

Working with the Board of Assessment Review

Fundamentals of Assessment Administration
Course Pre-work Assignment

Introduction

Working with the Board of Assessment Review

Background on the BAR Amendments to the Real Property Tax Law in 1970 separated for the first time the function assessing from that of reviewing assessments.

The separate Board of Assessment Review is an important advance in legal protection for the taxpayer. It is the first level of review. The taxpayer can have access to it without incurring legal fees, going to court, or waiting for the case to be tried.

The Board will hear and examine the taxpayer's complaint and reach a decision. If not satisfied by the decision, the taxpayer has access to the courts (Small Claims Assessment Review or Certiorari Proceedings) to try to obtain the tax relief they believe is deserved.

Nowhere in the process is there any suggestion that the assessor is not doing the assessing job properly. Indeed, the law tends to accept the determinations of the assessor unless the taxpayer can offer proof that they are wrong. Thus, it would be unfortunate for an assessor to see the Board as a threat to security or a challenge to their authority. It is neither. It provides the aggrieved taxpayer with a proper hearing. It provides the assessor an opportunity to be heard as to the reasons for assessment determinations. The process protects both the taxpayer and the assessor.

Key Questions In this course, we are going to deal with these questions, and the answers to them:

1. On what grounds can a taxpayer enter a complaint about an assessment?
2. If a taxpayer believes they have grounds for a complaint, how can they be heard by the Board of Assessment Review?
3. What are the duties of the Board, and what are the assessor's duties in connection with the Board?
4. What rights does the assessor have during a hearing?

Section A: Grounds for Complaint



It is safe to assume that any normal, healthy taxpayer would like to pay less tax. Given the same tax rate, almost any taxpayer would prefer a lower assessment. However, this normal desire to pay less tax, or at least to avoid paying more tax, is not grounds for complaint. The law is very specific about such grounds, and we will take up these provisions here.

There are just four proper grounds for complaint. They are that the assessment is unequal, excessive, unlawful, or misclassified, or some combination of these. We'll take up each of these in turn.

Any complaint entered by a taxpayer must fall into at least one of these four categories.

Section A: Unlawful

Unlawful



No taxable assessment should be made if the property is wholly exempt, not in the jurisdiction or not identifiable from the roll.

If an assessment has been made unlawfully, this is legitimate grounds for complaint. An example would be an assessment on property that should be exempt.

An assessment may also be unlawful if the parcel is not within the assessor's jurisdiction.

An assessment may be declared unlawful if it cannot be identified from the description on the assessment roll.

An assessment may be considered unlawful if the property was assessed by a person or body without the authority to make the assessment.

An assessment may be considered unlawful if the special franchise assessment exceeds the final assessment as determined by the State Board of Real Property Services.

Section A: Excessive

Excessive



Assessment exceeds market value, the partial exemption claimed is incorrect or was not allowed, or the transition assessment is calculated improperly.

An assessment is excessive if the assessed value exceeds the market value.

Another form of excessive assessment is that caused by a partial exemption that was not allowed.

Excessive assessment may also be claimed if there has been an improper calculation of a transition assessment. The conditions necessary for the grounds of complaint are:

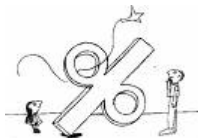
- * The municipality must be Approved Assessing Unit (AAU).
- * The municipality must have adopted a system of transition assessments.
- * There has been an improper calculation of this transition assessment.

An "AAU" is one that has completed a property revaluation and had been certified as an "AAU" by the State Board of Real Property Services.

A transition assessment is the phasing in of a change in assessment resulting from valuation. This is done over a five-year period in equal amounts each year.

Section A: Unequal

Unequal



Assessment is at a higher percentage of full value than all other property on the roll.

An unequal assessment is claimed when the owner complains that their property is assessed at a higher percentage of full value than all the other property on the roll.

In the event that the property is improved by a one, two or three residential structure, an unequal assessment may be claimed if the property is assessed at either a higher percentage of full value than *all* other property on the assessment roll or at a higher percentage of full value than *other residential* property.

Section A: Misclassified

Misclassified Homestead / Non-Homestead classification or class allocation is incorrect.

The grounds for complaint for a misclassification are:

1. The municipality must be an AAU.
2. The municipality must have adopted separate tax rates for Homestead and Non-Homestead Properties.
3. Either the parcel in question is misclassified as Non-homestead or the allocation of Homestead and Non-Homestead Class is incorrect.

