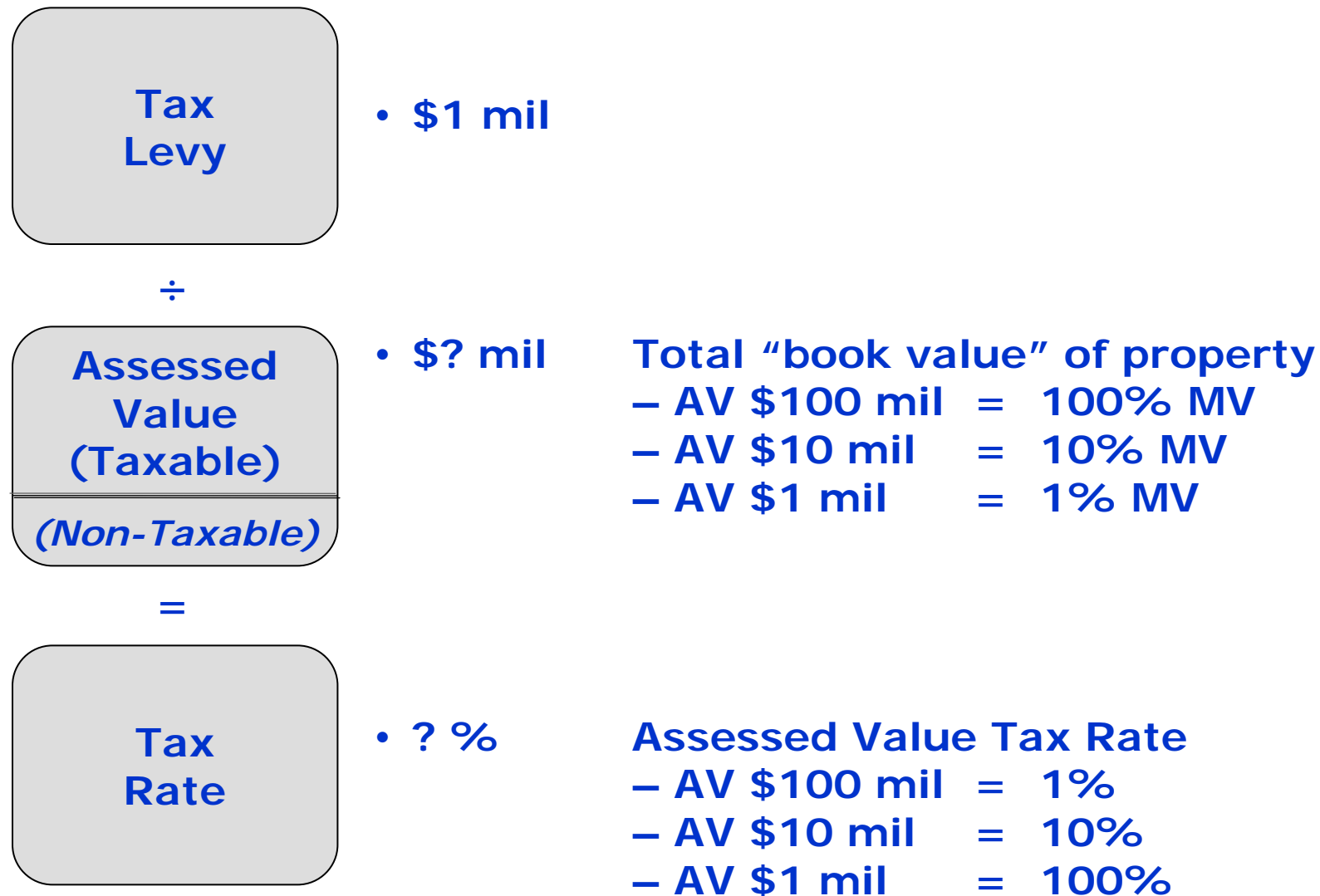
**Sum: Regular reassessment ensures that all taxpayers pay only their fair share**

- **NY assessment system one of most difficult in U.S.**
- **Despite weak statutory framework, a clear majority of NY communities maintain up-to-date full value assessments**
  - **Westchester:** in general, way behind statewide trend
- **Reassessment is critical for all communities and taxpayers**
  - **Fairness**
  - **Transparency**
  - **Reduced litigation**
  - **Revitalization / commercial base**
  - **Fair allocation**

# Property Tax Basics: “Ad valorem” property tax is supposed to be a % of Market Value



# Property Tax Basics: In NY, "Assessed Value" can diverge from Market Value



**Fair distribution of taxes is even more crucial because New York has one of the highest property taxes in U.S.**

***Median Household Tax  
by County – 2008***

County	State	Tax / HH (\$)
<b>1. Westchester</b>	<b>NY</b>	<b>\$8,890</b>
<b>2. Nassau</b>	<b>NY</b>	<b>\$8,628</b>
3. Hunterdon	NJ	\$8,492
4. Bergen	NJ	\$8,446
<b>5. Rockland</b>	<b>NY</b>	<b>\$8,430</b>
6. Essex	NJ	\$7,924
7. Somerset	NJ	\$7,743
8. Morris	NJ	\$7,577
9. Passaic	NJ	\$7,370
<b>10. Putnam</b>	<b>NY</b>	<b>\$7,324</b>

