



Reassessment Discussion

2021 – Town of Starkey

Understanding the Property Tax

The Real Property Tax is
an
Ad Valorem tax

Understanding the Property Tax

...the amount of tax paid
depends on the value of
real property owned

Understanding the Property Tax

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

Understanding the Property Tax

Calculation of Property Taxes:

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

Understanding the Property Tax

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

The Job of the Assessor

- Provide fair assessments by determining the **market value** of each property
- Process **exemptions**, such as STAR, Senior Citizens, Veterans and Agricultural.
- Prepare and publish the assessment roll
- Help taxpayers understand assessments
- Defend assessments at administrative and judicial appeals

Duties of the Assessor

- **Process all transfers of property ownership (sales)**
 - Change names, record sales information
- **Collect and record all property information**
 - Review permits and demolition reports
 - Measure and record all information
- **Gather and analyze valuation data**
 - Verify sales and correct as needed
 - Identify areas of similar market influence in town
 - Compile and apply valuation tables

Maintenance of Inventory Data

“Quality of the available data will, more than anything else, determine valuation accuracy.”
- (IAAO)

Quality data equals good values !

Maintenance of Inventory Data

Do **YOU** know
the **QUALITY** of
your **DATA**?

- ☐ What's there?
- ☐ What's missing?
- ☐ Is it consistent?
- ☐ Has it been maintained?



Maintenance of Inventory Data

How to make your data good:

- Physical property inspection
- Data collection
- Photos and sketches
- Parcel notes on card
- Creating database of parcel inventory data

Maintenance of Inventory Data

- ☐ For **new construction**: must review building permits and certificates of occupancy, supplemented by on-site reviews throughout the year, to allow the inventory to be updated on a continual basis.
- ☐ For **demolition/destruction**: in addition to above, fire reports should be reviewed to capture this data.

Maintenance of Inventory Data

- **New parcels (i.e. splits and merges):**
should be physically inspected and the inventory updated as these splits and merges occur.
- In addition, you should, if possible, conduct an **annual review** of the entire municipality.
 - This is meant to help the assessor identify new construction not identified through a building permit. It is NOT a substitute for a physical inspection.

Sales Inventory and Verification

The sales verification process should include, but is not limited to:

- **INSPECT** parcels sold to confirm the inventory as of the date of sale (*highly recommended*)
- **VERIFY** sales, inventory and pertinent information with the buyer, seller or their attorney or broker by a letter, mailer or phone conversation
- **MEET** with the property owner or manager for commercial, industrial, and utility properties

Duties of the Assessor

- **Prepare assessment roll**
 - Enter all value changes
 - Record all exemptions
 - Determine Level of Assessment
 - Publish legal notices
 - Send Change of Assessment notices
 - Sit with assessment roll for 3 days

- **Defend assessments**
 - Grievance Day
 - Small Claims Assessment Review

- **Manage office**
 - Establish office hours
 - Attain certification and obtain mandatory training
 - Public relations

Additional Duties during Update

- **Develop valuation tables and schedules**
- **Generate computer-assisted value for each property**
- **Field review each value**
- **Notify taxpayers of new assessments**
- **Hold informal hearings**
- **Inform taxpayers of hearing results**

