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2011 Report on Effectiveness of State Technical and Financial Assistance Programs for Property Tax Administration

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Summary of Report

Section 1575 of the Real Property Tax Law requires the Department of Taxation and Finance to "…report to the governor, the president pro tem of the senate and the leader of the assembly…concerning the effectiveness of all financial, administrative, and technical incentives and assistance provided by the state for the improvement of property tax administration and the Department's recommendations relating to such incentives and assistance." The current report presents the findings of staff through 2010.

Findings

- The number of assessing units has declined considerably, from 1,546 in 1983 to 1,029 in 2010. This decline is primarily the result of villages discontinuing the assessing function, but also includes "coordinated assessing" programs that 144 former assessing units now participate in.
- With financial assistance from the State, 51 counties have to date undertaken studies of the feasibility of instituting assessment consolidation. Of these, 49 have already presented the results of such studies to the Department and their county legislatures. A total of 45 counties have undertaken State-assisted studies of centralized tax collection at the county level, and 20 of these have already signed contracts for development of modern tax collection databases.
- The number of assessing units hiring assessors who are employed by other assessing units now stands at 524, up from 144 in 1987. This demonstrates increasing professionalization in assessing.
- The percentage of assessing units that appoint rather than elect assessors has risen steadily, from 48 percent in 1983 to 88 percent in 2010.

- Reassessment project activity has increased substantially, from about 50 projects annually in the early 1980s to over 375 projects per year at the present time. The total number of projects undertaken annually each year has exceeded 300 since 2002, and stood at 379 in 2010. Although we have been hesitant to attribute a direct causal relationship between state aid and reassessment activity in the past, there seems to be no doubt that the dramatic increases witnessed since 2000 are attributable in large part to the financial assistance provided by the State aid programs.
- All reassessment projects are now supported by technical assistance from the State, up from about 75 percent in the early 1980s. The nature of the assistance provided has necessarily changed as the number of reassessments has grown. Current emphasis is on building local capacity, rather than actually performing tasks such as valuation, for the local government.
- Levels of assessment equity, as indicated by implementation of a recent reassessment or as measured by the coefficient of dispersion (COD) in non-reassessment jurisdictions, also have improved substantially. Whereas about 12 percent of assessment rolls were found to be uniform in the 1980 survey, about 71 percent were found to be uniform in the 2010 survey.
- The number of assessing units with equitable rolls and which are maintaining assessments at a relatively high percentage of value (70 percent of market value is used as a benchmark in this report) stands at 608 in the 2010 survey, up from a low of 54 in the 1989 survey.
- About 97 percent of assessing units now use the State-supplied Real Property System (RPS). Non-users include some of the State's largest assessing units, which can afford to develop their own independent systems on a cost-effective basis.
- In large part due to the rising number of reassessments, the lag in the equalization rate market value standard had been fully eliminated by 1999. It was as long as 5.5 years, in 1986.
- In approximately 49 percent of the State's school districts that apportion taxes among municipal segments, the taxes may now be apportioned using equalization rates of 100 percent.
- The extent of recent reassessment activity and the quality of local parcel data have allowed the Department to reduce the number of assessing units statistically sampled in its market value surveys to 417 for purposes of determining 2010 equalization rates, with equalization rates for the remaining 566 having been determined based on review of up-to-date,

quality assessment rolls.

- The number of Department advisory appraisals of complex properties supplied for 2010 rolls was 1,993, over three times as many as were completed annually 15 years ago.

While it is not possible to demonstrate a direct causal relationship between specific aid programs and the property tax administration achievements cited above, it is encouraging that substantial progress has indeed occurred during the time period in which the state aid programs were provided. In particular, the State's contributions of financial assistance seem to have produced impressive results.

Much remains to be done, however, as there are still over 200 assessing units with decades-old rolls. Since these assessing units do not appear to be moved toward equity by aid incentives, assessment standards and enforcement measures discussed in the report should be considered by State policymakers.

The aid programs of the past have had modest success in achieving consolidation of assessing units, to increase efficiency and cost-effectiveness. Most of the reduction to date in assessing unit numbers has come from the discontinuance of redundant assessing by villages, and emergence of coordinated assessing programs has further rationalized the system.

However, there is still a large number of assessing units in New York with too few parcels to support a full-time professional assessor, and the scale of many assessing units prohibits achievement of cost efficiencies. Multi-jurisdictional assessing has provided substantial progress in this regard, but it is an ad-hoc development that falls short of rationalization of the system. To address this situation, new aid programs have been provided over the last few years to assist municipalities with the cost of feasibility studies of county-level assessing and tax collection. While participation levels in these programs have been very encouraging, few concrete actions toward actual assessment consolidation have occurred to date, with outcomes so far generally limited to the creation of centralized databases. Hopefully, in coming years, the study grant program will begin to show more results. Proposed financial incentives in the 2011-12 executive budget to encourage consolidation and/or dissolution of governmental units may accelerate this process, and provide ultimate savings to taxpayers.

Methodology

The various aid programs, how they have evolved over time and, where available, the level of state expenditure associated with each, are outlined in the initial section of the report. These programs include:

- Aid for achievement and maintenance of assessment equity
- Aid designed to encourage consolidation and coordination of assessing
- Aid to encourage greater public access to parcel data through technology
- Real Property System and support
- Technical assistance for reassessment projects
- Advisory appraisals of complex properties
- STAR program administration aid
- Grants for technology improvements and local government efficiency studies
- Study grants to encourage consolidation of assessing and tax collection
- Assessment training
- Other forms of assistance such as legal services, technical publications, forms, public information and research, tax mapping services, etc.

The next section of the report presents several measures of assessment quality and efficiency. Its intent is to chart the progress of these measures over the same time period in which the various forms of aid have been provided to localities, as well as to report the findings as listed above. The measures include:

- The number of assessing units
- The number of assessors and their status as elected or appointed
- The extent of adoption of RPS
- The number of reassessment projects completed
- The number of equalization rate complaints
- How up-to-date equalization rates have become
- The extent of assessment uniformity, as measured by reassessment activity and statistical indicators
- The number of assessing units having relatively high assessment ratios

While progress on any of these indicators cannot always be tied on a dollar-for-dollar basis to a given aid program, substantial progress should be attained over time to justify the state's aid effort.

Introduction

Chapter 309 of the Laws of 1996, which enacted a new Section 1575 of the Real Property Tax Law, requires the State Board of Real Property Services to submit annually "… a comprehensive report to the governor, the president pro tem of the senate and the speaker of the assembly… concerning the effectiveness of all financial, administrative, and technical incentives and assistance provided by the state for the improvement of property tax administration and the Board's recommendations relating to such administration and assistance." [1]

The purpose of this report is to fulfill the statutory mandate of Section 1575. It reviews the existing technical and financial assistance programs provided to local governments in support of property tax administration by the Department's Office of Real Property Tax Services (ORPTS) and examines the history of these programs in terms of participation levels, financial outlays, and the procedural revisions which have been made to some since their inception. In addition, the report examines several basic indicators of assessment performance, uniformity, and efficiency, and charts the temporal changes in these indicators in relation to the state aid programs. This focus reflects The Department's view that the best way to measure the "effectiveness" of aid programs is to look at the extent of assessment improvement in terms of generally accepted indicators of assessment quality and efficiency.

[1] Effective June 22, 2010 the Office of Real Property Services was renamed the Office of Real Property Tax Services (ORPTS), and merged with the Department of Taxation and Finance. Furthermore, the jurisdiction of the of the renamed State Board of Real Property Tax Services was then limited to hearing appeals and complaints on equalization rates, special franchise and railroad ceiling values. As a result of this statutory change responsibility for submitting this document to the designated state officials each year now rests directly with the Department.

In addition to their direct effects on local assessment administration, the aid programs have indirect effects on state-level property tax functions such as equalization, special franchise assessment, and setting of various types of assessment ceilings. Availability of high-quality local data in a uniform, mechanized format reduces state-level costs and increases accuracy in several program areas. In the equalization program, for example, ORPTS must review fewer parcels per municipality if the parcels are assessed uniformly.

Similarly, State costs of data handling are reduced when local assessment rolls are mechanized and in a uniform format that permits greater reliance on locally-determined reassessment values and parcel inventories.

Description and Evolution of Programs

Financial Assistance Programs

Like many other states, New York State provides a number of local aid programs for the purpose of helping local governments to keep their assessments current and accurate, and to ensure that they are developed efficiently and with professional expertise. The cost of improving property tax administration can be substantial, particularly when assessments have been long neglected; rolls are decades out of date, and the systems used are outmoded. State financial assistance programs help to offset some of this cost. By reducing local costs, the state government helps to reduce one potential barrier to improving equity and efficiency – the costs such actions would directly impose on local taxpayers.

Over the past several decades, nine separate financial aid programs have been provided at various times, all with the goal of improving the quality, efficiency, and uniformity of local assessment administration. These programs evolved from the model of thirty-five years ago, the goal of which was to encourage initial reassessment[2] projects, to today's more comprehensive programs oriented not only to initial reassessment but also to maintenance of the new assessments annually and consolidation of assessing and tax collection functions.[3]

2 Under RPTL §102(12-a) “reassessment”, “revaluation”, and “update” have the same statutory definition, that is, “…a systematic review of the assessments of all locally assessed properties, valued as of the valuation date of the assessment roll containing those assessments,…”, and these terms, as well as the term “reappraisal,” are often used interchangeably in practice.

3 In addition to the financial aid programs offered for the purpose of increasing assessment quality and efficiency, the State has also offered aid payments to help defray local costs for attendance at training courses and processing applications for the state-financed STAR exemption. These are considered later in the report.

Attainment Aid

In the 1970s the State began to establish financial aid programs designed to defray the costs of equitable assessment administration to municipalities (excluding villages). The first program, titled the "State Assistance for the Attainment of Improved Real Property Tax Administration," became law in 1977 (Article 15-B, §1572 of the Real Property Tax Law). This program is often referred to informally as "Attainment Aid." Attainment Aid was payable in the amount of $10 per parcel, in accordance with the following payment schedule:

> Payment #1 -- For preparation of assessment rolls, tax rolls, and tax bills (i.e., assessment administration information) ($2/parcel)
>
> Payment #2 -- For submission of a plan of collection and maintenance of real property valuation data and the maintenance of records of transfers of real property which was certified by the State Board of Equalization and Assessment (former name of State Board of Real Property Tax Services) ($3/parcel)
>
> Payment #3-- Upon certification of satisfactory completion of plans submitted for Payment #2 ($2/parcel)
>
> Payment #4 -- For implementation of a revised assessment roll certified as being in compliance with standards required for receiving prior payments, including compliance with requirements for both full disclosure to owners of real property as to the estimated effect of any changes in the assessed valuation resulting from an initial reassessment or subsequent update and a system of accounting for the collection of real property taxes ($3/parcel).

This program was terminated by Chapter 309 of the Laws of 1996, which reorganized and updated the State's financial aid programs for assessment administration, with no Attainment Aid payments to be made for rolls subsequent to the 1998 roll. Payments to qualified municipalities under this program totaled over $30.7 million. During this period, 986 municipalities, or virtually all of the non-village assessing units in New York, were certified for at least the first aid payment.

One main drawback of the Attainment Aid program was that it provided no incentive to maintain quality assessments once the initial reassessment had been completed (although many localities updated their rolls on a regular basis, despite the absence of further state payments for many years). Subsequent revisions to the aid programs, as described below, intended to further this goal.

Supplemental Attainment Aid

For a brief period of time, two aid payments were made available, under a program generally referred to as "Supplemental Attainment Aid" (Chapter 53, Laws of 1992). Payments under this program were targeted toward those assessing units that had already completed an initial reassessment, but had failed to update this initial reassessment in subsequent years. The purpose of the program was to bring those rolls up to date, so that they could then be eligible for the "Maintenance Aid" program, described below.

The first supplemental payment, at $2 per parcel, was awarded to those assessing units that re-verified and re-valued parcel inventories. A second payment of $3 per parcel was awarded to recipients that included the new assessments on tentative assessment rolls in 1992, 1993, or 1994. Supplemental Attainment Aid payments totaling $1.34 million were awarded to 55 municipalities between January 1, 1993 and April 1, 1995, when the program expired.

As previously mentioned, Chapter 309 of the Laws of 1996 discontinued the Attainment Aid program and provided for its replacement by a redesigned Maintenance Aid program, as discussed below.

Maintenance Aid

In 1990, this new category of state aid was created to help assessing units preserve the systems of improved real property tax administration they had already achieved, through regular updating of rolls (RPTL Article 15-B, §1573). The program provided payments of $2 per parcel annually to those that were certified as maintaining systems of improved real property tax administration. To receive aid, applicants were required to file a "Notice of Intent" on or before July 1 of the year prior to the assessment roll for which state assistance was requested. An "Application for Review" was required at least 90 days prior to the filing of the tentative roll for which state assistance was requested. Qualifications for this aid, included certification for Attainment Aid payments 1-4, or a combination of Attainment Aid payments 1-3 and Supplemental Aid payments. Compliance with the following standards was also required: (a) acceptable Coefficient of Dispersion (COD) of less than 15, 17, or 20 percent, depending on population density; (b) automated assessment roll files/inventories in ORPTS Real Property System) format; (c) satisfactory submission of quarterly automated sales corrections in RPS format; (d) checking of inventories within three months of sales; (e) verification of commercial inventories prior to each assessment update; (f) a system of assessment disclosure for each update; (g) submission of a satisfactory Confirmation of Compliance; and (h) data mailers sent to residential and farm property owners within three years of the last valuation update.

As indicated earlier, the Maintenance Aid program was restructured to incorporate aid previously provided under the Attainment Aid Program that expired at the end of 1998. This restructuring took effect on rolls prepared after January 1, 1996. Under the revised program, payments were as follows:

- In the year of a reassessment, up to $5/parcel, not including wholly exempt parcels or parcels assessed by the State. This payment could be received repeatedly, but only once in any three-year period, and not within three years of receiving Payments #3 or #4 of Attainment Aid.