*Suffolk #12; Orange #21; Dutchess #34*

***Effective Tax Rate  
by County***

County	State	Tax Rate (%)
<b>1. Niagara</b>	<b>NY</b>	<b>2.89%</b>
<b>2. Monroe</b>	<b>NY</b>	<b>2.85%</b>
<b>3. Wayne</b>	<b>NY</b>	<b>2.82%</b>
<b>4. Chautauqua</b>	<b>NY</b>	<b>2.60%</b>
<b>5. Cayuga</b>	<b>NY</b>	<b>2.54%</b>
<b>6. Cattaraugus</b>	<b>NY</b>	<b>2.52%</b>
<b>7. Onondaga</b>	<b>NY</b>	<b>2.51%</b>
<b>8. Erie</b>	<b>NY</b>	<b>2.48%</b>
<b>9. Oswego</b>	<b>NY</b>	<b>2.42%</b>
<b>10. Chemung</b>	<b>NY</b>	<b>2.38%</b>

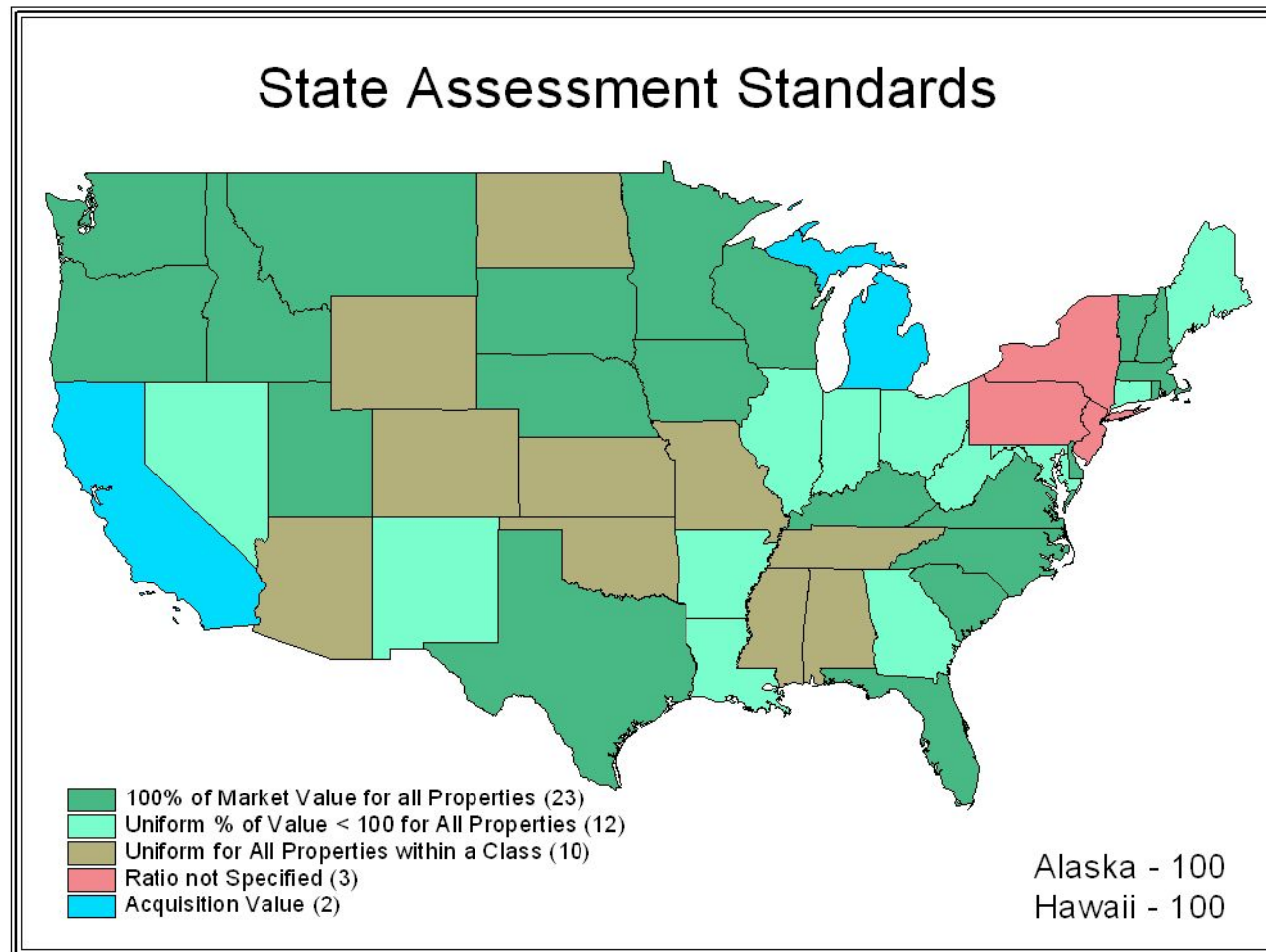
*16 of the top 20 counties in the nation are in Upstate New York*

