Will my school district receive less State Aid after the reassessment?

No. The State Aid to Public Education formula developed by the Legislature uses a variety of factors to determine the amount of State Aid a school district will receive each year. One of those factors is real property wealth, or the total market value of real property in the school district. The measure of real property wealth is not based on local assessments, but rather is determined by the state for each school district.

In fact, in order to ensure that the State Aid formula is equitable for all school districts, it can not be based on assessments. Since some municipalities have assessments that are up-to-date, while others may be as much as 100 years old, State Aid based on those assessments would not be equitable. Instead, the state's measure of real property wealth is used in the formula to calculate the State Aid for each school district.

A similar myth exists around the misconception that the higher an equalization rate, the lower will be a school district's State Aid. This is also incorrect, and no such correlation exists. Again, it is the State's estimate of a district's property wealth that is used in the State Aid formula.

Does New York State require reassessments?

New York State's Real Property Tax Law addresses the issue of assessment equity. While it doesn't require assessments to be at 100 percent of market value, it does establish a standard that assessments be fair at a uniform percentage of market value.

However, there is no statutory mechanism for enforcement of adherence to that standard. Employees of the State Office of Real Property Services do consult with municipal officials and recommend steps to provide fair assessments, and the agency does administer State Aid programs to provide incentives for reassessments. Beyond those steps, the role of ORPS is largely an advisory one.

For More Information

The ORPS website (www.orps.state.ny.us) has links to various publications and information:

- **The Real Property Tax Primer**
- **How the Property Tax Works**
- **Fair Assessments**
- **Understanding the Equalization Rate**
- **Information on STAR and other exemptions**
- **Municipal Profiles, including local government information and statistics**
- **How to File for a Review of Your Assessment**
- **How Estimates of Market Value are Determined for Residential Properties**
- **Real Property Tax in New York State: Common Myths and Misunderstandings**
- **A Closer Look at the Tentative Assessment Roll**

Also, don't hesitate to contact local assessors and/or county directors of real property tax services (contact information is available from the Municipal Profiles section of the ORPS website).

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Reassessment
Frequently Asked Questions

EQUALIZATION
EQUITY
ASSESSMENT

NYS OFFICE OF REAL PROPERTY SERVICES

www.orps.state.ny.us November 2006

Why is my municipality doing a reassessment?

Taxes are a zero sum game – what one property owner doesn't pay will be picked up by someone else. So, if one property or one neighborhood is significantly underassessed, not only are they paying too little in taxes, but other property owners are subsidizing that taxpayer's or neighborhood's share of the bill.

Typically, properties become underassessed over time when assessments aren't being updated. The more a property increases in value in contrast to that of its neighbors without its assessment being adjusted, the more it will be underassessed.

Let's take, for example, a town that hasn't updated assessments in 20 years. In the 1980's Mrs. Smith and Mrs. Jones each owned a home worth $100,000. Over 20 years, the value of real estate has changed dramatically. Today, as a result of being in a more affluent neighborhood, Mrs. Smith could sell her home for $300,000. Mrs. Jones, on the other hand, could sell her home for $150,000. However, since the town hasn't conducted a reassessment, both properties are still assessed at $100,000 and both are still paying the same amount of taxes.

Increasing both Mrs. Smith's and Mrs. Jones's assessments to accurately reflect their new market values will not produce more taxes for the town. Rather, it simply redistributes the burden based on the current value of each property owner's home. (See table below.)

	Mrs. Smith	Mrs. Jones	Total Taxes Collected by Town
Assessment Prior to Reassessment	100,000	100,000	
Taxes Prior to Reassessment	$2,000	$2,000	$4,000
Assessment Following Reassessment	300,000	150,000	
Taxes Following Reassessment	$2,667	$1,333	$4,000

If the properties weren't reassessed, Mrs. Smith would have been paying $667 too little in taxes, while Mrs. Jones would have been paying $667 too much. Mrs. Jones would have been subsidizing Mrs. Smith's tax bills.

Does my town collect more taxes if it does a reassessment?

It is not uncommon to hear property owners complain that their city or town is updating their assessments just so it can collect more taxes. Actually, a cursory understanding of the municipal budget process would dispel this misconception.

Assessments are determined by the assessor. The assessor's job is to make sure that all property owners are assessed fairly based on the market values (or a uniform percentage of the market values) of their properties.

Months after assessments are finalized, school districts, cities, towns and counties determine how much they need to collect in taxes.

You can think of the total amount of taxes collected by the city, school district or county as a pie. The assessor does not determine the size of the pie – that is the job of city councils, town boards, school boards and county legislatures. The assessor's job is to ensure that the pie is cut up fairly – that taxes are fairly distributed based on current market values.

When a reassessment results in increased assessments due to rising property values, tax rates should go down proportionally. This is because the tax levy is now being distributed over a broader tax base. If tax rates go up or stay the same, it simply means that municipal and/or school budgets are going up.

If my town does a reassessment, will my taxes increase?

First, a reassessment does not necessarily mean that your assessment or your taxes will increase. Furthermore if your assessment does increase, it *does not* necessarily mean your taxes will increase.

A property's assessment is supposed to reflect its market value. As market values increase or decrease and the assessments do not keep pace and reflect these changes, some property taxpayers could pay more than their fair share of taxes, while others may pay less than their fair share. Reassessments are intended to restore fairness within the community.

Sometimes the taxes will be shifted among types of property. What if all of the market values in a community increased since the last reassessment, but the value of brick houses had increased much faster than wooden houses? Then the owners of brick houses should pay a greater portion of taxes, while the owners of wooden houses should pay a smaller portion. This is one of the reasons that it is important for municipalities to conduct reassessments on a frequent basis, preferably annually. The longer between reassessments, the more likely taxpayers will experience dramatic tax shifts.

In some cases during a reassessment, a municipality will go from a fractional level of assessment to 100%. If the original level of assessment was 10 percent, your assessed value could go from $9,000 to $90,000, and you might not see any increase in taxes.

Of course, market values of properties also go down, which means that such properties should see a decrease in assessed values.