- In the intervening years, up to $2/parcel, not including wholly exempt parcels or parcels assessed by the State.

To qualify for this aid, the assessing unit was required to meet standards of quality assessment administration, including an acceptable level of assessment uniformity as measured annually by the State; implementation of a reassessment or update at 100 percentage of value (except for New York City and Nassau County, where the criterion was a uniform percentage of value in each of four property classes, as authorized in RPTL Article 18), publishing the uniform percentage of value used in assessment on the tentative assessment roll; adopting a taxable status date and valuation date pursuant to law; providing a set of supporting valuation documents and files to the State; and providing a computer copy of the assessments, inventory, and sales files in standardized format to the State.

Regarding acceptable levels of assessment uniformity, an assessing unit that implemented a state-approved reassessment in a given year was presumed to satisfy the applicable assessment uniformity standards in the year of the reassessment and for the next two years. In the following year, aid eligibility depended on achieving a satisfactory assessment uniformity standard, as measured by the COD (unless another reassessment was implemented).

Between its inception in the 1991 and through 2004 roll year (the last year the program was in existence) Maintenance Aid payments amounted to nearly $30 million, with over $4.5 million disbursed to over 450 municipalities in 1998, the year of strongest participation in the program. However, beginning with the 1999 assessment roll, Maintenance Aid was limited to $2 per-parcel payments. The $5 per-parcel payments previously available in the Maintenance Aid Program were instead provided under a Triennial Aid program (see below for a discussion of this program and for program payments in 1999 though 2004).[4]

Annual Reassessment Aid and Triennial Aid

Chapter 405 provided of the Laws of 1999 subsequently changed the Maintenance Aid program by creating a new annual aid program of financial assistance supplemented by a program of triennial aid payments for those localities having completed a recent reassessment but not meeting the requirements for annual aid. As with earlier financial aid programs, this new program helped defray the local costs of maintaining up-to-date, equitable, assessment practices.

Chapter 405 provided a new, higher level of financial assistance to assessing units that annually maintain assessments at a level of 100 percent (or, at a uniform level in each class in special assessing units) under Annual Reassessment Aid. This program originally authorized state aid up to $5 per parcel on each assessment roll through 2004, and up to $2 per parcel on each assessment roll thereafter. However, to encourage the fullest possible participation in the program, Chapter 530 of the Laws of 2001 provided a $5 payment per parcel for each qualifying assessment roll completed during an assessing unit's first five years in the program (or if its fifth year was before 2004, for each qualifying roll through 2004). The maximum annual payment thereafter was set at $3 per parcel.

[4] Authorization for Maintenance Aid payments was originally scheduled to expire after the 2000 assessment roll, but Chapter 530 of the Laws of 2001 extended it until 2004 for assessing units that continued to satisfy the requirements of the pre-existing Maintenance Aid program. In order to have been eligible for this aid for 2001 through 2004 assessment rolls, an assessing unit must have applied for aid in either 1999 or 2000.

Authorization for these payments was scheduled to sunset after the completion of 2009 assessment rolls. In determining program eligibility, the State was required to ascertain whether the assessing unit had:

- maintained assessments annually at 100 percent of market value;
- conducted a systematic analysis of all locally-assessed properties annually;
- revised assessments annually where necessary to maintain the assessment level at 100 percent of market value;
- implemented a program to inspect physically and re-appraise each property at least once every six years; and
- complied with applicable statutes and rules.

Although the aid payment beyond the first five years in the program had been raised from $2 to $3 per parcel, there was concern on the part of both State staff and the assessment community about continued participation by assessing units in the Annual Reassessment Aid Program. Both parties feared that reducing the level of support for participating municipalities beyond the fifth year of the program, and terminating the program in 2010, would only discourage participation. To revitalize the program, legislation was enacted (under Chapter 655 of the Laws of 2004) that removed the sunset provision and eliminated the phase down in payments. Annual Reassessment Aid was then payable up to $5 per parcel for each and every year in which a municipality qualified under the program.

Chapter 405 also provided for a Triennial Aid program of up to $5 per eligible parcel upon completion of a reassessment, which included reinspection and reappraisal of all parcels on the assessment roll. Payments then became available only on a triennial basis. This option was oriented toward those assessing units that wished to reassess periodically, but were not ready to commit to annual updating. Chapter 655 of the Laws of 2004 imposed a sunset of 2008 on this program; however, Chapter 212 of the Laws of 2006 extended this program through 2011.

As indicated in Table 1, Annual Aid participation increased dramatically since its inception, with over 200 assessing units reassessing annually since the 2002 roll year. In contrast, participation in the Triennial Aid program fluctuated each year, primarily because the assessing units reassessed on a three-year cycle (sometimes on a countywide basis). Through the 2009 assessment rolls, a total of nearly $62 million had been paid through the two programs, with Annual Aid comprising nearly 83 percent of total payments.

Table 1. Annual Reassessment Aid and Triennial Aid ($5/pcl.):
Program Participation and Expenditures (1999-2009)

Assessment Roll Year	Number of Assessing Units Receiving Aid		Expenditures ($)	
	Annual	Triennial	Annual	Triennial
1999	17	75	1,023,125	664,535
2000	99	79	2,237,450	1,585,764
2001	158	80	3,448,948	1,379,466
2002	222	75	4,856,120	812,545
2003	219	52	5,405,990	486,210
2004	253	75	5,813,345	1,133,135
2005	247	55	5,398,930	798,195
2006	248	62	5,660,095	870,870
2007	214	81	4,705,160	1,182,860
2008	228	75	5,344,210**	1,361,813**
2009	260	44	5,337,446***	549,200***
2010****	2	0	Amount not yet available	0
TOTAL	--	--	$51,230,893	$10,734,593

* For the 2001 assessment roll year, the Triennial Aid per parcel payment was $4.46.

**For the 2008 assessment roll year, both Triennial and annual Aid payments were reduced by 2% in accordance with Chapter 50 of the Laws of 2008.

***For the 2009 assessment roll year both Triennial and Annual Aid payments were reduced under Chapters 50 and 502 of the Laws of 2009 by 2 percent and 12.5 percent respectively. Annual aid amount is preliminary.

****Per parcel aid payment have been reduced by 1.1 percent in 2010.

Aid for Cyclical Reassessments

Despite the successes of both the Triennial and Annual Aid programs in encouraging equity in assessments, there was concern that reassessing annually was not necessary to maintain sufficient equity, and was very expensive. Most states require that assessments be updated on cycles ranging from two to six years, although their local governments can update more frequently if they wish. In recognition of this, recent amendments to Section 1573 of the Real Property Tax Law (Part Y of Chapter 56 of the Laws of 2010) restructured the State's reassessment assistance program to encourage local governments to maintain updated property assessments on a four-year cycle. This program, known as Aid for Cyclical Reassessments (ACR), replaces the Annual and Triennial Aid Programs. The new program took effect for assessing units with taxable status dates on or after March 1, 2010.

Under the new ACR program, reassessment is required on a periodic basis. Financial assistance is available, up to $5 per parcel on an assessment roll which reflects a full reappraisal of all parcels under an ORPTS-approved plan, and up to $2 per parcel on a roll that is updated without a full reappraisal. The amount payable on a per-parcel basis is calculated after excluding parcels that are wholly exempt or assessed by the State. The maximum aid per municipality per year is $500,000. Such aid applies to assessment rolls completed on or after March 1, 2010.

The requirements for receiving ACR are more stringent than for the Triennial and Annual Reassessment Aid programs. The following conditions must be met:

- Reassessments must be set at 100% of value (except in Nassau County and New York City, which have classified assessments)
- Reassessments must be implemented pursuant to a plan approved by ORPTS
- A cycle of no more than four years is required.
- Full appraisals must occur at least every four years
- Parcel inventory data must be updated once every six years.
- The municipality must be in compliance with ORPTS standards for quality assessment administration
- The municipality must provide the State with a set of supporting valuation documents

- If the municipality discontinues its plan or does not conduct a planned reappraisal, it must repay all aid received since the last reappraisal .

To receive the $5 per parcel payments, the reappraisal must satisfy State standards, which define it as "developing and reviewing a new determination of market value for each parcel, based on current data, by the appropriate use of one or more of the three accepted approaches to value (cost, market, or income)." [5] Furthermore, in this program, trending of values from year to year may not be used as the sole means of establishing market value for any parcel. To receive aid in a reappraisal year, local governments must also visit each parcel for an on-site review of recorded inventory, examination and analysis of appraisal estimates, as well as a determination and documentation of a final appraisal value. In lieu of such a review, an office review may be substituted if the appraiser has corrected data collected or re-inspected the parcel in the year of reappraisal, or if the review uses oblique aerial, orthophoto, or street-level photography taken within three years of the reassessment year reassessment year.[6]

Under these requirements, municipalities will no longer be able to receive financial assistance for conducting "one-shot" reassessments (i.e., reassessments that are not followed by a commitment to reassess in a specific future year). Such endeavors have often resulted in erosion of assessment equity, often unevenly among different property types, value ranges and neighborhoods. To assist municipalities in preparing for a succeeding reassessment, reduced payments, of $2/parcel, are available in the non-reappraisal years of their respective plans, and these monies can be used to help prepare for the next scheduled reassessment. Furthermore, the municipality can choose a reassessment cycle that best fits its resource capability, as long as the plan extends over at least four years, including one that provides for reappraisal more frequently than every four years.

Illustrated in Table 2 is a set of examples pertaining to how an assessing unit may qualify for ACR. Applications must be submitted in both years of reappraisal and non-reappraisal for each year within the approved plan. Also, the reappraisal in the last year of a plan can serve as the first year of a subsequent plan.

[5]NYCRR, Title 9, Subtitle F, Chapter I, Part 201-3.3(a)(2)
[6]For more information on this new program, please visit http://www.orps.state.ny.us/reassess/state_aid/acr.cfm

Table 2. Examples of Reappraisal Plans and Aid for Cyclical Reassessments					
	Year 1	Year 2	Year 3	Year 4	Year 5
Minimum Plan Length *	Reappraisal $5	$2	$2	Reappraisal $5	
Maximum Time Between Reappraisal**	Reappraisal $5	$2	$2	$2	Reappraisal $5
Reappraisal Each Year	Reappraisal $5	Reappraisal $5	Reappraisal $5	Reappraisal $5	Reappraisal $5

*Minimum plan length is 4 years; reappraisals are required in the first and last years
** The maximum time between reappraisals is 4 years
Dollar figures denote aid per parcel in the qualifying municipality

Participation levels to date in this new program are encouraging. In 2010, 367 municipalities have qualified for ACR payments, although information on the total amount awarded is not yet available.[7] It is difficult to forecast the level of participation in 2011, since many of the current participants have committed to a second reassessment over a three- or four-year period rather than in each and every succeeding year, and the number of likely new entrants is unknown.

Aid for Consolidated, Coordinated and County Assessment Programs

It has long been a State objective to encourage a reduction in the number of assessing jurisdictions in order to improve efficiency in the administration of the real property tax. To provide further encouragement for efficient assessment administration, a consolidation incentive aid program was created under Chapter 170 of the Laws of 1994. This program, as initially enacted, offered local governments a one-time payment of up to $10 per parcel if two or more assessing units unified their assessing functions in one of the following ways:

- combine to form a consolidated assessing unit, by employing a single assessor, preparing a single assessment roll, assessing at the same uniform percentage of value, conducting reassessments at the same time, having a single Board of Assessment Review; or
- coordinate the assessing function, by employing a single assessor, specifying the same uniform percentage of value for all assessments, and using the same assessment calendar; or

[7]Payments for Aid to Cyclical Reassessment have been reduced by 1.1 percent in the 2010-11 fiscal year.

- contract with the county for all assessment administration services, including appraisal, assessing, and exemption processing.

Each of these approaches provides a way for many smaller municipalities to reduce the cost of reassessment, facilitate acquisition of new technology, and obtain valuation expertise. In addition, these approaches also help to achieve full-time, professional assessing, which can improve equity and provide better service to taxpayers. If a municipality reverts to separate assessing within ten years, the program requires that a prorated portion of the incentive aid payment must be returned to the state.

Since the inception of this program, 171 towns and 3 cities in 36 counties have received incentive aid for establishing Coordinated Assessment Programs (CAPs) in the 1995 through 2010 period. As shown in Table 3, total payments to date have amounted to $2,907,524 for 76 Coordinated Assessing Units (that formerly comprised 174 separate assessing units) as of 2010. Thus, nearly 18 percent of all New York's city and town assessing units have participated in the program, although 13 programs comprising 26 municipalities have dissolved since inception, with an additional four municipalities withdrawing from three programs currently in existence. At present 144 municipalities are participants in 63 CAPs, comprising nearly 15 percent of all city and town assessing units.

Table 3. Coordinated Assessment Program Aid				
Year*	Number of New Coordinated Units	Number of Parcels	Number of Prior Assessing Units	State Aid Payments ($)**
1995	4	19,275	15	192,750
1996	5	16,234	11	162,340
1997	9	44,927	20	314,489
1998	5	24,252	11	169,764
1999	8	43,945	16	307,615
2000	1	2,980	2	20,860
2001	5	21,924	11	153,468
2002	6	23,244	14	162,708
2003	1	4,466	3	31,262
2004	1	1,182	2	8,274
2005	1	5,030	3	35,210
2006	3	13,096	7	91,672
2007	15	105,360	30	730,000
2008	9	61,203	23	419,853
2009	2	17,867	4	107,259***
2010****	1	13,415	2	Not yet available
TOTAL	**76**	**418,400**	**174**	**$2,907,524**

* Program was initiated in 1995.

** State aid at $10 per parcel in 1995 and 1996; $7 per parcel thereafter, with a limit of $140,000 per municipality.

***For the 2009 assessment roll year payments were reduced under Chapters 50 and 502 of the Laws of 2009 by 2 percent and 12.5 percent respectively.