## New York statutory framework for fair assessments is very weak compared to rest of country

	Most States	New York
<ul style="list-style-type: none"> <li>• Who assesses</li> <li>• # assessing units</li> <li>• Redundant assessing</li> </ul>	<p>County</p> <p>&lt;100</p> <p>No</p>	<p>Muni</p> <p>&gt;1,000</p> <p>Yes (140 villages)</p>
<ul style="list-style-type: none"> <li>• Statewide valuation standard</li> <li>• Common assessing practices</li> </ul>	<p>Yes (100% Mkt Val)</p> <p>Yes</p>	<p>No (0.25% – 100%)</p> <p>No</p>
<ul style="list-style-type: none"> <li>• Uniformity within assessing unit</li> <li>• Ability to enforce uniformity</li> </ul>	<p>Yes</p> <p>Yes</p>	<p>Yes (on paper only)</p> <p>No</p>
<ul style="list-style-type: none"> <li>• Periodic reassessment</li> </ul>	<p>Yes</p>	<p>No</p>

Sources: IAAO surveys, ORPS interviews with other states

## 47 states have a clear statewide valuation standard – but not New York

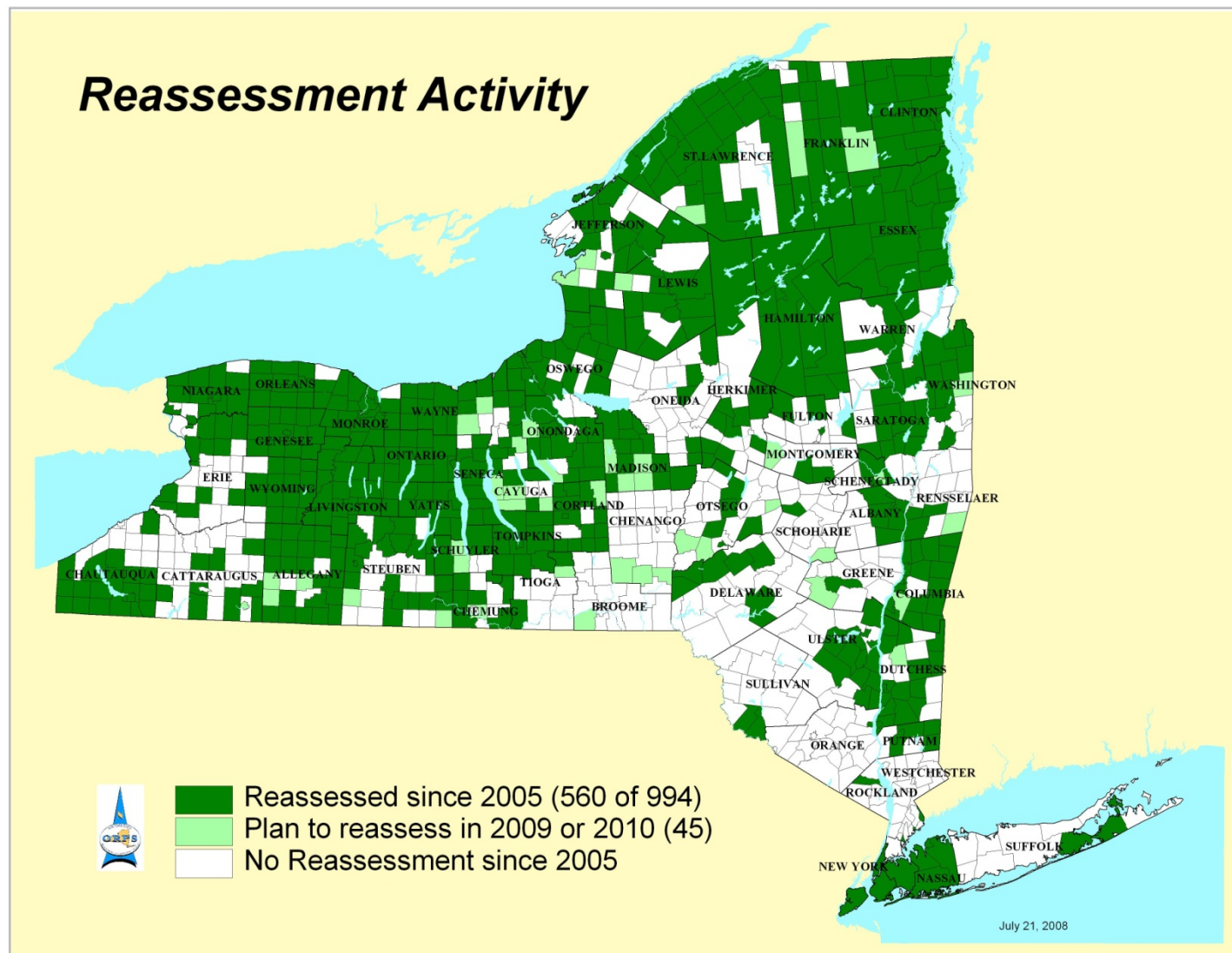


## Due to statutory design, New York's Real Property Tax system is weak on most measures

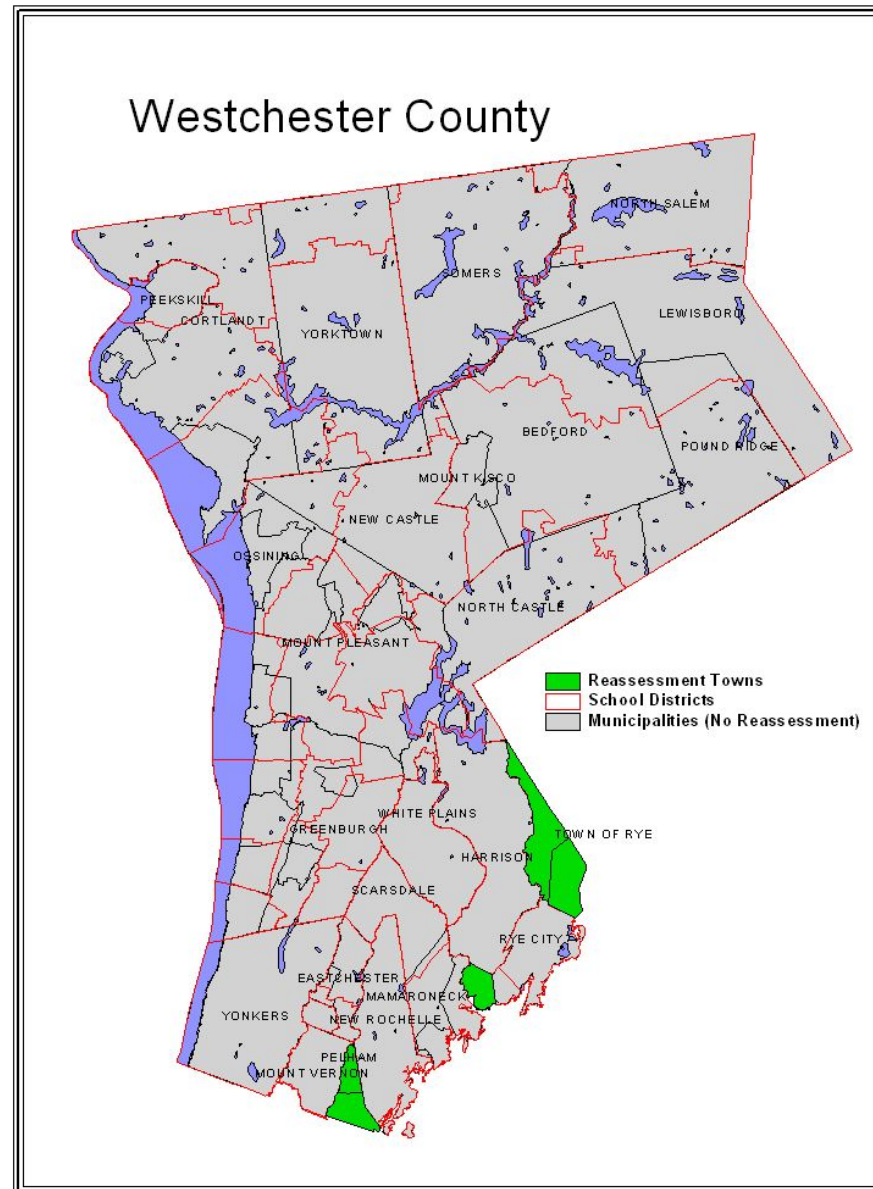
- **Guaranteed Unfairness:** parcels not treated the same way
  - Some pay too much, others pay too little
- **Lack of Transparency:** impossible for taxpayer to understand
- **State-Imposed Equalization** – poor substitute for fairness
  - For 80% of property tax (school; county)
  - In ½ of states, taxes never cross assessing lines
- **Inefficiency:** More expensive for fewer benefits



