

# Local Government Snapshot



NEW YORK STATE OFFICE OF THE STATE COMPTROLLER

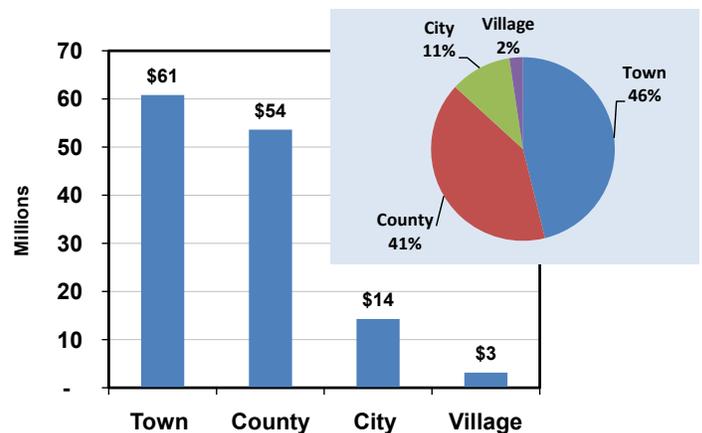
Thomas P. DiNapoli • State Comptroller

May 2011

## Reducing the Cost of Tax Assessment Through Shared Services

- Real property tax assessment is an important function of local governments. In 2009, New York's city, county, town and village assessing units spent nearly \$132 million and employed roughly 1,350 certified assessors, tax directors and assessment appraisers.<sup>1</sup>
- According to the Office of Real Property Tax Services (ORPTS), New York arguably has the most complex property tax system in the nation.<sup>2</sup> Most states have fewer than 100 assessing units; only seven have over 500. New York has approximately 1,110. Local governments should explore sharing this function to achieve cost-savings and improve the quality of assessments.
- In a recent survey of elected municipal officials in Dutchess County, undertaken by Hudson Valley Pattern for Progress, there appeared to be a strong willingness to consider sharing of the assessment function. The majority of municipalities surveyed (18 of 30) were either already engaged in a shared assessing arrangement or were planning to do so.<sup>3</sup>
- Of the 1,110 assessing units, 981 are towns and cities, and 2 are counties. There are 127 villages that also assess property within their borders for village tax purposes— creating a second assessment on each property within the village, because each property in the village is also assessed by the town (or towns) or county in which the village lies for county, town and school tax purposes.

Assessment Costs by Class of Government (2009)



Note: Excludes New York City

### Estimated Savings from Shared Assessing (Statewide Estimates, excluding New York City and Villages)

More Conservative Estimate			Less Conservative Estimate		
	Savings	Cost <sup>a</sup>		Savings	Cost
Share Assessors	\$2.7 Million		Share Assessors	\$6.1 Million	
Reduce Certiorari	\$5.1 Million		Reduce Certiorari	\$7.6 Million	
Update Assessments		\$4.3 Million	Update Assessments		\$4.3 Million
Eliminate Duplication	\$3.1 Million		Eliminate Duplication	\$3.1 Million	
<b>Total</b>	<b>\$10.9 Million</b>	<b>\$4.3 Million</b>	<b>Total</b>	<b>\$16.8 Million</b>	<b>\$4.3 Million</b>
<b>Net Savings</b>	<b>\$6.6 Million</b>		<b>Net Savings</b>	<b>\$12.5 Million</b>	

<sup>a</sup> The cost figure shown represents the statistical difference in costs for municipalities that have reassessed since 2005 as applied to those who have not. It does not represent the cost of reassessing property.

<sup>1</sup> Includes assessing positions for which certification is required. Does not include village assessors, New York City, or support staff. ORPTS, March 2010.

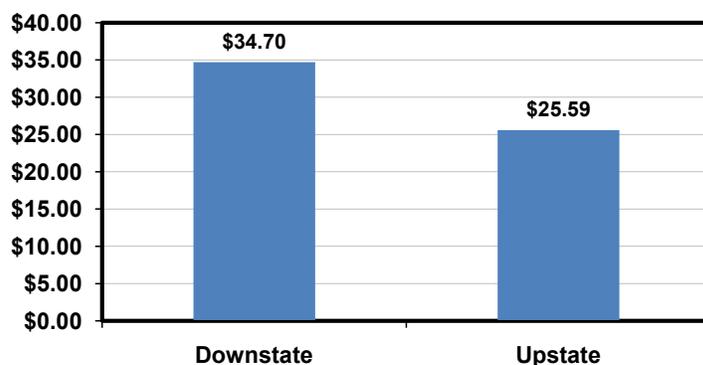
<sup>2</sup> New York State Office of Real Property Tax Services, "Reforming New York's Property Tax System", [www.orps.state.ny.us/reform/](http://www.orps.state.ny.us/reform/).