****For the 2010 assessment roll year payments were reduced under Chapter 313 of the Laws of 2010 by 1.1 percent.

Chapter 309 of the Laws of 1996 also provided that a municipality may apply for both Maintenance Aid and one of the consolidation incentive aid programs in the same year. However, under the same legislation, payments for these consolidation incentive aid programs were reduced, from $10 per parcel to a maximum of $7 per parcel, effective for rolls filed after July 13, 1996. Moreover, the maximum amount receivable by a constituent municipality under this program was limited to $140,000. A one-time payment of $2 per parcel was provided for county assessing units established before April 1, 1996 if they implemented a reassessment after 1996, at 100 percent of value. With the completion of a reassessment on the 2000 assessment roll, the Tompkins County assessing unit received $65,736 under this provision.

Chapter 216 of the Laws of 2005 provided for an additional payment of $5 per parcel to each assessing unit participating in a CAP that was implemented or expanded in 2006, 2007 or 2008. Payments were limited to $100,000 per assessing unit for this enhanced program aid. This aid was not available to assessing units that had previously received consolidation incentive aid for participation in a CAP. In 2006, $65,325 in Enhanced Coordination Aid was paid to seven municipalities, based on their respective assessment rolls in 2006. Thirty municipalities received $522,740 under this aid program based on their respective rolls in 2007. Twenty-one municipalities received $228,955 for their committing to participate in coordinated assessment program on their respective rolls in 2008.

Chapter 348 of the Laws of 2007 provided greater flexibility in the formation of Coordinated Assessing Programs. Town and city assessing units forming or joining a CAP may do so from within adjoining counties as well as from the same county (RPTL §579(2)(b)). As before, constituent municipalities withdrawing from the program within ten years after receiving consolidation incentive aid or additional payments were required to remit a prorated share to the State.[8]

It is noteworthy that, within the last four years, there have been record numbers of new coordinated assessing units. In the 2007-2010 period, a total of 59 municipalities became part of 27 new programs.

Chapter 530 of the Laws of 2001 authorized a one-time payment of up to $1 per parcel to counties that enter into agreements with assessing units pursuant to RPTL §1573 for providing exemption services, appraisal services or assessment services to assessing units. The amount disbursed through the 2010 roll year has been modest (Table 4), despite recent expansion of covered services to include data collection, sales verification or other assessment-related services to assessing units (Chapter 633 of the Laws of 2004). Possible reasons for this low level of participation are the relatively small amount of the payment and lack of payments beyond the first year.

[8] Since the inception of the programs, thirteen Coordinated Assessing Programs have terminated their status, comprising twenty-six municipalities. In addition, four municipalities have withdrawn from three programs although the programs otherwise remain intact.

The financial aid programs heretofore discussed in the last two subdivisions of this section have evolved over time to encourage assessment equity and fairness for the property taxpayers. It remains to be seen how strongly program participation will persist over the next few years, given the State's tight budgetary conditions for the near future, as well as the fiscal situation for local governments.

Table 4. Inter-Municipal Aid*

Year	Counties Receiving Aid	Municipalities Serviced	Payment ($1/Parcel)
2002	5	24	$56,809
2003	2	4	6,788
2004	3	4	15,430
2005	2	4	8,485
2006	3	5	15,245
2007	4	10	24,266
2008	4	11	21,230
2009	2	4	7,873**
2010***	1	3	Not yet available
TOTAL	26	70	$156, 126

*Optional county services program (RPTL §1573 (3-a))

**For the 2009 assessment roll year payments were reduced under Chapters 50 and 502 of the Laws of 2009 by 2 percent and 12.5 percent respectively.

*** For the 2010 assessment roll year payments were reduced under Chapter 313 of the Laws of 2010 by 1.1 percent

Centralized Property Tax Administration Program

The Centralized Property Tax Administration Program (CPTAP) was established in 2007 as part of an overall effort to streamline governmental efficiency among local governments in New York State. [9] This program was open to counties not serving as assessing units in the State (excluded Nassau and Tompkins County, as well as New York City), and provided grants of $25,000 to eligible counties that undertake any of the following initiatives:

- County Assessing Initiative: Prepare a study for the implementation of: (1) complete consolidation of the assessment function at the county level, with elimination of municipal assessing units and assessing rolls; or (2) the functional consolidation of assessing tasks at the county level without eliminating municipal assessing units, whereby involved municipalities would agree to coordinate their assessing functions and contract with the county for all assessment services (alternatively, this may involve individual cities and towns, or a group of cities and towns which contract with the county). An additional $25,000 could be awarded upon receipt by the State of a copy of the study and a copy of the minutes of the county legislature or board of supervisors meeting that indicates that the plan has been received by the county legislature or board of supervisors.

- County Tax Collection Information Initiative: Prepare a study for the implementation of a county-level database for tax collection purposes. The study must include a plan for managing the collection of data at the county level. An additional payment of up to $25,000 would be available to defray the cost of implementing the county-level database upon submission by the county to ORPTS of an executed contract between the county and the technology contractor charged with creating the database.

- New County/Coordinated Units: In addition to the $25,000 grants, counties were eligible to receive payments on a per-parcel basis. A new county assessing unit would receive $2 per parcel upon submitting proof that a referendum to

[9] In April 2007 Governor Spitzer issued an executive order creating the Commission on Local Government Efficiently and Competitiveness (LGEC), a body which has been charged with making recommendation concerning local governmental consolidation, through shared services and other efficiency measures. ORPTS was one of several state agencies cooperating with the Commission. LGEC issued a report of its findings in April 2008, and the report can be accessed at http://www.nyslocalgov.org

establish a county assessing unit has been approved by the voters. Alternatively, a county would receive $2 per parcel if a new Coordinated Assessment Program is formed, and in which the county assumes all assessing services in all of component municipalities. If a new CAP was formed in a county where the county assumes all assessing services in less than 100 percent of the component municipalities, that county would receive $1 per parcel. Funds were to be disbursed upon receipt of an executed agreement between the municipal participants and county. [10]

Payments under CPTAP would be in addition to any payments available under existing State Aid programs. Only one grant was available per county per initiative. CPTAP applications closed on July 1, 2010.

As shown in Table 5, fifty-one counties applied for and received awards for preparing a study pertaining to the County Assessing Initiative, totaling $1,275,000. To date, 49 of these counties have received additional awards for submitting the study the State and to the county legislature or board of supervisors, totaling $1,225,000. Forty-five counties applied for and received awards for preparing a study pertaining to the Tax Collection Information Initiative, totaling $1,100,000. To date, 20 of these counties have been awarded additional payments of $25,000 for submitting a signed contract between the county and the technology contractor developing the tax collection database.

Table 5. Centralized Property Tax Administration Aid Program*

Initiative	No. of Participating Counties	Amount of Aid
County Assessing Study	51	$1,275,000
Submission to Co. Legislature	49	$1,225,000
Tax Collection Database Study	45	$1,100,000
Implementation Contract	20	$500,000

*Data as of January 25, 2011.

[10] A description of assessment options currently available to counties is described in *Collaborative Assessing – Potential Options for Study under the CPTAP Program* (issued by the State Office of Real Property Tax Services, revised September 2010).

No payments have yet been made that pertain to new county assessing units or county CAPs, since no new county assessing units have yet been formed, nor has any county assumed assessing functions within newly formed CAPs to date. The CPTAP program was closed as of the 2010-11 state fiscal year.

Real Property Tax Administration Technology improvement Grant Program

In September 2005, the Real Property Tax Administration Technology Improvement Grant Program (RPTATIP) was established. The purpose of this program was to provide users of parcel-level data with more effective and easier access to information they need through sharing of the data, improved technology and integrated real property systems. Another desired outcome of the program was improved business processes through intergovernmental collaboration and cooperation in the use of real property data. Any county, city, town or consortium thereof in New York could apply for the following types of projects:

<u>Project A</u>: results in a product that either: (1) provides taxpayers with the ability to access web-based parcel level and sales information (information provided may also include assessment calendars, photographs, tax rates, search/query capabilities and other appropriate rates and ratios); or (2) provides all the features and functionality of (1) as well as a multi-purpose web-based parcel-related software application that encourages the integration and use of parcel data among multiple levels of government, and which also provides parcel tax history information to taxpayers.

<u>Project B</u>: results in either: (1) a feasibility/pilot study that demonstrates that a proposed project is capable of being implemented, based on usability, technology or cost effectiveness and other parcel related records; or (2) a project that facilitates implementation of results determined in a demonstration project as described above, or in a pre-existing real property tax administration feasibility/pilot study.

Each grant application was evaluated in accordance with the published evaluation ranking, and selection criteria. In the 2005-06 fiscal year, 29 Project A grants and 8 Project B grants were awarded. A total of $2.42 million was paid for fiscal year 2005-06 projects.

The RPTATIP grant program was also available for the 2006-07 fiscal year; 53 Project A grants and 5 Project B grants were awarded in that year (no B1 grants – for feasibility or pilot study projects – were available). To date, $3.44 million has been paid to local governments. This program was not renewed for the 2007-08 fiscal year and thereafter.

Technical Assistance Programs

In addition to financial assistance programs, which help localities to offset various local costs, the State also provides technical assistance, through a number of programs. The technical assistance programs are varied and overlapping, providing information, advice, computer software, publications, administrative services, and other assistance, as outlined below. The goal of all these products and services is to help localities do a better and more cost-effective job in administering the property tax.

Real Property System (RPS)

The State has developed and supports computer software known as the Real Property System (RPS) for use by municipalities in assessment administration. The currently supported version of RPS is RPSV4. It offers local governments a uniform means of producing mandated assessment products, including assessment rolls, proper application of exemptions on each parcel, tax billing/collection documents, and assessment change notices. In addition, the RPS system offers a means for maintaining the inventory information for all properties in an assessing jurisdiction and a system for undertaking a mass appraisal. As an integrated statewide system, RPS also allows ready access by the state government to local assessment data, including parcel inventory records and sales. This statewide uniformity also allows the State equalization function to be performed with greater efficiency and cost effectiveness.

The prototype system was developed in 1974, and it consisted of three separate components. The Assessment Roll and Levy Module (ARLM), provided tax accounting routines, including assessment rolls, tax rolls and tax bills, in an effort to standardize assessment roll data. By 1986, about 80 percent of New York's city, town, and county assessing units were utilizing ARLM. The Data Management Module (DMT) allowed assessors to maintain detailed real property inventory characteristics for all properties, and to change those inventories appropriately as the properties were modified over time. Information regarding sales of properties could also be added on an ongoing basis by means of the module. About 50 percent of the state's assessing units had the capability of using DMT by 1986. The third RPS component, the Mass Appraisal Module (MAM), provided computer-assisted mass appraisal information with the capability to apply the three approaches to valuation (comparable sales, cost and income). About five percent of the State's assessing units had MAM capability in 1986.

RPS Version 3 (RPSV3), a DOS-based product that offered the assessment, inventory and valuation modules in a unified context, was developed in the late 1980s. In 1998, an updated version of RPSV3 added the ability to value complex industrial properties. By 1999, 94 percent of the State's assessing units were using RPSV3.

During the 1990s, ORPTS had assisted over 50 percent of the assessing units to convert from a centralized mainframe computing system, often housed in the county property tax office, to personal computer operations based within local assessing jurisdictions. By 1999, 58 percent of assessing units were using personal computers. To accommodate these changes, RPSV3 was made available for personal computers, as well as for 36 IBM AS400 mini-computer sites, 11 IBM mainframe sites, and 6 Unisys mainframe sites. Most of these sites did processing for multiple assessing units.

A newer personal-computer-based valuation system (PCVAL), developed in 1996 to work in conjunction with RPSV3, provided assessing units with a complete, user-friendly, computer-assisted mass appraisal capability, including the ability to estimate value based on the cost, comparable sales, and income approaches. The PCVAL system allowed assessing units having the requisite expertise to operate more independently, and this in turn reduced reliance on state staff and equipment.

Development of the next generation of RPS software, known as RPS Version 4 (RPSV4), was begun in early 1997. This new version was based on the Windows operating system and incorporated a relational database file structure and graphical user interfaces as well as many other user-requested enhancements. The project was broken down into four phases: Phase I was released to 11 test sites in January 1999 and Phase II to the same users in September 1999. After extensive testing, a production version of RPSV4 was released in November 1999.

The November 1999 release of RPSV4 included capability for file maintenance of assessment and inventory data, standard reports to supplement data handling, a geographic information system, a customized report writer and a complete document image management system. Phase III, consisting of programs that generate assessment and tax rolls and programs that can change exemptions and update individual data items, was released in February 2000. Phase IV, an array of valuation support programs (cost, market, user models), including the ability to value utility property, was released in July 2000. Valuation of forest property was integrated into RPSV4 in 2005 a contract was entered into with a vendor (Marshall and Swift) to modernize the RPSV4 cost system in 2006. That process is ongoing and is scheduled to be completed in the spring of 2011.

There are currently 957 non-village assessing units using RPSV4, comprising approximately 97 percent of all assessing units. The development of RPSV4 represented a major technological advancement for the Real Property System. Use of client server technology and a relational database file structure offered significant advantages to users. However, this system has been in production for ten years and is already beginning to show its age. The rapid pace of technological advancement continues to shorten the life cycle of systems.

Beginning in 2010, State staff formed an RPS Project Team and began to look into how the State should proceed with the next generation of RPS (RPSV5), which is to be more web-based. In conjunction with this effort and in recognition of ongoing declines in staffing levels, further enhancements to RPSV4 were significantly curtailed. The RPSV5 Project Team was charged with examining alternatives and making recommendations concerning the creation and implementation of RPSV5.

The RPSV5 Project Team completed its initial work in December 2010. Its recommendations are currently under review by management. Further progress on RPSV5 is pending the outcome of that review during 2011.