Over 600 (>60%) localities have reassessed since 2005

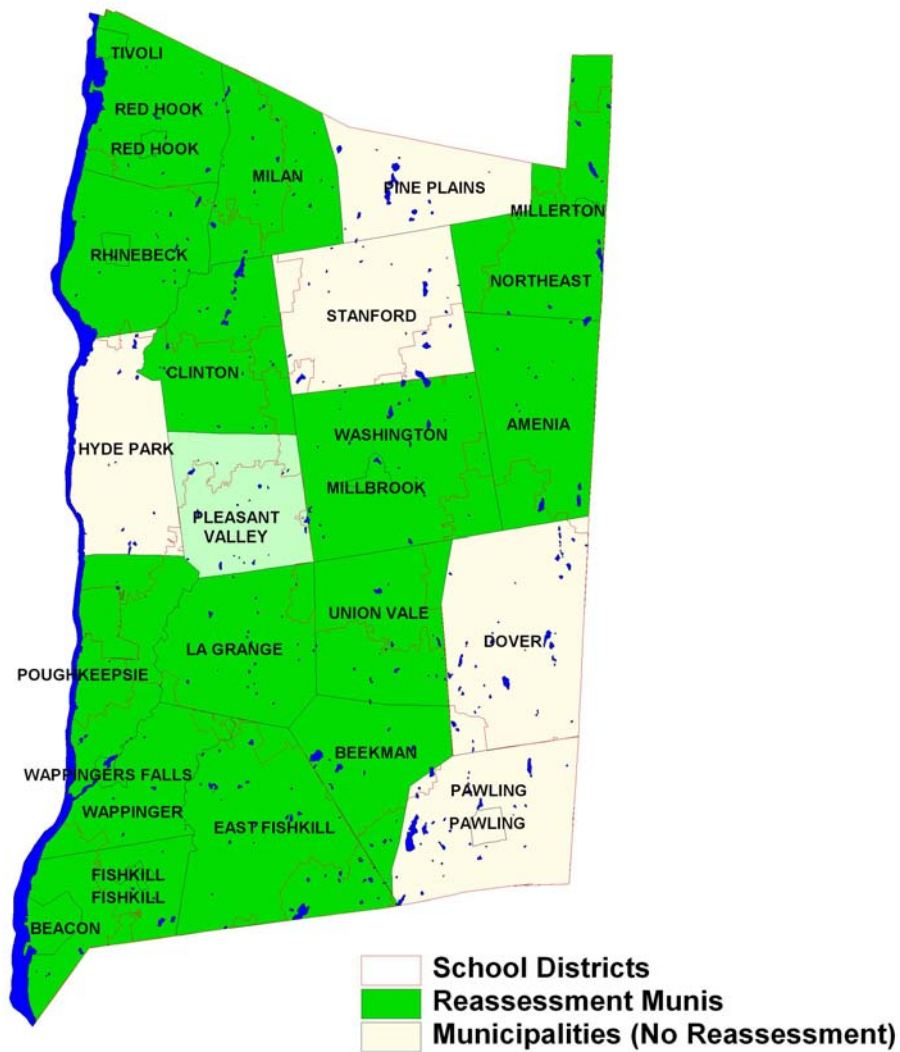


Unlike like rest of state, most of Westchester has not reassessed in decades



In comparison, 17 of 22 Dutchess municipalities have reassessed since 2005 and are updating annually

## Dutchess County



## Most of Westchester has not reassessed in decades

Municipality	Last Reval	08 Eq R	Parcels	COD
1 Rye	2009 A	100	11.0K	–
2 Pelham	2009 A	100	3.7	–
3 Mt Kisco	1978	17.4	2.8	43
4 New Castle	1987	17.0	6.7	12
5 Pound Ridge	>35 yrs	13.8	2.6	15
6 Somers	>35 yrs	11.3	9.2	17
7 Bedford	>35 yrs	8.9	6.3	14
8 Lewisboro	>35 yrs	8.5	5.8	14
9 North Salem	>35 yrs	8.1	2.5	14
10 Ossining	>35 yrs	5.1	10.2	21
11 Peekskill	>35 yrs	3.0	6.4	26
12 Greenburgh	>35 yrs	3.0	28.2	23
13 White Plains	>35 yrs	2.8	13.5	29
14 Mt Vernon	Antebellum?	2.6	11.3	25
15 New Rochelle	>35 yrs	2.4	15.8	23
16 Yonkers	>35 yrs	2.3	35.7	23
17 Yorktown	>35 yrs	2.1	14.2	15
18 Rye C	>35 yrs	2.0	4.9	28
19 North Castle	>35 yrs	1.9	4.8	18
20 Scarsdale	>35 yrs	1.6	5.9	10
21 Mamaroneck	>35 yrs	1.6	8.6	21
22 Cortlandt	>35 yrs	1.6	15.2	15
23 Harrison	>35 yrs	1.6	6.9	17
24 Mt Pleasant	>35 yrs	1.4	13.9	15
25 Eastchester	>35 yrs	1.4	9.2	21
Westchester Co			255K	

## Reassessments ensure that property owners pay only their fair share of taxes

- Community reassessed in 1969.
- Smith and Jones properties have same value, pay same tax