<sup>3</sup> Examining Shared Services Potential in Dutchess County: A Discussion Brief on Municipal Efficiency. Hudson Valley Pattern for Progress. April 2011.

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- Local governments could save as much as \$12.5 million by improving assessment practices and sharing this function, (total savings of \$16.8 million, offset by initial estimated costs of \$4.3 million).
- Municipalities on Long Island and in the Mid-Hudson Region had the greatest overall assessment costs, spending more than \$65.4 million (nearly 50 percent of the statewide total) on the assessing function.
- In 2009, New York's cities, towns, villages and counties spent nearly \$132 million assessing over 4.6 million parcels. On average, this translates into \$28.53 per parcel, ranging from \$11.73 per parcel in Oneida County to as much as \$64.49 per parcel in Nassau County. The variability among counties in the cost of assessment per parcel of property is the result of many factors, including the number of assessing units and the quality of assessments (see Appendix 1 for assessment costs by county).
- In general, assessment costs are higher downstate (\$34.70/parcel) than upstate (\$25.59/parcel). Among upstate regions, costs were highest in the North Country (\$30.76/parcel) and lowest, on average, in the Western New York Region (\$22.49/parcel).

## Overlapping Assessment Costs per Parcel for Upstate and Downstate Counties (2009)

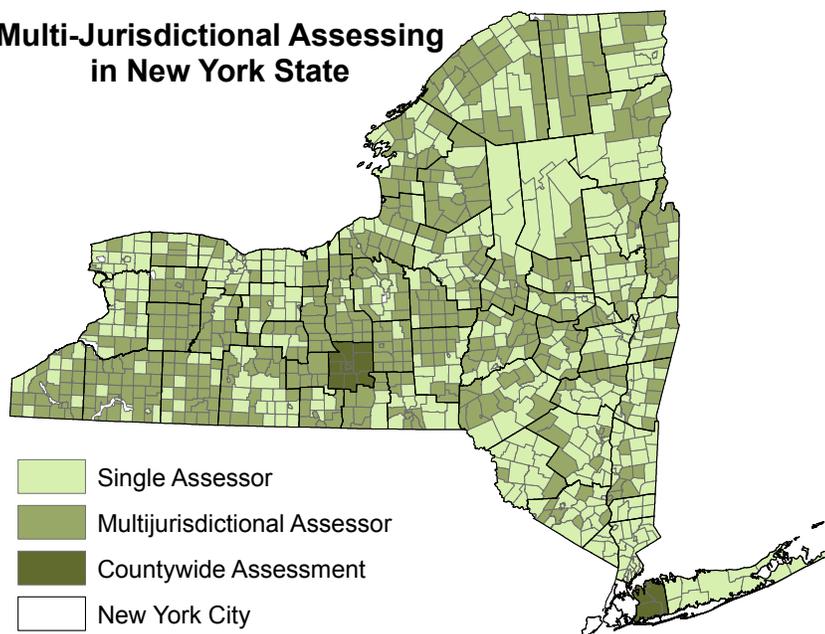


Note: Average of counties. County figures are based on total assessment expenditures for the county plus that of the towns, cities, and villages located in the county.

## Factors that Can Lower the Cost and Improve the Quality of Assessments

It is difficult to compare assessment costs across municipalities because local conditions and the quality of local assessments differ. For example, a town with above average assessment costs may have just conducted a reassessment or may be paying for more highly skilled assessment staff. To determine the net costs/savings associated with various assessment practices, we used a set of statistical models to examine factors that affect assessment costs, while holding constant other quality factors that also affect costs. This methodology seeks to determine the net effects of different assessment practices on assessment costs.

### Multi-Jurisdictional Assessing in New York State

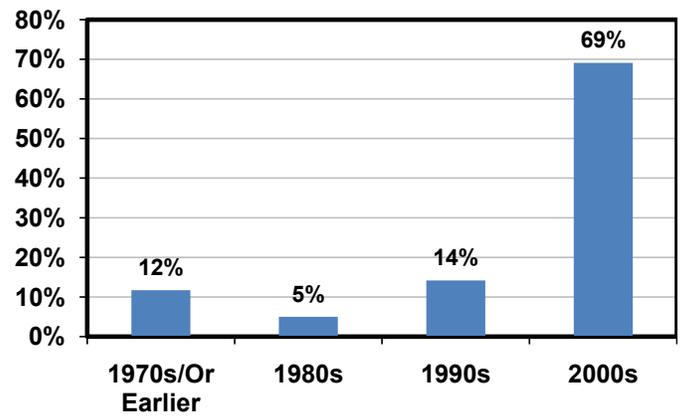


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## Shared Assessing

- Based on data from ORPTS, roughly half of the State's assessing units share an assessor with at least one other assessing unit. Our analysis indicates that municipalities that share assessors saved on average 7.2 percent (\$2.05 per parcel) in assessment costs. **Thus, if municipalities were to move to a shared assessor model, savings could range from \$2.7 to \$6.1 million statewide.**
- Greater efficiency in operations is not the only benefit to be realized by utilizing a shared services model. By combining resources, smaller towns and villages may have the means to utilize a more professionalized pool of assessors, resulting in improved quality assessing.