Reassessment Project Support

The goal of a reassessment project is to assess all properties within a municipality at a uniform percentage of value as of a given date. For those projects in assessing units that have not reassessed in several years, the major focus of the work is to collect a complete and accurate inventory of all parcels in the municipality, and to use these data to reassess the entire roll. To facilitate reassessment projects, support is provided to local municipalities by regional field staff throughout each of the following stages of the project: preliminary planning and analysis; data collection; valuation; field review; and impact estimation/disclosure. In the preliminary planning stage, State staff members take part in local meetings to explain the reassessment process, and they help local officials with development of requests for proposals by private contractors. They also advise local officials concerning evaluation of bids, determination of schedules, and other administrative arrangements. Staff operates from regional offices located in Batavia, Syracuse, Albany, Ray Brook, Newburgh, and Hauppauge.

In the data collection phase, State staff members maintain contact with assessors and contractors regarding the progress of the project and to ensure that the data collected meet state standards. In the valuation stage, the parcels are valued through mass appraisal systems, with participation of ORPTS staff to ensure that mass appraisal is done to state standards. The field review phase is the final check on computer-generated values, where ORPTS staff members help local officials to understand the field checking of computer-generated value estimates and final valuation of all the parcels. Regional offices also provide assistance with post-reassessment impact disclosure notices and public information meetings.

In addition to an initial reassessment, most assessing units follow up with subsequent periodic reassessments that may not require parcel inspection and re-inventory if the existing inventory data are current and accurate. The State encourages assessing units to protect the investment made in the initial reassessment and attain international professional standards by keeping assessments current on an annual basis, with periodic physical re-inspection.

As already mentioned, in order to encourage annual reassessment, State financial assistance has been made available and technical assistance is also provided to ensure success.[11] Table 6 indicates the number of State-assisted reassessments in selected years since the mid 1980s. The number of reassessment projects has been

[11] Guidelines for Effective Administration in New York State: a Self-Review Guide for Assessing Units (New York State Office of Real Property Tax Services, revised August 2007) is available from ORPTS staff and online at http://www.orps.state.ny.us

above 300 since 2002. In 2010, there were 379 projects, comprising over 38 percent of all assessing units. This is the first year that reassessment projects received financial aid through the Aid for Cyclical Reassessment Program, as discussed above.

This level may well drop in 2011, given the reduction in State aid to municipalities that reassess (as mentioned earlier), and also given the new reassessment program, which is more oriented toward assistance on projects that are conducted cyclically rather than annually.

Table 6. ORPTS-Assisted Local Reassessment Projects, Selected Years

Year	Number of Reassessment Projects
1986	78
1996	105
2004	360
2005	317
2006	326
2007	313
2008	321
2009	326
2010	379

Advisory Appraisals

State legislation enacted in 1970 (see RPTL §1544) offers advisory valuation assistance to county, city or town assessing jurisdictions, upon their request, in determining the taxable value of highly complex commercial and industrial properties and all utility properties. In 1990, the statute was amended to provide that the municipality must be conducting a reassessment project in order to apply the State for such advisory appraisal assistance. State advisory appraisals are not binding on the local assessor requesting the assistance.

In 2010, staff conducted 1,979 utility advisory appraisals, and 14 industrial/ commercial appraisals, at the request of local governments. The number requested in a given year depends on several factors, including the number of assessing units undertaking reassessment projects and the incidence of industrial and utility properties in those assessing units. The level of advisory appraisals increased dramatically in the early part of the current decade, reflecting not only the widespread participation by municipalities in the Annual Reassessment Program but also the increased assistance provided by State staff to local assessors in appraising utility property following price-deregulation of electricity generation in New York. The advisory appraisals for divested generating plants now include use of the income and comparable sales approaches to valuation, in addition to the cost approach that was the sole method of valuation in the pre-deregulation era. [12] It is expected that the demand for advisory appraisal assistance will remain strong in 2011, commensurate with the growth of reassessment projects. The number of advisory appraisals provided in a sampling of years since 1986 is listed below (Table 7).

Table 7. ORPTS Advisory Appraisal Assistance Program

	Number of Advisory Appraisals		
Year	**Utility**	**Industrial/Commercial**	**Total**
1986	402	133	535
1991	375	15	390
1996	583	23	606
2002	1,660	32	1,692*
2007	1,801	34	1,835*
2008	1,776	33	1,809*
2009	1,856	9	1,865*
2010	1,979	14	1,993*

*Total does not include village portions of town wide advisory appraisals.

[12] See <u>Divestiture of Electricity Generating Plants: Property Tax Implications.</u> NYS Board of Real Property Services, December 31, 1999

Assessment Administrator Training

The Real Property Tax Law was amended in 1970 to require the State to establish minimum qualification standards, as well as training and certification programs, for appointed assessors, county directors of real property tax services and professional appraisal personnel, including support staff in assessors' offices. It was further amended in 1982 to include elected assessors and assessor candidates, and in 1986 to add acting assessors who were in office for six months. A 1990 amendment required that the approximately 4,000 Board of Assessment Review (BAR) members attend a course in assessment practices at the beginning of their term in office. A 1997 statutory change authorized the State to reimburse elected assessors for costs incurred when they complete continuing

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During 2010, the State provided for the training of about 1,500 assessors, county directors of real property tax offices, and real property appraisers. Among assessing units with training requirements, approximately 88 percent now have sole, appointed assessors. Most of the remaining 12 percent have three-member boards of elected assessors, thus imposing a proportionately greater training burden. This is especially true insofar as the turnover rate for elected assessors is dramatically higher than the rate for appointed assessors.

[13] Albany, Buffalo, Rochester, Syracuse and Yonkers

New training and certification rule amendments for assessors and county directors effective October 1, 2007. The most significant addition to the basic courses was an ethics component. Not only were new assessors and directors required to take this component, but all assessors and county directors were also required to take the component as a recertification requirement upon commencing a new term of office. Substantial revisions were also made to the fundamentals of assessment administration course component to include, among other things, the exemption and equalization course materials. A single valuation component was developed by the Institute of Assessing Officers (IAO) to address appraisal issues faced by assessors. This valuation training is supplemented by the Department of State appraiser licensing courses.

Department rules currently provide for three levels of training for assessors. The first level, basic certification as a State Certified Assessor (SCA), is required of both elected and appointed assessors and must be achieved within three years of taking office. If an assessor did not become certified in a prior term of office, he or she must attain certification within one year of beginning a new term of office. For basic certification, assessors are required to take six components, plus an initial orientation seminar. The six required topics are ethics; fundamentals of assessment administration; cost, market and income approach to value; data collection fundamentals; and mass appraisal. The sixth component, farm appraisal training, is required for approximately 80 percent of the state's municipalities, due to the existence of one or more of the following conditions:

- at least 10 percent of the total acreage is classified as agricultural on the assessment roll
- at least 10 agricultural assessments have been granted pursuant to Article 25-AA of the Agricultural Markets law; or
- at least 10 percent of the total acreage lies within an agricultural district, created pursuant to Article 25-AA of the Agricultural and Markets Law.

For municipalities where the farm appraisal training is not required, an elective component is required, and assessors may choose farm appraisal or commercial/ industrial appraisal as their elective component.

The second level of training -- continuing education -- is required only of sole elected and appointed assessors. An average of 24 continuing education credits must be completed per year in approved courses. One hour of training equals one continuing education credit. In addition to the courses already mentioned, assessors may choose continuing education in applied level of assessment training, statistical analysis, commercial data collection, computerized valuation, and various assessment administration seminars. Supplemental training on topics requested by assessors is also offered, if resources permit.

A third level of training – recertification – is required for all elected and appointed assessors. Completion of an approved ethics course is required for certified assessors no more than one year prior to or one year after reappointment or reelection to office.

A new basic course of training for all county real property tax directors was initiated beginning October 1, 2007. Required training included an initial orientation seminar and completion of nine additional courses over a four-year period. These include six components that are similar to assessor requirements: ethics; fundamentals of assessment administration, cost, market and income approaches to value; data collection fundamentals; mass appraisal; and farm appraisal. Additional courses are tax mapping, tax collection, and commercial/industrial valuation. Successful completion of these components results in certification. Once certified, directors are required to attain an average of 24 continuing education credits each year. Upon reappointment to office, directors are required to become recertified by completing an approved ethics course within one year.

In 2006 new rules were adopted rules for the certification of assessors serving in New York City, as a result of Chapter 139 of the Laws of 2005.[14] Effective on April 1, 2006 assessors serving within New York City must complete a basic course of training that includes the following eight components: assessment administration, data collection fundamentals, real property appraisal fundamentals, income property valuation fundamentals, advanced income property valuation, ethics,

[14] Subpart 188-8; Title Nine of the Official Compilation of Codes, Rules and Regulations of the State of New York

mass appraisal fundamentals and computer-assisted mass appraisal modeling. In 2007 the program expanded the number of assessors covered by the certification requirement and extended the time for the New York City assessors to be certified.

There are several training format options available to assessor and county director participants. Classroom–type courses are offered at various sites throughout the state. In addition, a web-based training program was introduced in 2000 and online courses in assessment administration, mass appraisal, fundamentals of data collection and sales data management are now available. Another alternative is a self-study program, where students are provided with training materials for independent study in several of the basic and continuing education courses. Self-study examinations are held numerous times per year in Agency regional offices and county offices. Finally, information is provided to assessors concerning training courses conducted by other organizations that have been approved by the Department of State. Table 8 provides the status of training activity as of 2010.

Table 8. Assessment Training Status, 2010

Position Held	Total Number of Positions	Basic Certification	
		Number Certified	Number Uncertified
County Director	55	43*	12
County Assessor	2	1	1
Appointed Assessor	861	818	43
New York City Assessor	137	119	18
Elected Assessor	310	241	69
Real Property Appraiser**	31	23	8
Assessor Candidate	64	11	53
TOTAL	1,460	1,256	204

* County directors and sole assessors are required to participate in continuing education courses once they are certified.
** Employee of assessor's or county director's office.

Table 9 shows the annual reimbursement costs for a sample of years in several training components. The primary differences in annual costs are related to the number of persons trained in a given year. While the "Basic Training" and "Continuing Education" costs listed are reimbursed directly to the assessment administrator or the locality, "Residential Sessions" costs are paid to the college sites expanded programs held.

Table 9. Trends in State Reimbursement Expenditures for Assessment Training (excluding New York City)

Fiscal Year	Basic Training	Continuing Education	Residential Sessions	Total Reimbursement
1986-87	$55,700	$166,000	N/A	$221,700
1991-92	9,500	130,000	N/A	139,500
1997-98	42,000	207,500	$38,100	287,600
2003-04	61,700	237,500	41,800	341,000
2005-06	68,800	281,200	47,600	397,600
2006-07	60,100	290,700	48,600	399,400
2007-08	73,700	340,000	49,400	463,100
2008-09	94,000	243,400	N/A*	337,400
2009-10	76,000	249,700	N/A*	325,700

*The last State-sponsored residential session was held in August 2008. Due to rising costs, there are no plans to sponsor future residential sessions.

In compliance with legal requirements, Agency staff reviews the educational and experience qualifications for county directors of real property services, appointed assessors, real property appraisers and candidates for assessor. Failure to attain and maintain certification is grounds for removal from office. Beginning in 1996, staff undertook an effort to get more assessors into compliance with requirements by offering them extended time periods in which to take the necessary training and also the opportunity to avoid a compliance hearing. To date, 299 assessors (six assessors in 2010) have signed consent orders in lieu of such a hearing. Table 10 gives a summary of the training attendance and course outcomes for a sample of years between 1980 and 2010. The data include courses that are agency administered, taught either on-site or at other designated locations, including summer training sessions. Included are data for courses taken on a self-study basis and online training. Up to one-third of the participants elected to take courses on a self-study basis in past years, but less than 15 percent have done so in recent years, no doubt because online study became available in 2004.

Table 10. Summary of ORPTS Training Program Activity									
		Number of Participants				Percent of Participants Passing			
Year	No. of Courses	Class-room	Self Study	Online	Combined	Class-room	Self Study	Online	Combined
1980	2	575	N/A	N/A	575	79.8	N/A	N/A	79.8
1983	4	1,063	N/A	N/A	1,063	76.5	N/A	N/A	76.5
1986	6	1,601	N/A	N/A	1,601	83.6	N/A	N/A	83.6
1989	13	1,147	N/A	N/A	1,147	95.3	N/A	N/A	95.3
1992	12	771	288	N/A	1,059	92.3	68.8	N/A	87.8
1995	12	594	262	N/A	856	98.0	61.1	N/A	86.6
1998	12	477	223	N/A	700	97.7	68.6	N/A	88.4
2004	26	948	112	89	1,149	99.6	89.3	97.6	98.5
2005	22	746	96	182	1,024	99.1	86.5	97.8	97.7
2006	33	897	110	210	1,217	99.8	96.7	97.4	99.1
2007	27	982	86	226	1,294	100.0	94.2	95.8	98.9
2008	23	958	58	191	1,207	99.6	94.5	98.4	99.0
2009	21	654	51	144	849	99.4	94.1	92.6	98.1
2010	14	272	89	149	510	98.1	88.8	96.6	96.1

The overall percentage of participants passing courses has improved over time, with over 99 percent of the classroom participants passing in recent years, as contrasted with less than 80 percent passing in the early 1980s. Pass rates for the self-study alternative also improved over time, although significant improvement did not occur until recently, and online pass rates have been consistently high since this option became available. Reduced activity in 2010 reflects turnover in assessment administration officials, many of whom took advantage of local government employment retirement incentives, with a corresponding increase in the number of uncertified officials. Such a reduction may also reflect increased reliance on courses offered by private vendors as well at the county level.

Newly-appointed or reappointed Board of Assessment Review members must attend required training sessions, or they are precluded from participating in the hearing and determination of assessment complaints on Grievance Day. Since BAR members serve five-year staggered terms, and are often appointed to fill vacancies for unexpired terms, training must be conducted annually to ensure that a quorum (majority of trained BAR members) is available to hear complaints. The authorizing legislation permits delegation of BAR training to county tax directors, so staff works annually with the directors to update course content to reflect any changes affecting BAR matters. About one-third of the approximately 4,000 BAR members in New York take the training each year.