Market Value	\$100,000
Assessed Value	\$100,000
Tax (@ 1% AV)	\$1,000
Real Tax Rate	1.0%



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Real Tax Rate	1.0%



## With lack of reassessment, properties that have appreciated most are paying less than their fair share

- 40 years later; no reassessment
- Smith value up x10; Jones value merely up x5
- **But tax bills are the same!** Jones subsidizing Smith



Market Value \$1,000,000  
 Assessed Value \$100,000  
 Tax (@10% AV) \$10,000  
 Real Tax Rate 1.0%



Market Value \$500,000  
 Assessed Value \$100,000  
 Tax (@10% AV) \$10,000  
 Real Tax Rate 2.0%

## Two recent Muni #5 sales – similar sale prices, very different assessments / taxes

Prop Class	1 Fam Res
Location	Alexander Ave
Sale Date	4/22/2008
Sale Price	\$650,000
Ass'd Value	\$17,550
School Dist.	#5 SD
AV Est. Tax	\$10,825
Real Tax Rate	1.67%

Prop Class	1 Fam Res
Location	Birchwood Ln
Sale Date	6/23/2008
Sale Price	\$650,000
Ass'd Value	\$24,300
School Dist.	#5 SD
AV Est. Tax	\$14,989
Real Tax Rate	2.31%

## Two recent Muni #10 sales – similar sale prices, very different assessments / taxes

Prop Class	1 Fam Res
Location	Benedict Rd
Sale Date	4/18/2008
Sale Price	\$850,000
Ass'd Value	\$105,900
School Dist.	#10-L SD
AV Est. Tax	\$23,729
Real Tax Rate	2.79%

Prop Class	1 Fam Res
Location	Bouton Rd
Sale Date	6/5/2008
Sale Price	\$860,000
Ass'd Value	\$74,800
School Dist.	#10-L SD
AV Est. Tax	\$16,760
Real Tax Rate	1.95%



## Muni #23 roll has wide variation in assessment when looking at “arms length” sales

### Muni #23 “Arms Length” Sales (7/07–6/08)

- # Sales 284
- Avg Assessed Value \$18,077
- Avg Sale Price \$727,728
- Avg AV / SP 2.48%

### Sales Near Average

- # Sales 51
- Price Range \$659,000 – \$800,000  
–10% to +10%
- Assessment Range \$8,850 – \$30,000  
–51% to +60%

## Reassessment: What is it? What does it do?

A “**reassessment**” is a comprehensive review of all properties in a community, and setting of all assessments back to market value

Reassessment provides multiple benefits:

- **Fairness:** Every owner pays no more than fair share of tax
- **Transparent:** Taxpayers understand system
- **Tax Neutral:** Total tax raised is unchanged
- **Reduced Litigation:** Fewer law suits, “tax cert” refunds
- **Economic:** Helps redevelopment, bond ratings
- **Local Control:** Eliminates impact of state equalization
- **State Aid:** \$5 per parcel each year roll at 100%

## Reassessment misconceptions boil down to lack of understanding a very technical subject

**Fact:** Reassessment does not *raise* taxes. It redistributes tax – away from those unfairly paying too much, toward those unfairly paying too little

**Fact:** If everyone's assessment doubles, no one's tax goes up. Your tax goes up only if your assessment goes up more than the community average

**Fact:** Reassessing a property does not, by itself, increase its tax. It lowers your tax if you were paying too much, and raises it if you were paying too little

**Fact:** Reassessment does not help/hurt any one group. It will help homes/neighborhoods that have not appreciated as fast as the rest of community