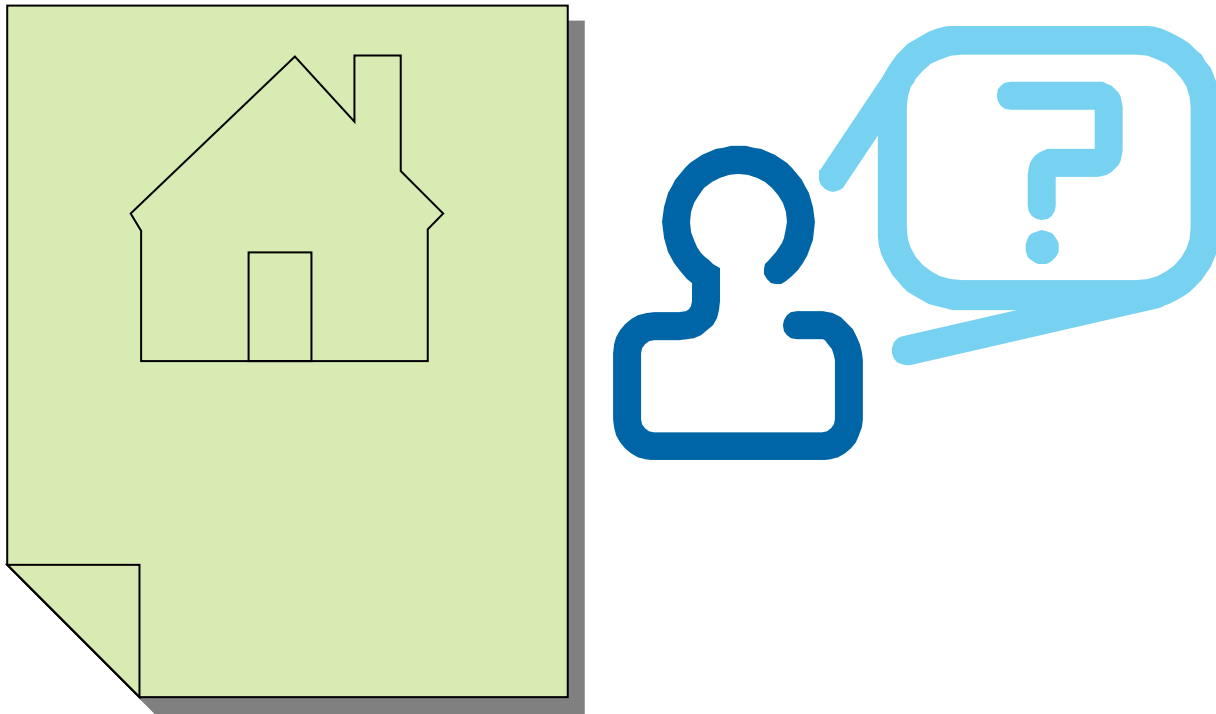
REAL PROPERTY TAX LAW

New York State Assessment Standard

- The "Assessment Standard" (RPTL 305): "all real property in each assessing unit shall be assessed at a uniform percentage of value"
 - "value" is defined as "market value" - the most probable sale price, in a competitive and open market, between a willing and knowledgeable buyer and seller, made without duress to either party
 - tax bills must display the municipality's uniform percentage and the parcel's market value

EQUITY is the GOAL

Why Does Equity & Uniform Assessing Matter?



EQUITY is the GOAL

- **Equity with respect to assessments and real property taxes means:**
 - **Properties are assessed at a uniform percentage of value**
 - **Properties with similar values pay similar taxes**
 - **Taxpayers pay their fair share**

EQUITY is the GOAL

NON-UNIFORM ASSESSING

Property A

Present Market Value

\$100,000



Assessed Value

\$80,000

Property B

Present Market Value

\$100,000



Assessed Value

\$120,000

If Tax rate = \$20/1000

Estimated Taxes = \$1,600

Estimated Taxes = \$2,400

EQUITY is the GOAL

UNIFORM ASSESSING

Property A
Market Value
\$100,000



Assessed Value
\$100,000

Property B
Market Value
\$100,000



Assessed Value
\$100,000

If Tax rate = \$20/1000

Estimated Taxes = \$2,000

Estimated Taxes = \$2,000

Things to keep in mind regarding property values & equity. . .

- First, the real estate market is constantly changing
- Second, not all properties will change in value at the same rate.

How Is Market Value Determined?

- **The Assessor does NOT set market value**
- **Market Value is determined by analyzing valid real estate sales**
- **Trends and values observed from the sales are applied to unsold properties**

What Drives Market Value?

- Location, Location, Location
- Some locations are more desirable than others. Some people may desire lakefront or lake view property.
- Some people may prefer to be near a city
- Others may want to get back to nature
- As communities age, Ranch Style homes may become more popular

What Drives Market Value?

- Economic Influences
- Interest Rates
- Availability of amenities and jobs
- Commuting Distance to industry
- Consumer needs and the condition and amenities of a property

These among other factors may influence property values.

What Drives Market Value?

- The real estate market has seen some dramatic activity, not only in the number of sales, but the price of real estate.
- One thing is certain, different types of properties in different locations will increase in value at a different pace!
- After a period of time without systematic analysis of property values and **reassessment**, equity is no longer there.

Reassessment

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

Reassessment

When assessment equity exists, it ensures that the tax burden is distributed equally and fairly among ALL taxpayers.

Reassessment – What It Does

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

Reassessment –What It Does Not Do

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

Steps in a Reassessment

- Assessment Equity Analysis
- Reassessment Decision
- Analysis of Sales
- Edit Data
- Production and Review of Values
- Notification of Preliminary Values
- Informal Hearings
- File Tentative Assessment Roll
- Grievance Day

Want More Information?

Visit the New York State
Office of Real Property Tax
Services Web-Site at

www.tax.ny.gov