School Tax Relief (STAR) Program Aid

In 1997, the STAR Program was enacted and it provides an exemption on school property taxes for owner-occupied residential properties. Under the program, the state reimburses local school districts annually for the cost of the resulting exemptions. As of December 2010, approximately $27.2 billion ($2.7 billion in 2010) had been reimbursed to school districts since the program began. STAR administrative aid was also provided to localities to help them defray their costs for processing STAR exemption applications and modifying tax bills to comply with state mandates for tax bill context. This administrative aid was eliminated effective in the 2009-10 fiscal year.

Other Technical Assistance

In addition to the major technical assistance programs already discussed, further assistance of various types is provided on a daily basis in many program areas. These technical assistance activities are summarized below.

a. <u>Publications.</u> A wide range of publications on real-property-related topics is produced on a continuing basis by ORPTS. Approximately 180 publications are currently available, approximately two-thirds of which are accessible on the Internet at the Department's web page (http:// www.orps.state.ny.us). Those not accessible on the Internet are generally available at no cost to recipients, although a few lengthy and/or specialized publications require subscription fees. Requests are received not only from local governments but also from New York State government agencies, legislative staff and taxpayers, as well as organizations and individuals from other states. Many publications are of special assistance to assessors, notably the multi-volume Assessor's Manual, which contains current information regarding such areas as exemption administration, valuation, and instructions on use of the RPS system.

b. Legal Services. The Department also provides legal assistance, advice and counsel to local officials and to municipal attorneys on matters relating to real property taxation. Over a ten-year period ending in 2007, The Agency helped train (in conjunction with the State Office of Court Administration) over 2,000 hearing officers at training sessions held once every four years in each of the State's judicial districts. (In 2008 OCA assumed full responsibility for training and providing counsel to these officers.) Legal opinions are published in Opinions of Counsel, with twelve volumes produced to date. Information on recent court decisions is published quarterly in the Real Property Tax Administration Reporter, a publication that is useful to local government officials, attorneys specializing in property taxes, and other such users.

c. Public Information and Research. Inquiries on various matters related to property tax administration are received on a daily basis from state and local government officials and taxpayers. Staff members respond to these requests, and attend local government meetings and conferences where appropriate. In certain instances, data files or research materials are prepared in response to requests. Much relevant information is now available on the Agency web page http://www.orps.state.ny.us/. Staff members also prepare reports annually on such matters as exempt property and the quality of assessment practices, and periodically on those policy issues that arise from time to time in relation to property taxation.

d. Tax Mapping Program. Under Section 503 of the Real Property Tax Law, counties have responsibility for preparing and maintaining tax maps for each city and town, and the maps must meet guidelines established by the State, which is in turn charged with providing advice and technical assistance. The assistance provided to municipalities consists of reviewing and certifying tax map maintenance and assisting municipalities with digital map conversions.

Every assessing unit in the State is currently in compliance with State Board rules. In addition, all counties have either converted to digital tax maps or are in the process of converting.

e. Geographic Information Systems (GIS) Services. Various GIS services are provided to localities in conjunction with reassessment projects and are also resident in RPS Version 4. They include:

- display of sale parcels in property value ranges to assist in sales analysis and neighborhood delineation;
- coefficient of dispersion analysis using geographic selection criteria;
- and use analysis with color-coded views of a county or town using the property class code on the local RPS file;
- mapping and analysis of reassessment impacts on tax bills;
- school district analysis within a town, or alternately, towns within a school district; and
- providing environmental maps that display proximity to features influencing property values, such as hospitals, landfills, etc.

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Measuring Improvements in Assessment Administration

Introduction

There is probably no single “best” measure of the quality of assessment administration. Among the relevant dimensions of assessing quality are the uniformity (equity) achieved, the frequency of updating of data through reassessment activity, the degree of professionalization of the assessor's office, the costs incurred, the extent of adoption of modern technology, and the quality of taxpayer relations and public information. This section of the report attempts to chart the progress of assessment administration since 1983 in terms of several of these considerations for which data are available. The data are not ideal in all instances, and proxy variables must be used, e.g., utilization of the RPS system is a reasonable, but not perfect, measure of technology adoption, and the percentage of assessors who are appointed as opposed to elected is arguably a reasonable, though not perfect, measure of the extent of professionalization of assessing.

One important point to consider is the question of causality. Since the purpose of this report is to examine the effectiveness of state assistance programs, there is a temptation to attribute any observed progress in assessment administration to the existence of the programs. However, such a causal relationship cannot be ascertained from the available data, given that external factors were operative during the period in which state assistance programs were provided. The potential effects of factors such as changing real estate markets, litigation, statutory amendments, State policies and requirements, technology, and many others, cannot be eliminated or otherwise accounted for adequately. Because of these factors, it is impossible to postulate a direct quantitative relationship between provision of state aid and assessment improvements.

An important exception to this generality involves the Annual Assessment Aid Program which, immediately after its initiation, appears to have generated a remarkable increase in the number of assessing units that keep their values current on an annual basis. Prior to this program, only one or two assessing units in the state did so, but there were over 160 such projects in the program's third year (2001) and participation had risen to 260 by 2009. This trend appears to be continuing under—the newly inaugurated Aid for Cyclical Reassessment Program. With over 375 projects qualifying for this aid in 2010, it is expected that attainment and maintenance of assessment equity will continue to progress.

Number of Assessing Units and Assessors

As noted earlier in this report, it has long been a State objective to encourage a reduction in the number of assessing jurisdictions in order to improve efficiency in the administration of the real property tax. In 1983 there were 1,546 assessing jurisdictions, including villages. In an effort to reduce this large number, staff has provided information designed to make village officials aware of the advantages of ending village assessing. Discontinuance of assessing by villages eliminates a duplicative government function and it also reduces confusion among taxpayers relative to their town vs. village assessments. There has been a steady decline in the number of villages assessing, with seven more discontinuing it in the past year. As of January 1, 2011 only 127 of the 553 villages in New York (less than 23 percent) maintain their status as assessing units. The other villages have terminated their assessing unit status, transferring responsibility of assessing for village purposes to the respective town assessing units (RPTL §1402 (3).

Many years ago, certain city and town assessing units had been consolidated. In Tompkins County, the county government assumed the assessing function for its one city and nine towns, and Nassau County has been assessing on behalf of its three towns and all but one of its school districts for many decades (the two cities in Nassau County and most of its villages still assess for their own taxing purposes). In recent years, the Coordinated Assessment Aid program has effectively combined an additional 144 municipalities into 63 coordinated assessing programs. As a result of all these changes, the total number of assessing jurisdictions in New York now stands at effectively 1,029, having been reduced by over 33 percent since 1983 (Table 11). It is also worthy of noting that all this consolidation occurred through State incentives and local initiative, and without State mandates.

Table 11. Change in Number of Assessing Jurisdictions and Number with Multi-Jurisdictional Assessors, 1983-2010			
		Jurisdictions with Multi-Jurisdictional Assessors	
Year	Total Number of Assessing Jurisdictions*	Number of Jurisdictions	Number of Assessors
1983	1,546	N/A	N/A
1987	1,435	144	59
1992	1,294	190	74
1997	1,177	361	133
2004	1,092	449	162
2007	1,057	486	167
2008	1,044	501	173
2009	1,034	506	172
2010	1,029	524	180

* For purposes of this table, coordinating assessing units are counted as a single assessing unit, and village assessing units are included.

Despite these reductions in the number of assessing units, the fact remains that the primary responsibility for assessing remains at the city or town level, with only modest progress toward consolidation. Less than 15 percent of the non-county assessing units in the State have opted to enter Coordinated Assessing Programs. The CAP programs still allow redundant assessment administration (i.e., separate assessment rolls are still prepared for each municipality comprising the CAP). Furthermore, this modest program has seen dissolution of 11 CAPs, and also a few municipalities withdrawing from their respective CAPs. Only 13 cities and towns in the State (excluding New York City) have relinquished assessing altogether, and have allowed this function to be conducted at the county level.[15]

[15] Nassau County, one of two count assessing units, does not assume the assessing function for all governments within its jurisdiction. County assessing is conducted for county, town, and special district purposes only, as well as for the 15 villages that have chosen to relinquish their assessing to the county. However, the other 49 villages still conduct their own assessing. Furthermore, the City of Glen Cove retains the assessing function for city and school purposes, while the City of Long Beach retains its own assessing for city purposes.

However, new impetus for consolidation of assessing has developed in recent years. In April 2007 Governor Spitzer issued an Executive Order that created the Commission on Local Government Efficiency and Competitiveness (LGEC). LGEC issued a report of its findings and recommendations in April 2008.[16] One recommendation urged moving property tax assessing and collection to the county level, with a period for phasing in this change. As mentioned earlier, 51 county governments have been awarded grants through the Centralized Property Tax Administration Program to study such a conversion in their respective jurisdictions. However, counties receiving these grants and completing consolidation studies have often taken relatively little subsequent action that would suggest that countywide assessing will be adopted. Creating countrywide assessing unit requires voter approval under the State Constitution, and without implementation and promotion of proposals contained in the CPTAP studies by county governments, consolidation referenda are unlikely to pass. County-level coordination of assessing need not overcome this hurdle, however, and may thus be more likely to occur in actual practice.

Among a few of the county governments receiving CPTAP grants there is some evidence of concrete steps being taken to centralize both property tax data availability and assessing throughout their respective jurisdictions (see Table 12). Although the information presented therein may not presage the development and promotion of major county-level involvement in assessing, such centralized information can help to inform taxpayers on critical real property tax matters. Furthermore, the availability of centralized on-line information may not only engender greater awareness and concern about redundancies and inefficiencies in assessment administration, but also encourage greater collaboration among assessing units within a county. [17]

[16] 21st Century Government: Report of the New York State Commission on Government Efficiency & Competitiveness., April 2008

[17] For example, the Westchester Collaborative Assessment Commission released a report in February 2011 that recommended steps to implement countywide data collection and also fairness and transparency in assessing, as outlined in Table 12.

Table 12. Reported Action Taken by County Governments Following Submission of Completed CPTAP Study to County Legislature (February 2011)	
County Government	Specific Action Being Taken
Allegany	All towns and villages, plus all but one school district now participate in centralized tax collection database system.
Cayuga	Centralizing tax collection database, and promoting benefits of such effort to public.
Clinton	Providing online property information for all school districts, and municipalities within the county other than four towns and one village.
Essex	Purchasing new server for in-house property tax data system.
Franklin	Treasurer's office proceeding toward centralized tax collection/partial payment system.
Onondaga	Treasurer's office proceeding toward centralized tax collection/partial payment system
Ontario	Planning to assist municipalities with commercial data verification and valuation.
Orange	Vendor has been chosen for operating a countywide tax collection system, including delinquent taxes. County providing appraisal services to one town for two years.
Orleans	Established terminal server environment in which county can support assessment and data files of all ten towns.
Oswego	Treasurer's office proceeding toward centralized tax collection/partial payment system
Sullivan	All towns and school districts are now linked to a common tax collection.
Ulster	Implementing a completed design for its centralized tax collection database.
Westchester	Collaborative Assessment Commission released report on tax fairness in February 2011, recommending: creation of standardized data collection system; potential funding options for countywide data collection; a common countywide assessment calendar; and creation of a four-year reassessment cycle.
Source: ORPTS Regional Managers.	

Meanwhile, as seen in Table 12, many jurisdictions have employed assessors who already work in one or more municipalities. While this is usually not consolidation as such, it bears a certain resemblance to it. The number of assessing units sharing an assessor with at least one other unit now stands at 524, an increase of over 263 percent since 1987. The number of multi-jurisdictional assessors operating in these localities increased by 205 percent, to 180, and the typical multi-jurisdictional assessor now handles three assessing units. As a result, there are now 344 fewer assessors in New York than there would be if no assessing units had engaged in the practice of multi-jurisdictional assessing. These trends are extremely favorable from the standpoint of assessor professionalization, reduction in training costs, and improved service to taxpayers.

As the number of assessing units and assessors has been changing, the mechanism for selecting assessors has also changed. Table 13 shows the relative incidence of elected and appointed assessors between 1983 and 2010. The data indicate that, during this time period, there has been a notable shift toward appointment of assessors (single assessor per assessing unit) rather than electing them (generally, three-assessor board). While

Table 13. The Changing Profile of New York Assessors		
	Percent of Municipalities With	
Year	Appointed Assessors	Elected Assessors
1983	48%	52%
1986	54%	46%
1990	59%	41%
1994	67%	33%
2000	77%	23%
2005	83%	17%
2006	84%	16%
2007	86%	14%
2008	87%	13%
2009	88%	12%
2010	88%	12%

municipalities with elected assessors comprised over half of the total in 1983, their share has fallen steadily, to less than one-eighth by 2010.

With rapid modernization of technology through the RPS system, professionalization of assessors is encouraged, and this in turn favors appointment rather than election. Since increasingly technical skills and knowledge are required to do the job using modern technology, more assessing units are seeking the services of individuals already possessing those skills. For a given municipality, the measures required to ensure availability of qualified staff may involve consolidation, multi-jurisdictional assessing, appointment rather than election of the assessor, greater use of county-level services, and the like.

Clearly, these trends also have ramifications for the State assessment administrator training programs themselves. With fewer assessors, an increasing tendency to appoint them, and higher average skill levels, demands on State training programs are shifting them to a greater emphasis on continuing education and less on basic education. Consolidation and greater professionalization will pay additional dividends in the future, such as a reduction in the level of State support required for reassessment projects and better availability of quality local assessment data at the county and State levels.

Data Updating and Reassessment Activity

Although assessing units are required to assess properties annually at a uniform percentage of value, as of the specified "valuation date," the State has not provided any mechanism to, nor granted any agency the authority to, enforce compliance. Nevertheless, many localities are now reassessing every few years, and many are also beginning to reassess at market value annually in order to take advantage of the financial incentives available under the Annual Reassessment Aid Program and its successor, the Aid for Cyclical Reassessment Program. As previously indicated, such reassessment efforts have traditionally begun with an initial compilation of property inventories as well as reassessment of all parcels, and thereafter consist of subsequent periodic reassessments, which normally do not require a full re-inventory, but ensure equity through the systematic analysis of assessments and local market conditions, with adjustment of assessments where appropriate.