## The annual cost of tax certiorari refunds in Westchester exceeds the one-time cost or reassessment

**\$44 million annually** – sum of all tax cert refunds for Westchester governments

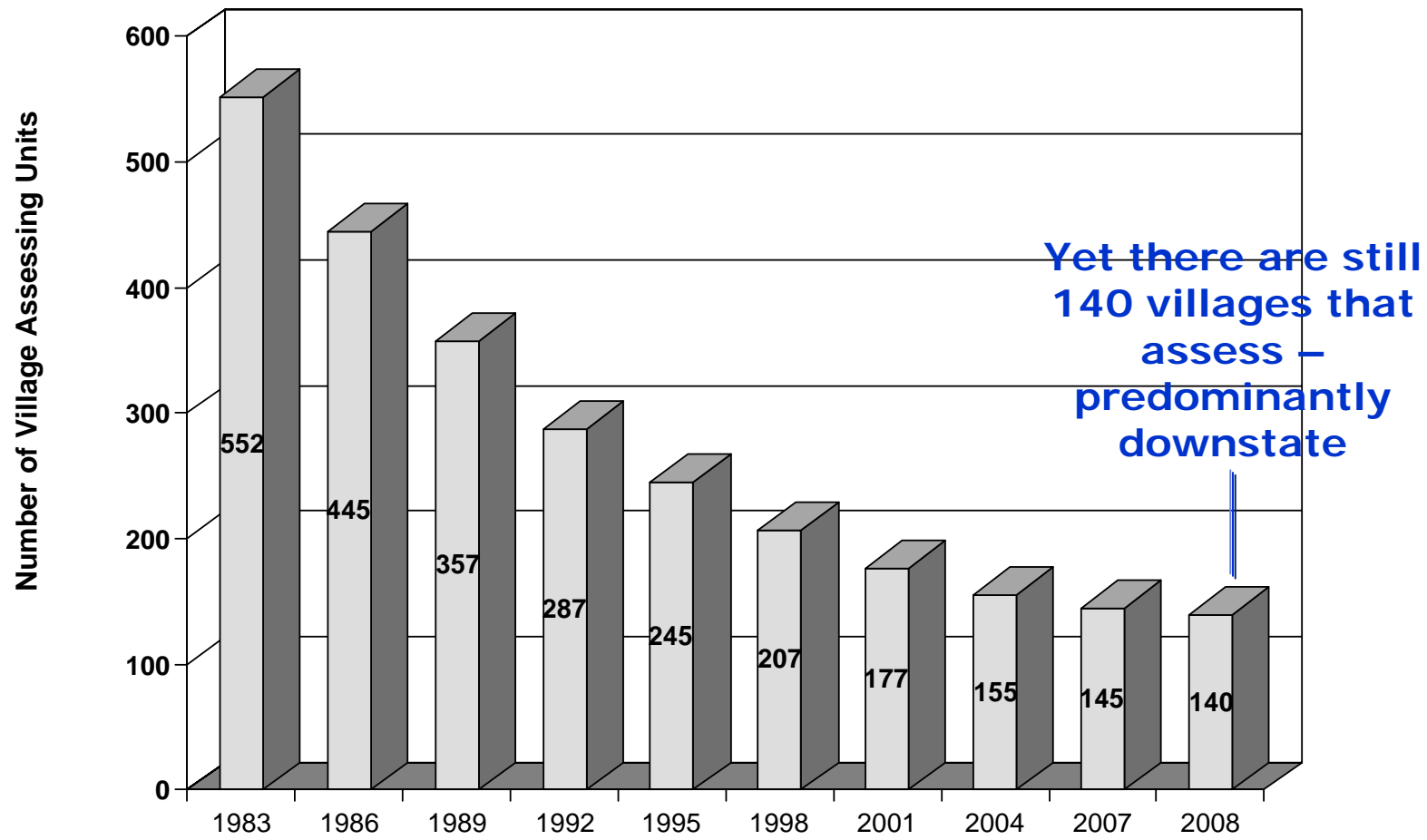
**\$20-30 million once** – up front cost of reassessment

## **Westchester was one of 51 counties that took advantage of an ORPS assessment study grant**

- **ORPS Assessment Improvement Study Grant**
  - \$50,000 state-funded
  - How to get identical treatment for every parcel in county
  - Left to localities to define own path to reform
- **Westchester County:**
  - Completed study – encouraging muni coordination
  - Offer to fund 1/3 of cost if most munis work together
  - Paying for countywide aerial & ground-level photography
  - Establishing commission to determine next steps

75% of NY villages no longer assess, reflecting redundancy of village & town assessing