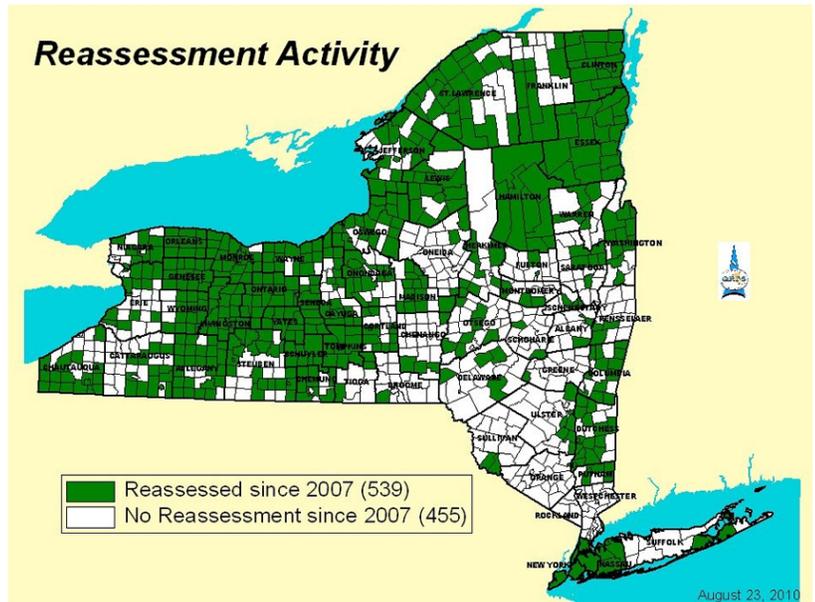
## Cities and Towns by Last Reassessment



## Reassess Regularly

- Many local governments do not reassess properties regularly. Local governments with outdated assessments are more susceptible to lawsuits brought by property owners challenging their assessments (known as tax certiorari proceedings). If a taxpayer is successful in a tax certiorari proceeding, the taxing jurisdiction will usually be required to issue refunds of excess taxes collected due to the erroneous assessment. In most cases, court-ordered assessment reductions and settlements of tax certioraris result in a shift of the property tax burden onto the remaining tax base, leading to higher tax bills for all other taxpayers.
- Nearly 70 percent of cities and towns have reassessed since 2000. However, 12 percent have not reassessed since the 1970s or earlier. While reassessment increases costs in the short-term, these costs can be offset by reductions in the number of assessment challenges. Based on a county-level analysis, counties where 90 percent or more of the cities and towns had reassessed since 2005 had roughly 4 tax certiorari proceedings per 10,000 parcels. However, in counties where only 50 percent or fewer of the cities and towns had reassessed since 2005, the number of proceedings increased to 18 per 10,000 parcels—a four-fold increase.<sup>4</sup>

## Reassessment Activity



<sup>4</sup> The map above was obtained from the ORPTS website: [www.orps.state.ny.us/assessor/resources/reassessmentActivity.cfm](http://www.orps.state.ny.us/assessor/resources/reassessmentActivity.cfm)

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## Number of Tax Certiorari Cases by Region (2008 and 2009)

	Tax Certiorari Cases		Certiorari Measures			
	2008	2009	Percentage Change in Cases 2008-09	Percentage of Cases in 2009	Percent of Parcels in 2009	Cases Per 10,000 Parcels
Capital Region	486	650	33.7%	4.3%	10.5%	13.4
Central NY	230	265	15.2%	1.7%	7.4%	7.8
Finger Lakes	268	275	2.6%	1.8%	10.6%	5.6
Mohawk Valley	114	131	14.9%	0.9%	5.3%	5.4
North Country	150	146	-2.7%	1.0%	5.5%	5.7
Southern Tier	205	258	25.9%	1.7%	8.0%	7.0
Western NY	340	534	57.1%	3.5%	13.9%	8.3
Long Island	8,304	8,790	5.9%	57.7%	21.8%	87.3
Mid-Hudson	3,562	4,178	17.3%	27.4%	17.1%	52.9
<b>Total</b>	<b>13,659</b>	<b>15,227</b>	<b>11.5%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>33.0</b>

Source: Office of Real Property Tax Services

- Statewide, there were over 15,000 tax certiorari proceedings in 2009—an increase of 12 percent from 2008. Over 85 percent of the 2009 total are in the downstate area. The Long Island region has a disproportionately high percentage of cases—with 58 percent of the State’s certiorari proceedings and only 22 percent of the parcels. With more than 87 cases per 10,000 parcels, assessment challenges in the Long Island region occur more than twice as frequently as the statewide average.
- Based on our analysis, every ten certiorari cases per 10,000 parcels add an additional 4.1 percent to the cost of assessment. **If the counties with above average rates of certiorari cases could reduce their number of cases by a half or even a third, substantial savings could result—estimates range from \$5.1 million to \$7.6 million statewide.** This is a conservative figure since it may not include all of the additional costs such as litigation fees, appraisal costs and other fees associated with defending tax certiorari cases.