In the early 1980s, more than one-quarter of the reassessment projects in a typical year occurred without State assistance. However, by 2001 such projects were no longer undertaken, as more municipalities were converting their rolls to the RPS system, a program that fosters State assistance. This in turn may be taken as evidence that the State has been increasingly successful in encouraging reassessment activity, since an increasingly large proportion of assessing units are choosing to use its services and the tools it provides. This observation is particularly true of the smaller and medium-sized municipalities which, unlike the state's largest municipalities, cannot create and support their own specialized systems on a cost-effective basis.

Table 14 provides a summary of reassessment activity between 1994 and 2010, including both State assisted projects and those done without State involvement. Although the number of reassessment projects has clearly fluctuated from year to year, over time an increasing commitment to reassess is evident. The number of projects supported in 2010 (379) marks the ninth consecutive year in which over 300 projects have occurred. Included in these reassessment projects were the reassessments conducted by Nassau County in 2003 through 2010, comprising over 400,000 parcels annually.

Of the 1,982 reassessment projects conducted over a 6-year period between 2005 and 2010, nearly 75 percent involved municipalities that reassessed at least twice. An increasing number of municipalities are realizing that reassessment is not a one-time activity, but rather an effort that needs continuing renewal. That is a premise that is clearly

Table 14. Reassessment Project Activity, 1994-2010			
Year	ORPTS-Assisted Reassessments	Non-ORPTS Assisted Reassessments	Total
1994	1 14	14	128
1995	7 4	11	85
1996	1 05	11	116
1997	9 1	11	102
1998	1 40	4	144
1999	96	2	98
2000	184	3	187
2001	246	0	246
2002	308	0	308
2003	322	0	322
2004	360	0	360
2005	317	0	317
2006	326	0	326
2007	313	0	313
2008	321	0	321
2009	326	0	326
2010	379	0	379

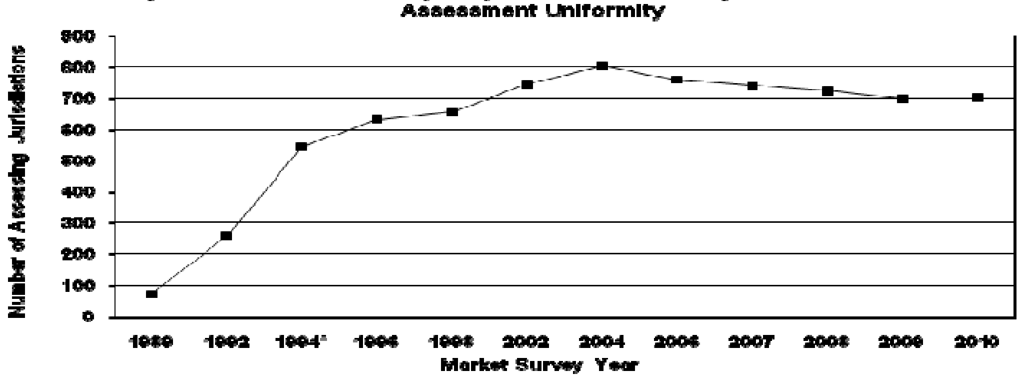
Overall, 238 assessing units (or about one-fourth of the State) have failed to conduct any reassessments during this 16-year period. Only 15 of these places have indicated that they plan to reassess in 2011, reflecting the relatively low level of interest in assessment improvement on the part of assessing units in this group. A variety of factors may explain these municipalities' reluctance to reassess, and there is no conclusive information regarding the extent to which the aid programs might influence the local decision-making process in each case. Perhaps the new Aid for Cyclical Reassessment program will be viewed by some of these municipalities in the near future as providing a more flexible financial incentive than what has previously been offered by the State. In any case, some means of convincing them to attain equity must be found, as the current condition of their rolls is unacceptable.

Assessment Uniformity

The Department, through its ORPTS Division, is required by law to oversee and review assessing practices in New York State (RPTL §202), and to report this information to the Governor and the Legislature (RPTL §1200). ORPTS thus seeks to determine periodically the extent to which localities are equitably assessing the parcels within their jurisdictions to assure a fair distribution of the tax burden based upon accurate property values. Methods used to monitor equity levels include a comparison of the assessed values of parcels sampled from each local assessment roll (in determination of equalization rates) with the market values of the same parcels, and audit of reassessment projects to ensure that they have produced accurate values.

Since all parcels in an assessing unit (or, within a special assessing unit, in a property class) must be assessed at a uniform percentage of market value, there should ideally be little variation among their assessment ratios (assessed value divided by market value). While some variation is inevitable, due to measurement inaccuracy, high levels of variation indicate inequity because the parcels on the roll are assessed at significantly different percentages of market value. The extent of variation is measured by a widely used statistic known as the Coefficient of Dispersion (COD). Low COD values indicate uniform assessments and high COD values indicate the opposite. Figure 1 shows the number of city, town and county assessing units exhibiting acceptable uniformity levels based on either the COD statistic, or a combination of the COD and audit of recent reassessments (1996 through 2010 surveys).

Figure 1. Number of County, City and Town Assessing Jurisdictions with Assessment Uniformity



*In measuring assessment equity for survey years 1994 through 2010, acceptable levels of the coefficient of dispersion (COD) statistic were increased for the more rural assessing units.

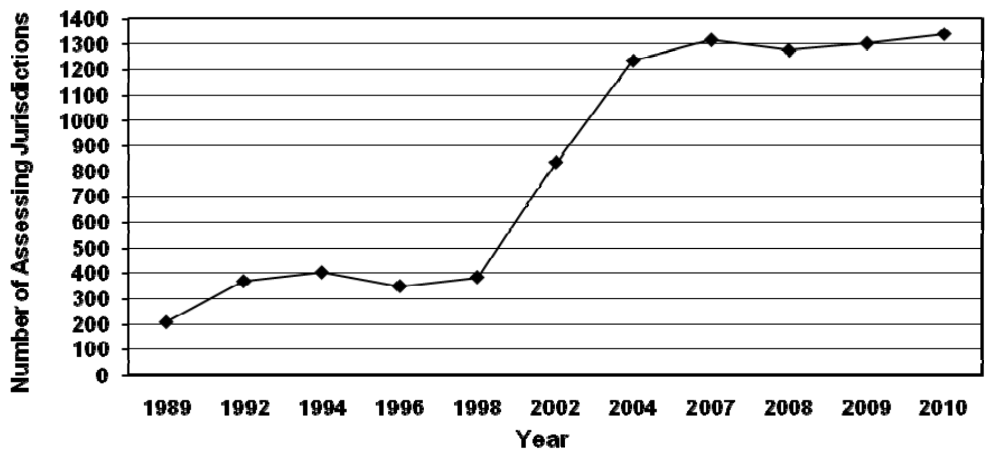
Up to the early 1990s, State rules required that all assessing units be evaluated based on an acceptable COD level of 15 percent. However, beginning with the 1994 market survey, the standard was broadened to recognize more rural assessing units as having uniform rolls if they had CODs of 17 percent (population density on 100-400 per square mile) or 20 percent (population density of less than 100 per square mile). The revised standards recognized the fact that the rural assessing units usually have greater difficulty achieving a low COD due to scarcity of market data and heterogeneity of properties. With the adjustment of COD standards included in the analysis, the number of assessing units recognized as having uniform assessments expanded to more than 500 in the 1994 survey. The number with uniformity further increased to 632 for the 1996 survey, reflecting substantial gains. The 2004 survey data demonstrated continued improvement, with 802 assessing units exhibiting assessment uniformity in that year. Some 285 of these had acceptable CODs and the remaining 517 underwent successful review of their respective recent reassessments. In 2005, the figures were 245 and 538 respectively, a slight drop-off in overall assessment uniformity.

Surveys conducted between 2006 and 2009 indicated further slight decreases in the level of assessment uniformity. In the 2006 survey, 219 municipalities had acceptable CODs, with an additional 540 municipalities undergoing successful review of their respective recent reassessments. In the 2007, survey the figures were 193 and 547 respectively; for 2008 the figures were 177 and 546 respectively; for 2009 the figures were 156 and 543 respectively. In 2010, assessment uniformity remained unchanged, with 136 municipalities exhibiting assessment uniformity and 565 having successful review of their respective reassessments. This leveling off of assessment uniformity suggests continuing volatility and uncertainty in residential real estate markets, as well as difficulties facing non-reassessment municipalities when they attempt to maintain equity amid such unusual market conditions.

Figure 2 shows the amount of reassessment activity in the four most recent years analyzed in each survey, a reasonable measure of the recency of assessments. The data indicate that the number of ORPTS-assisted reassessments implemented within these four years grew markedly after 1998, especially after the Annual Reassessment Program was implemented.

While it would obviously be better to have all assessing units meeting uniformity standards and conducting frequent reassessments, the substantial gains evident in these figures are still quite striking. During the late 1980s and early 1990s, the number of jurisdictions meeting standards in a given year lagged

Figure 2. Number of ORPS-Assisted Reassessment Projects In Latest Four Years



the number having conducted recent reassessments, sometimes substantially. This phenomenon is thought to have been primarily the result of the historically atypical rates of real estate appreciation (in the late 1980s) and depreciation (in the early 1990s) that characterized this era. Rapidly changing values made accurate measurement difficult, and the lag between local assessments and state measurements of market value assumed heightened importance.

The situation eased somewhat in the mid-1990s, when relatively stable market conditions had returned, and it became easier for assessing units to keep abreast of the market conditions (Figure 1). Although market values for property types such as residential have increased significantly in many areas of the state through 2006, the number of places exhibiting uniformity remained relatively high, as more and more assessing units updated their values annually.

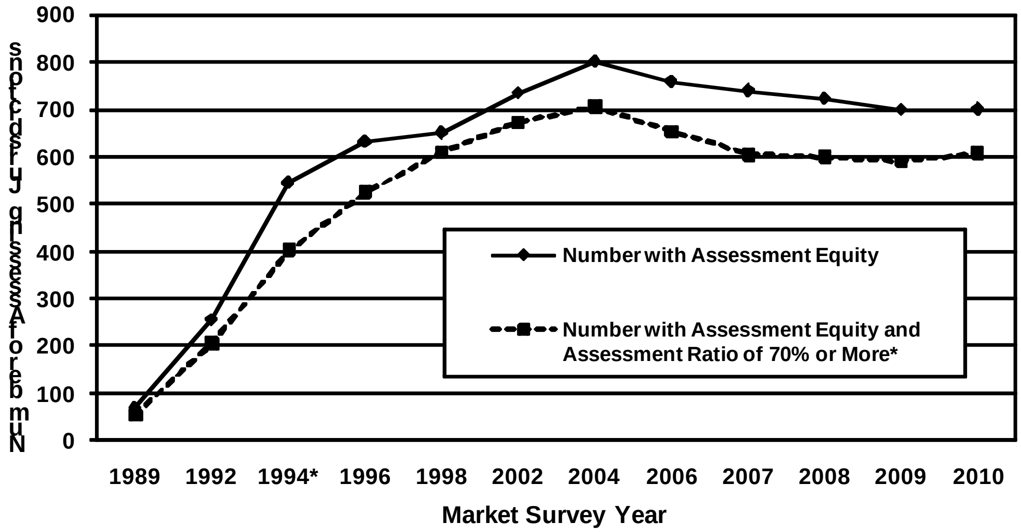
The number of annual reassessments began to level off somewhat after 2004, and a decline in the number of assessing units with equity also became evident. These trends coincided with volatile markets in some areas, where previously rising prices began to fall. However, reassessment activity has picked up in 2010, and there also may be less market uncertainty in the near future.

As previously noted, there remains significant room for improvement throughout the State because the 282 municipalities that failed to meet assessment uniformity standards in 2010, have not indicated any plans to reassess in 2011.

It is also useful to examine the relationship between reassessment activity and equity by looking at the number of municipalities that are assessing at relatively high percentages of market value, since a high percentage of market value is a strong indication of recent reassessment activity. Whereas a few municipalities have chosen to reassess at percentages other than 100 percent of current market levels, this phenomenon is relatively insignificant and has been declining over time. Figure 3 charts the relationship of assessment equity, as measured by the COD (or a satisfactorily completed reassessment used in the 1996 through 2010 surveys), and the overall level of market value reflected in assessments, as measured by the number of municipalities with a ratio of assessed value to market value of at least 70 percent. It was necessary to use a figure such as 70 percent, rather than 100 percent, because market changes in a given community may result in a percentage that is significantly less than 100 percent (or even greater than 100 percent) in just a year or two during certain market periods, even though the assessments are relatively current.

As Figure 3 shows, the number of municipalities with high uniformity levels closely tracks the number with assessment ratios of 70 percent or more in the 1989 through 2010 surveys. This is indeed striking evidence of the effectiveness of frequent reassessment as a means of achieving equitable distribution of local property taxes and it underlines the public benefit of state encouragement of reassessment projects.

Figure 3: Number of County, City and town Assessing Jurisdictions with Assessment Equity and Number of these with Assessment Ratio of 70% of More



* In measuring assessment equity to for survey years 1994 through 2010, acceptable levels of the coefficient of dispersion (COD) statistic were increased for the more rural assessing units (see Figure 1).