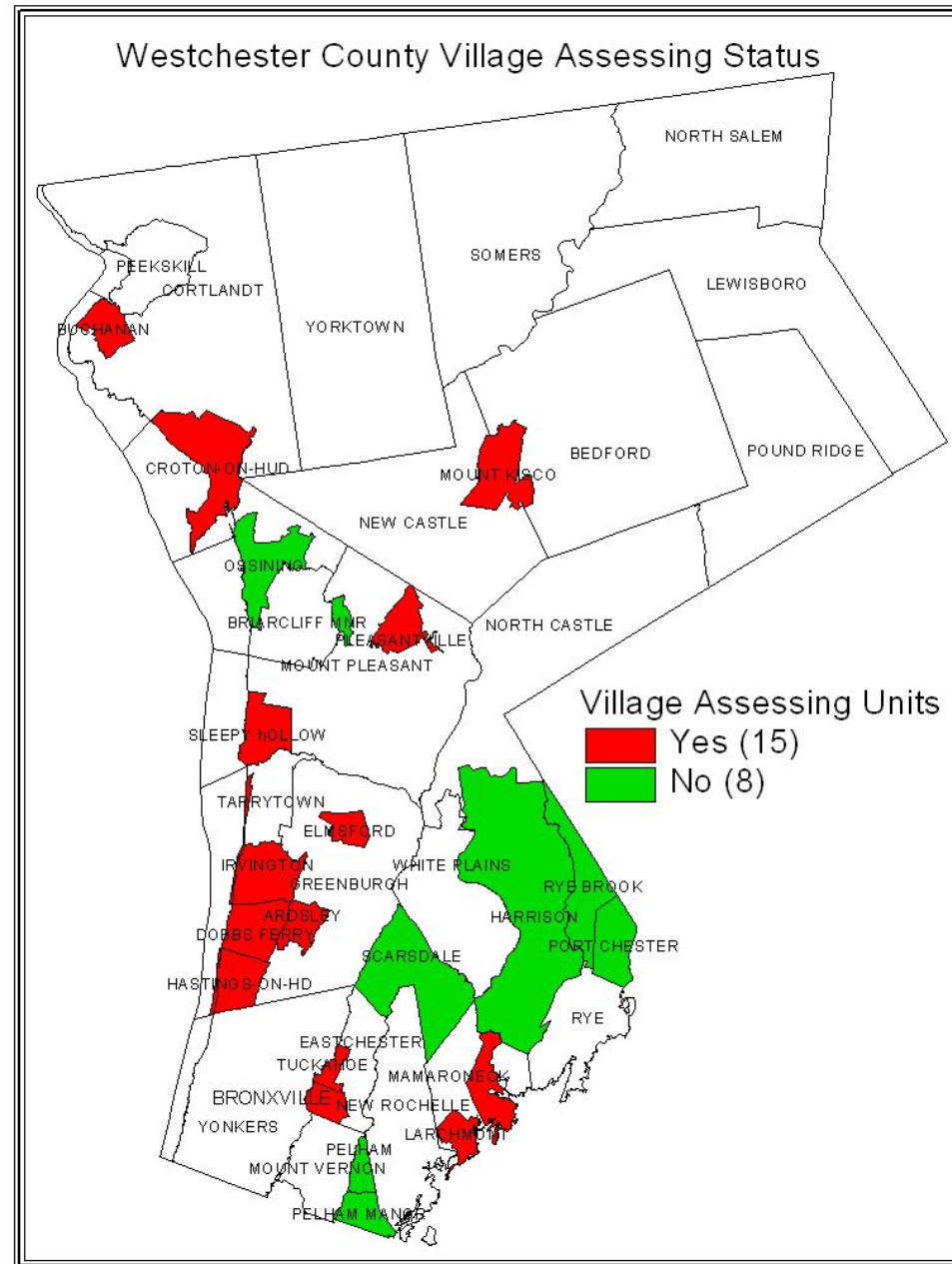
### Village Assessing Units



## With village assessing, the same property is being assessed twice

- The only instance in the entire country where same property assessed twice
- Unanswerable questions:
  - *If assessments are same, why do it twice?*
  - *If assessments are different, how can that be?*
- Taxpayers completely confused
  - Different calendars, individuals, rules, procedures

In Westchester, 8 villages do not assess, 15 still do





## In Westchester, 8 villages do not assess, 15 still do

	<u>Village</u>	<u>In Town of</u>	<u>Parcels</u>	<u>Duplicate Assessing</u>
1.	Buchanan	Cortlandt	0.9K	Yes
2.	Croton-on-Hudson	Cortlandt	3.3	Yes
3.	Bronxville	Eastchester	1.7	Yes
4.	Tuckahoe	Eastchester	2.0	Yes
5.	Ardsley	Greenburgh	1.8	Yes
6.	Dobbs Ferry	Greenburgh	2.9	Yes
7.	Elmsford	Greenburgh	1.5	Yes
8.	Hastings-on-Hudson	Greenburgh	2.5	Yes
9.	Irvington	Greenburgh	1.9	Yes
10.	Tarrytown	Greenburgh	3.1	Yes
11.	Harrison	Harrison	6.9	No – Co-Term Vil/Twn – 1 roll
12.	Larchmont	Mamaroneck	1.9	Yes
13.	Mamaroneck	Mamaroneck Rye	5.1 [2.9] [2.2]	Yes
14.	Sleepy Hollow	Mt Pleasant	2.0	Yes
15.	Pleasantville	Mt Pleasant	2.6	Yes
16.	Briarcliff Manor	Ossining Mt Pleasant	2.8 [2.5] [0.3]	No – 2000
17.	Ossining	Ossining	5.5	No – 1989
18.	Pelham	Pelham	1.9	No – 1992
19.	Pelham Manor	Pelham	1.8	No – 1998
20.	Port Chester	Rye	5.4	No – 2004
21.	Rye Brook	Rye	3.4	No – 2004
22.	Mt Kisco	Mt Kisco	2.8	Yes – Co-Term Vil/Twn – 2 rolls!
23.	Scarsdale	Scarsdale	5.9	No – Co-Term Vil/Twn – 1 roll

**Current market value assessment  
is the only way to ensure that  
all taxpayers  
pay only their fair share**

**How can we help?**

**New York State  
Office of Real Property Services**

**[www.orps.state.ny.us](http://www.orps.state.ny.us)**