### Reduce the Number of Assessing Units

Over the past 17 years, many villages have terminated their status as assessing units, opting instead to use town and county assessment rolls. Only 127 of the 555 villages in New York State retained the assessing function. If these villages were to use the town assessments, rather than conduct a second assessment, villages could save \$3 million. Long Island villages account for nearly \$1.76 million (56 percent) of the statewide village total.

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## Appendix 1: Overlapping Assessment Costs Per Parcel by Cost Category

Cost Range	County	Total Assessment		
		Costs	Parcels	Cost Per Parcel
Over \$30/Parcel	Nassau	\$27,264,619	422,748	\$64.49
	Orange	\$5,296,657	138,177	\$38.33
	Westchester	\$9,392,167	257,429	\$36.48
	Schuyler	\$458,605	12,839	\$35.72
	Ontario	\$1,727,142	48,830	\$35.37
	Putnam	\$1,518,037	43,283	\$35.07
	Seneca	\$623,983	17,887	\$34.88
	Essex	\$1,371,773	39,442	\$34.78
	Wayne	\$1,488,520	43,389	\$34.31
	Clinton	\$1,279,234	38,249	\$33.44
	Saratoga	\$3,179,843	95,271	\$33.38
	Rockland	\$2,923,819	88,315	\$33.11
	Hamilton	\$425,349	13,339	\$31.89
	Cayuga	\$1,249,559	39,482	\$31.65
	Jefferson	\$1,789,914	57,248	\$31.27
	Schoharie	\$704,554	22,744	\$30.98
	Cortland	\$684,545	22,376	\$30.59
	Over \$20/Parcel	Columbia	\$1,071,183	35,944
Ulster		\$2,578,546	87,069	\$29.61
Yates		\$466,428	15,812	\$29.50
Cattaraugus		\$1,497,944	50,974	\$29.39
St. Lawrence		\$1,929,175	66,012	\$29.22
Steuben		\$1,617,874	55,624	\$29.09
Dutchess		\$3,146,623	109,740	\$28.67
Franklin		\$894,103	31,213	\$28.65
Genesee		\$804,967	28,521	\$28.22
Herkimer		\$1,154,667	41,531	\$27.80
Lewis		\$649,729	23,886	\$27.20
Sullivan		\$1,758,776	65,891	\$26.69
Livingston		\$763,949	28,860	\$26.47
Rensselaer		\$1,591,951	64,880	\$24.54
Tompkins		\$845,975	34,513	\$24.51
Warren		\$1,086,528	45,729	\$23.76
Delaware		\$1,021,841	43,373	\$23.56
Wyoming		\$555,984	23,764	\$23.40
Greene		\$888,454	38,218	\$23.25
Monroe		\$6,025,473	262,890	\$22.92
Allegany		\$770,556	33,808	\$22.79
Niagara		\$2,134,567	93,897	\$22.73
Washington		\$790,896	34,792	\$22.73
Albany		\$2,511,463	110,984	\$22.63
Schenectady		\$1,300,765	58,281	\$22.32
Broome		\$1,861,136	86,156	\$21.60
Chautauqua		\$2,003,088	93,665	\$21.39
Onondaga		\$3,792,556	180,732	\$20.98
Oswego		\$1,247,423	59,717	\$20.89
Chemung		\$822,322	39,521	\$20.81
Orleans	\$413,040	20,466	\$20.18	
Madison	\$752,993	37,451	\$20.11	
Over \$10/Parcel	Suffolk	\$11,563,944	583,685	\$19.81
	Fulton	\$667,967	33,914	\$19.70
	Chenango	\$623,465	31,909	\$19.54
	Otsego	\$735,664	39,467	\$18.64
	Montgomery	\$463,072	25,626	\$18.07
	Erie	\$5,949,289	368,215	\$16.16
	Tioga	\$401,775	25,698	\$15.63
Oneida	\$1,243,474	105,965	\$11.73	
<b>Total</b>		<b>\$131,777,945</b>	<b>4,619,441</b>	<b>\$28.53</b>

Note: Overlapping assessment costs were calculated by summing together the assessment costs reported by the county, and the assessment costs reported by towns, cities and villages within each county. The number of parcels is a countywide parcel count. Three counties (Oneida, Erie and Rockland) did not report assessment costs.

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