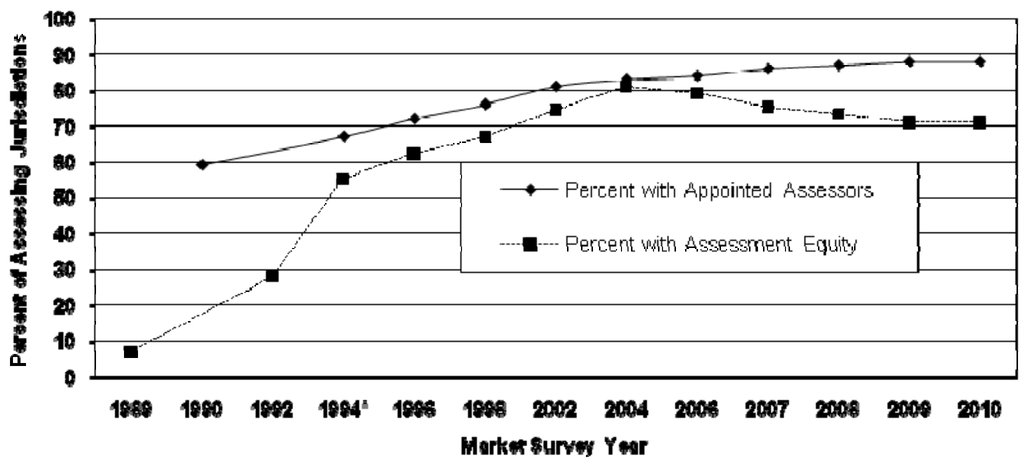
Table 15 further demonstrates this effect. Only 22 percent of assessing units having average assessment ratios of 10 or less had equitable assessments in 2010. As the average ratio increases beyond ratios of 70, the percentage with equity dramatically increases, demonstrating the clear relationship between equity and recent assessment.

Table 15. Equity Attainment and Level of Assessment, 2010

	Average Assessment Ratio			
	< 10	10 to 35	35 to 70	> 70
Percentage with Equity	22%	33%	32%	90%
Percentage without Equity	78%	67%	68%	10%

Yet another view of the factors that underlie assessment equity can be gained from looking at the relationship between uniformity statistics and the methods used to select assessors. Figure 4 shows the uniformity levels found in the 1989 through 2010 surveys in comparison to local use of the appointed assessor option. While the improvement in uniformity is particularly noteworthy in the post-1989 period, the trend toward appointment of assessors is more moderate and relatively consistent over the entire period. These differences in the two trends notwithstanding, it is still evident that there is a positive correlation, with substantial movement toward convergence after the 1990s, notwithstanding some divergence during the volatile real estate markets of recent years. While improvements in uniformity cannot be causally related to appointment of assessors, there can be little doubt that the two trends are mutually reinforcing, and that an underlying trend toward greater professionalism and technical expertise is reflected in both.

Figure 4: Percent of County and town Assessing Jurisdictions with Assessment Uniformity and Percent with Appointed Assessors.



* In measuring assessment equity for survey years 1994 through 2010, acceptable levels of the coefficient of dispersion (COD) statistic were increased for the more rural assessing units.

Table 16 gives the breakdown for each assessor category – elected and appointed. The data indicate that in 2010, nearly three-quarters of appointed assessors had equitable rolls, whereas less than half of elected assessors had equitable rolls.

Table 16. Equity Attainment and Assessor Selection, 2010		
	Appointed	Elected
Percentage with Equity	74%	49%
Percentage without Equity	26%	51%

All the trends discussed thus far -- reduction in the number of assessors, increased reassessment activity, greater assessment uniformity, appointment rather than election of assessors, assessing unit consolidation, and computerization under a common system -- are fostered by the technical and financial aid programs provided by the State government. It is not possible to determine how much each is influenced by other factors such as conditions in real estate markets, litigation, statutory changes, etc., but it is safe to conclude that substantial progress on all counts has occurred during the time period in which state financial and technical assistance were available to localities. This is especially true during the early years of the Annual Reassessment Aid Program, which brought about a dramatic increase in the pace of reassessment projects. Furthermore, given this progress, it is likely that reassessment levels will remain high under the new Aid for Cyclical Reassessment Program.

Effects of Local Aid Programs on State Equalization

Calculating equalization rates based on market values that are as current as possible is important because of the critical role the rates play in local government finance. Among the more important uses of equalization rates are apportioning the school tax burden among two or more municipalities that are in the same school district, apportioning county taxes, and determining the amount of education aid granted to each school district. In these programs, equalization rates determined from local assessment rolls are used to calculate the full market value of taxable property, which is the basis for school and county tax apportionment and is a key component of education aid formulas. If the value basis used in ratemaking is not accurately reflective of local tax bases, taxes and education aid will not be distributed with maximum equity.

In the early 1990s, there was a substantial lag between the year of tax apportionment and the market value year from which the equalization rates used in the process were derived (Table 17). For 1990 assessment rolls, the lag was four years, as equalization rates were based on a January 1, 1986 valuation date. However, by 2000 the lag had been eliminated for 36 percent of the school districts, which were thus able to use current equalization rates for apportionment of levies. For 2003 and thereafter, every school district that levied on the current year's assessment roll was able to apply current equalization rates in apportioning tax levies for the first time.[18]

Table 17. Equalization Rate Lag in School Apportionment

Apportionment Roll Year	Valuation Date	Lag (in years)		Apportionment Roll Year	Valuation Date	Lag (in years)
1993	1/90	3.00		1999	1/97	2.00
1994	1/92	2.00		2000	1/00	0.00*
1995	1/93	2.00		2001	1/01	0.00**
1996	1/94	2.00		2002	1/02	0.00**
1997	1/94	3.00		2003 - 10	1/03 to 7/09	0.00***
1998	1/96	2.00				

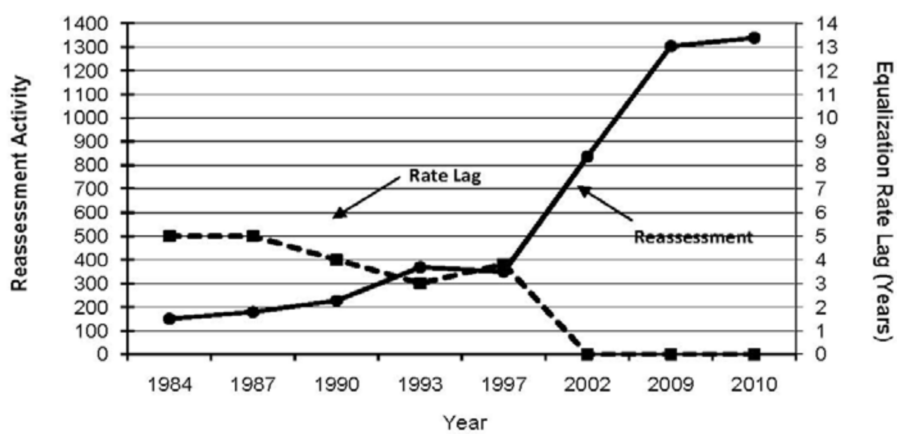
* Current rates used by 36 percent of school districts.
** Current rates used by over 90 percent of school districts.
*** Current rates used by all school districts.

Although a lag may not be as important a concern in times of modest real estate value change, it becomes a major issue when market values are changing significantly, as has been the case for residential property throughout the past decade or more, especially in certain metropolitan and recreational areas of the State. The reduction from a lag of over four years to no lag at all for municipalities and school districts is thus a significant achievement in equitable allocation of property taxes and education aid. With the slowing of some real estate markets in the last few years, and some places experiencing substantial price declines, current equalization rates again assume a key role in apportionment accuracy.

[18] A few school districts use assessment rolls completed in the prior year to apportion and levy taxes.

Elimination of the lag has been made possible largely through improvements in assessment administration, including reassessments, computerization, and better sales reporting and processing. These improvements are, in turn, related to state technical and financial assistance programs, although the precise influence of each aid program on the timeliness and accuracy of rate making cannot be measured. Nevertheless, a comparison of the amount of State-assisted reassessment activity with the lag in equalization rates (Figure 5) indicates that both measures have shown improvement over time, indicating a close inverse correlation.

Figure 5. Equalization Rate Lag and Reassessment Activity, 1984-2010

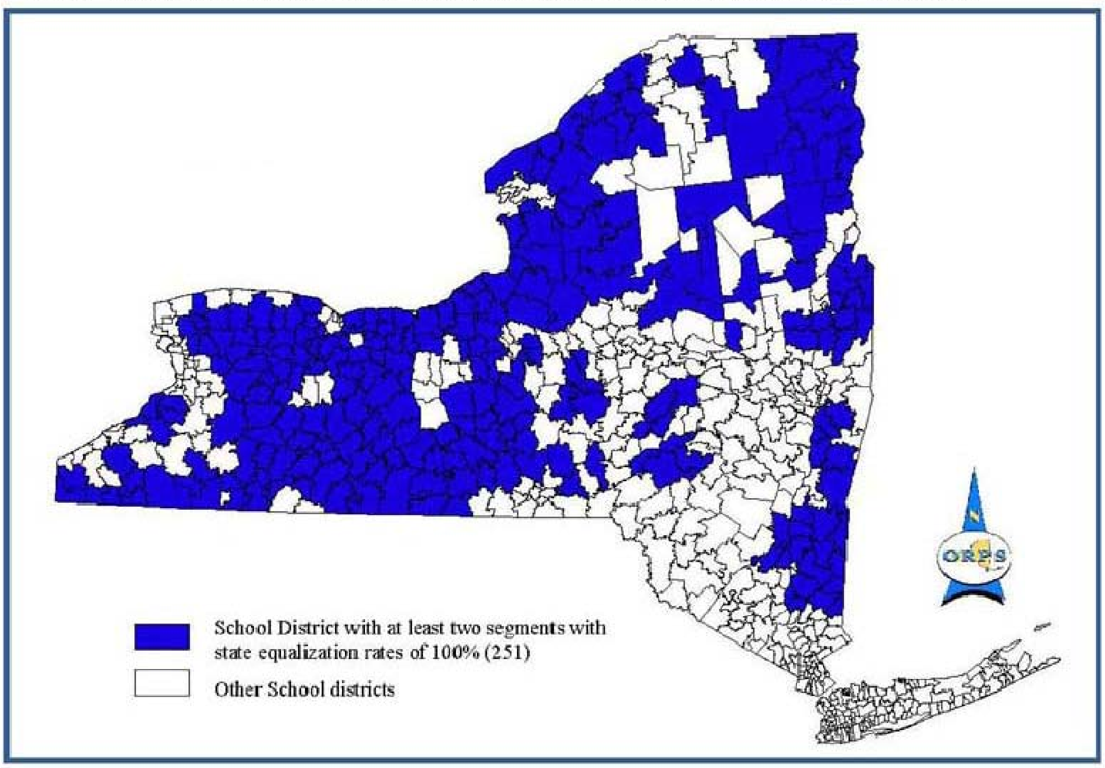


Notes: Equalization Rate Lag is measured as year of roll used to apportion school levies minus valuation year used to determine its full market value. Reassessment Activity is measured as number of ORPTS-assisted projects within the past four years.

As discussed earlier, the sharp rise in reassessment activity during the past decade is most likely attributable to increasing participation in the Annual Reassessment Aid Program, followed in 2010 by strong participation in the Aid for Cyclical Reassessment Program. Increasing numbers of municipalities appear to be realizing the advantages of participating in such programs; in developing and sustaining equity in their respective jurisdictions, they not only obtain financial assistance in the process but also have the results of their efforts, without any lag, fully reflected in the current equalization rate used for apportionment of school and county tax levies.

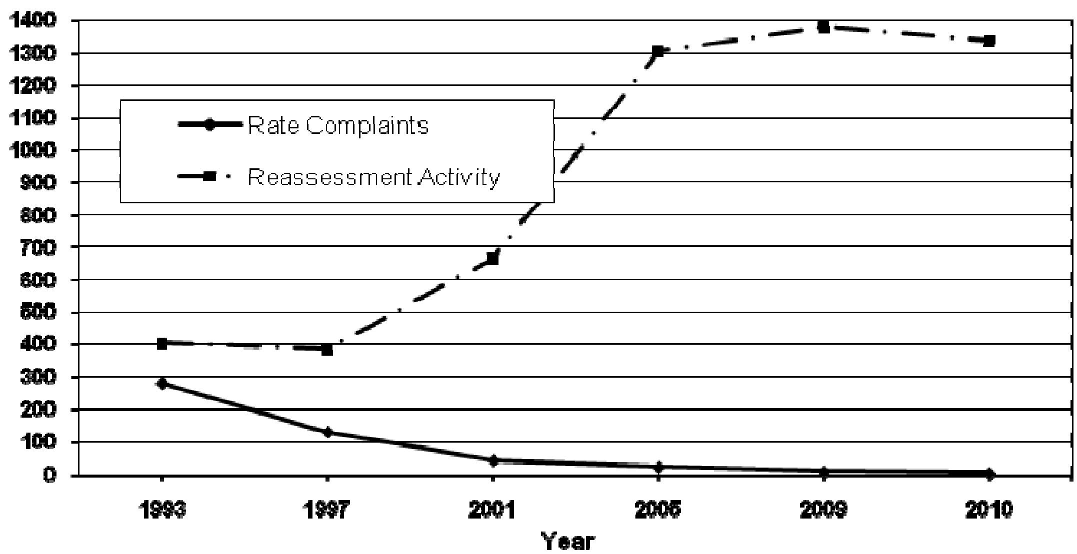
Yet another indication of the major improvement brought about by the Annual Reassessment and Cyclical Reassessment aid programs is the dramatic increase in the number of school districts in which at least two municipalities can apportion school taxes using equalization rates of 100 percent. This allows them to avoid the confusing and sometimes inequitable apportionment results that occur when the rates are at fractional levels and resulting differences in tax rates are very difficult to explain to taxpayers. Only one district could do this type of apportionment in 1997, but approximately 49 percent school districts that apportion taxes could do so in 2010 (Figure 6).

Figure 6: School Districts with at Least Two Segments with State Equalization Rates of 100%, 2010



Another apparent benefit from participating in programs of assessment improvement is the decreasing propensity for municipalities to file complaints on preliminary state equalization rates, as shown in Figure 7. Reassessment projects averaged less than 100 annually during the nineties but rose after 1999; meanwhile, the number of rate complaints continued to fall over this period. In 2010, the locally-declared assessment ratios supplied by 96 percent of assessing units were adopted without change as final equalization rates. The reduction in the number of complaints filed over this period has enabled the Agency to direct its time, resources and personnel away from costly and time-consuming rate complaint hearings, concentrating instead on providing assistance to localities for improved assessing practices.

Figure 7: Equalization Rate Complaints and Reassessment Activity, 1993-2010



Note: Reassessment Activity is measured as the number of ORPTS-assisted projects within the past four years.

As mentioned earlier, where a community has a recent reassessment roll, and the values can be verified as having been calculated based on current market levels, the roll can be used directly to determine market values and equalization rates. This "review" or "procedure audit" eliminates the need to recalculate the total market value of the roll based on sample appraisals and sales. Use of local reassessment rolls directly in establishing market value began with the 1996 survey, and has continued with every survey since then. The total assessed values derived from reassessments of some or all of the four major property classes are separately reviewed and audited. Also reviewed are the procedures used locally in completing the reassessment projects, i.e., inventory compilation, sales screening, computer-assisted valuation, appraisal review, etc.

In 2010, this approach was used to determine the equalization rate in over 57 percent of the assessing units (Table 18). As more communities conduct reassessment projects in future years, the number of equalization rates prepared utilizing a procedure audit will increase proportionately. Thus, the various technical and financial incentives and assistance provided to localities by the state are producing an additional benefit in terms of reduced equalization effort and associated costs.

Table 18. Market Value Survey Approaches (for 2010 Equalization Rates)

Approach	Number of Assessing Units
Review of Local Reassessment	566
Other Independent Ratio Estimation	417

Before 1976, sales at "arm's length" and otherwise valid for analysis had been used directly in rate calculations. However, this practice was discontinued, with sales then used only indirectly -- in applying the comparable sales approach to valuation of individual appraisal parcels. Beginning with the 1996 market value survey, residential sales ratios were once again used directly in the equalization rate calculations. For other property classes, direct use of sales is currently prohibitive due to the cost of extensive data verification, since many non-residential property transfers are complex. The substitution of residential sales for appraisals is made primarily in assessing units which have not conducted recent reassessments. Utilization of sales data (both directly and indirectly) replaced approximately 12,500 appraisals that otherwise would have been required in ratemaking in 2010. All told, the number of appraisals required for the market value survey was reduced to approximately 9,600 in 2010. This compares to the over 70,000 appraisals required in the 1994 survey, over 28,000 appraisals required in the 1996 survey, and over 20,000 appraisals required in the 1998 survey.

One reason that use of sales has been possible is that considerable progress has been made on improving the sales data processing and correction process. Technical advances have resulted in more accurate and complete sales data, fewer appraisal hours, and a reduction in paper-handling and mailing costs at both the State and local levels.

As previously discussed, the advisory appraisal program assists localities in valuing large or complex properties, such as manufacturing facilities and utility installations that are usually beyond the technical expertise of local assessors. The assistance is generally provided in the context of a local reassessment project. However, it must also be recognized that these same appraisals contribute significantly to the equalization program. The properties in question, being large facilities, often comprise a substantial share of the local tax base. As a result, their values contribute significantly to local real property wealth. Because of their disproportionate importance, they must be explicitly incorporated into equalization rates. Advisory valuations of these properties can therefore be said to accomplish two mutually reinforcing objectives: preparation of equitable assessment rolls, and calculation of accurate equalization rates and municipal market values.

The number of advisory appraisals has risen markedly in recent years, especially since the inception of the Annual Reassessment Program. In 2010, municipalities requested 1,993 advisory appraisals, in conjunction with the reassessment projects they undertook in that year (Figure 8). Over 99 percent of these appraisals involved utility class property. Demand for advisory appraisals is now three to four times greater than it was in the 1980s and 1990s, and it is likely to remain strong in the foreseeable future due to the rapid pace of reassessment activity. Utility class property, previously appraised only periodically, is appraised continually and, since it is difficult for many local assessors to appraise such parcels on their own, advisory appraisals will be needed. This is especially true for electricity generating stations.

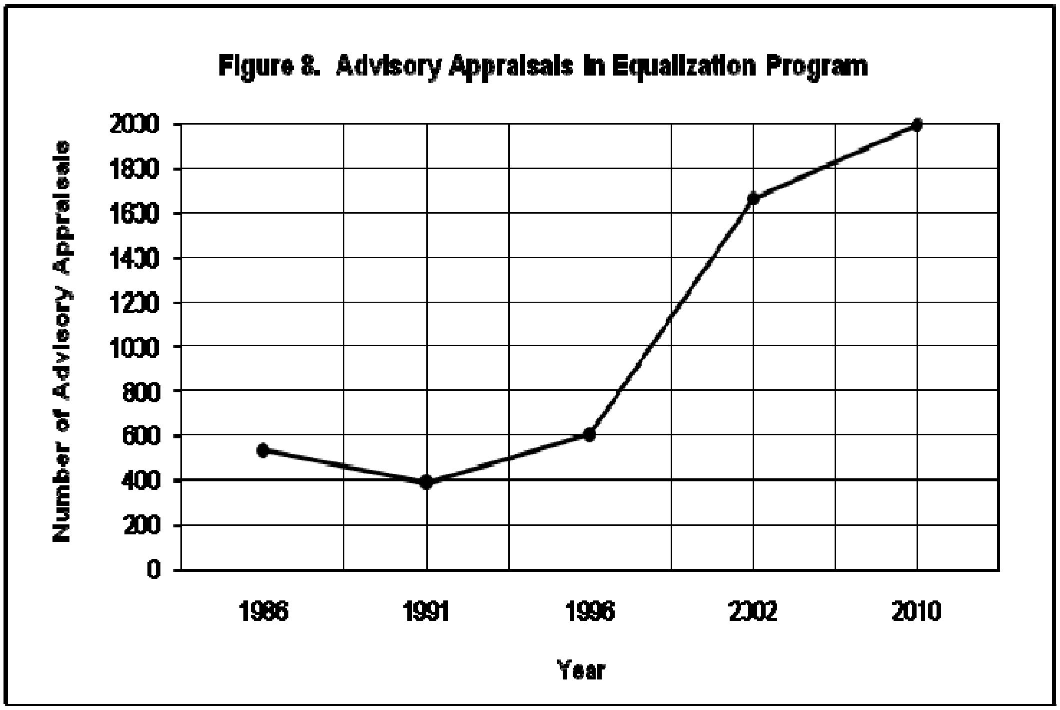


Figure 8. Advisory Appraisals in Equalization Program
Number of Advisory Appraisals
2000
1800
1600
1400
1200
1000
800
600
400
200
0
1986
1991
1996
2002
2010
Year

Conclusions and Recommendations

Based on the data and other information presented earlier in this report, the following summary observations are made regarding program progress as well as changes currently being made to meet Agency goals and future directions.

Achieving Assessment Uniformity

Major improvement in the quality of assessment has occurred, particularly since the middle to late 1980s. Data regarding the number of reassessment projects conducted, and COD statistics, together support the conclusion that assessment rolls have been made dramatically more equitable since that period, and local governments are putting substantially greater effort into the maintenance of equity.

In 2010, ORPTS staff supported over 375 reassessment projects, marking the ninth consecutive year of more than 300 projects, and municipalities have availed themselves of the State's financial incentives to reassess. With more reassessment projects, and better local data, greater efficiency and economy has been achieved, and the assessment ratios declared by 96 percent of the local assessing units were adopted without change as 2010 State equalization rates. Further evidence of the pace of reassessment activity is the fact that ORPTS staff provided 1,993 advisory appraisals in 2010, all associated with reassessment projects.

The nearly universal adoption of the state-provided RPS system for assessment administration is a very encouraging sign that continued progress will be made in attainment of equity/ uniformity. Having the proper tools to keep assessments current is a prerequisite to maintaining an equitable roll, and virtually all communities now have access to such tools.

These developments are noteworthy in that New York assessing units, unlike those of nearly all of the other states, are not required to maintain assessments at a specified statewide percentage of market value. It is significant that the more than 71 percent of localities that had reasonably current, equitable assessments in 2010 achieved their status voluntarily, without the compulsion of mandates or sanctions.

In the absence of mandates for updating assessments, the aid programs assume greater importance, for they are the primary tools employed by the State to influence the quality of assessing. While it is impossible to establish a direct tie between the assessment progress observed and the existence of these programs, it is safe to conclude that the State's objective of encouraging greater assessment equity through aid incentives is being achieved.

Much still remains to be done, however, for many of New York's municipalities have not reassessed in recent history. This situation is especially prevalent in some of the suburban counties in the New York City metropolitan area, although the two largest assessing units in this area, New York City and Nassau County, have kept their assessments up to date in recent years. Thus far, most of the remaining communities in the downstate area have not been induced to reassess by the availability of financial aid incentives, and it is not known if the revised aid program will be a determining factor for them in future years. Since they are generally densely populated communities involving very large numbers of properties, the total potential equity gain from their undertaking reassessments would be great indeed. Every effort should therefore be made to induce these assessing units to develop current, equitable rolls, including consideration of available state sanctions should aid programs not accomplish the goal of equity in these instances.

Efficiency of Assessment Administration

The outcome of the consolidation aid program has been moderately encouraging to date, with 144 non-village assessing units, or nearly 15 percent of the State, now practicing coordinated assessing.

However, no non-village assessing units have yet elected to take more fundamental steps toward consolidation, either through the Consolidated Assessing Unit option or in becoming part of a county assessing unit. This apparent reluctance to cede greater autonomy to supra-municipal organizations reflects a strong tradition of “home rule” in New York, with many officials and citizens alike remaining skeptical about consolidating local governments or even their major functions. Indeed, past attempts in a few counties to convert from sub-county to countywide assessing failed when the issue was submitted to the electorate.

As discussed earlier, implementing countywide assessing, county coordinated assessing and streamlined tax collection have been subjects of special studies by 51 counties, which were awarded grants to prepare consolidation studies through the Centralized Property Tax Administration Program (CPTAP). In addition, 47 counties have to date received grants for submitting their respective studies to ORPTS and to the county legislature or board of supervisors.

While preparing such a study may be a necessary precursor to consolidation, it does not necessarily indicate a firm commitment. As previously discussed, a great majority of the counties that have submitted the completed special studies to their respective legislative bodies have yet to take concrete actions that would suggest imminent county consolidation or coordination measures, a situation that hopefully will change in the next few years. Given the concern about redundancies in services provided by local governments in a time of fiscal austerity, it is likely that property tax administration consolidation will continue to be considered as part of an overall effort to reduce the cost of municipal services. In the Executive Budget for the 2011-12 fiscal year, consolidation and shared service programs would be reoriented toward providing funding to municipalities that actually consolidate or dissolve, i.e., those that have decided to take concrete action as contracted with simply studying the issue. Furthermore, these programs would require that recipients must dedicate a portion of the grants to direct property tax relief.

State Equalization

It is apparent that the aid programs designed to promote local equity also foster more equitable and more cost-effective equalization of tax rolls in counties and school districts. While these indirect effects have been difficult to measure in prior years, several indicators are now clearly demonstrating equalization improvements occurring in the same time frame as local assessment improvements. The existence of these important indirect effects suggests that any future changes in aid programs should continue to give consideration to direct or indirect effects on the equalization program. There is clearly a State interest in availability of quality local data, and this interest should continue to be reflected in appropriate state-local cost sharing to finance assessment administration. In particular, centralization of data among the state's approximately 1,000 non-village assessing units would greatly facilitate equalization and other programs.

Assessor Technical Qualifications

The overall level of assessor qualifications and expertise is related to the success of training programs and to the rate of assessor turnover. With high turnover, as occurs with elected assessors, it is both difficult and costly to achieve and maintain high levels of expertise on a statewide basis. This reality, as well as the relationship found between assessment equity and appointed status, indicate that state efforts should continue to promote the appointed assessor alternative. The trends found in terms of movement toward appointed and multi-jurisdictional assessors should contribute significantly to raising the overall level of expertise and equity in future years. The high pass rates for both classroom-training courses and the newer web-based alternative also suggest a trend toward greater expertise. Communities wishing to take advantage of the Aid for Cyclical Reassessment program will clearly need highly qualified assessors to do so, and future training should include substantial coverage of relevant analytical methods for keeping assessments current on at least a periodic basis. "Raising the bar" through incorporation of high-level analytical procedures into the training program is likely to increase consolidation through multi-jurisdictional assessing, use of county services, coordinated and consolidated assessment programs, and hopefully more instances of county assessing. In addition, current proposals to require appointment of all assessors, and the recently enacted additional aid for county involvement, will likely increase professionalism in assessing.

Limitations of Aid and Relevance of Standards and Sanctions

The existence of more than 200 "hold out" assessing units – that have not reassessed for several decades or more, despite aid incentives – suggests that aid programs alone may be insufficient to achieve the equity objective in all cases. Further evidence on the limitations of the aid approach can be found in the very modest results to date of the CPTAP consolidation incentive program. Many state governments supplement aid programs with standards and sanctions that are intended to ensure quality assessments. The following measures are commonly used throughout the nation.

- Standard of Assessment. All states other than New York, New Jersey, and Pennsylvania require that a common level of assessment (most frequently, 100 percent of current market value) be applied in all assessing jurisdictions).

- Reassessment Cycle. In recognition of the fact that real estate markets are constantly changing, many states require that assessments be updated periodically, usually in cycles of two to six years.
- Ordering a Reassessment. Some states direct a local government with faulty assessments to conduct a reassessment.
- Withholding of State Payments. Rather than attempt to make rough adjustments to assessments in order to bring them to the correct market level, many states instead use monetary sanctions, including the withholding of monies that local governments would ordinarily receive from the state on an annual basis, such as state aid payments.

Influence of Current Economic Conditions

It is readily apparent that the major downturn in the national and State economies is presenting major challenges at both state and local levels as governments struggle to balance their budgets in the face of declining revenues. In comparison to recessions of the past few decades, the current one has negatively affected real estate markets and government budgets with greater severity than prior ones. There may be a time period of a few years or more when real estate markets in some areas of the State are so volatile and uncertain that it is difficult to estimate value, and some reassessments may well be postponed for financial reasons as well. Despite the great uncertainty that now prevails, it is probably wise to look at the current situation as a necessary correction, and to plan for a future in which the correction has passed but the old challenges of improving equity and efficiency in property tax administration still remain.

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