The Homestead class includes all one, two or three family residential parcels, owner-occupied mobile homes that are separately assessed, and mixed-use parcels if their primary use is residential. Such parcels designated cannot exceed 10 acres.

The Non-Homestead class includes all other property.

Quiz:

Working with the Board of Assessment Review

For the following questions please select the most appropriate answer. Answer Key can be found on Page 23.

1. If a church's property used for religious purposes were assessed, the church could complain that it has a(n) _____ assessment. (Refer to Pages 3-5)

- a. Unlawful
- b. Excessive
- c. Unequal
- d. Misclassification

2. A parcel located in Town A was assessed in Town B. The owner should complain in: (circle one) (Refer to Pages 3-5)

Town **A** or Town **B**

3. The grounds for the complaint in Question 2 should be: (Refer to Pages 3-5)

- a. Unequal
- b. Excessive
- c. Unlawful
- d. Misclassification

4. Town C has no tax map. The alleged owner of a one-acre parcel complained that the parcel could not be identified from the house number and adjacent owners given on the assessment roll.

The owner's grounds for complaint were on the basis of: (Refer to Pages 3-5)

- a. Unequal
- b. Excessive
- c. Unlawful
- d. Misclassification

5. Town A has three assessors. The majority of the board chose not to increase Mr. Smith's assessment. The chairman, who voted to increase Smith's assessment entered this increase on the tentative roll. Mr. Smith's grounds for a complaint would be: (Refer to Pages 3-5)

- a. Unlawful
- b. Unequal
- c. Misclassification
- d. Excessive

6. Town B received their final special franchise assessment of \$150,000 for OPQ Power Light but placed an assessment on the roll of \$200,000 for this property. OPQ's grounds for complaint would be: (Refer to Pages 3-5)

- a. Unequal
- b. Excessive
- c. Unlawful
- d. Misclassification

7. Alvin Black enters a complaint that their house is assessed at \$45,000, whereas its market value is only \$35,000. What are Mr. Black's grounds for complaint? (Refer to Pages 3-5)

- a. Unequal
- b. Excessive
- c. Unlawful
- d. Misclassification

8. Mary Goodman enters a complaint that their property is not in the town that assessed it.

What are their grounds for complaint? (Refer to Pages 3-5)

- a. Unequal
- b. Excessive
- c. Unlawful
- d. Misclassification

9. Which one of the following can be legally called an excessive assessment?

(Refer to Pages 3-5)

- a. Owner Jane Mitchell alleges that the assessed parcel does not even exist.
- b. Owner Peter Metz claims that their factory is worth only \$100,000, but that is was assessed for \$150,000.
- c. Owner Doctors' Hospital claims it is exempt from taxation.

10. Harvey Masters complained because the assessor did not allow a \$2,000 veterans exemption. They charge that the assessment was therefore: (Refer to Pages 3-5)

- a. Unequal
- b. Excessive
- c. Unlawful
- d. Misclassification

11. Temple Beth-El complains that the land it purchased for its new school should be exempt.

Give the legal grounds for this complaint. (Refer to Pages 3-5)

- a. Unequal
- b. Excessive
- c. Unlawful
- d. Misclassification

12. Betty Stickler complains that their home should have been partially exempt from school taxes because of their old age exemption.

Give the legal grounds for this complaint. (Refer to Pages 3-5)

- a. Unequal
- b. Excessive
- c. Unlawful
- d. Misclassification

13. Mr. Whitney's transition assessment should be \$32,000. Their assessment is in fact \$40,000. Their ground for complaint would be: (Refer to Pages 3-5)

- a. Unequal
- b. Excessive
- c. Unlawful
- d. Misclassification

14. A property owner claims that their assessment is 75% of full value, whereas the percentage generally applied to other property is only 50%.

The owner claims a(n) _____ assessment. (Refer to Pages 3-5)

- a. Unequal
- b. Excessive
- c. Unlawful
- d. Misclassification

15. Marvin Garden's two-family home is assessed at 48% of market value. The level of assessment for residential property is 34% of market value.

Their grounds for complaint would be: (Refer to Pages 3-5)

- a. Unequal
- b. Excessive
- c. Unlawful
- d. Misclassification

16. A parcel composed of 18 acres is assessed at \$25,000 (full value) in a municipality that has adopted the Homestead base proportion. The Homestead portion is listed as \$20,000 and the Non-Homestead portion is \$5,000. The property owner feels that the total assessment is correct but is claiming that the Homestead portion should be assessed at \$15,000. The grounds for complaint would be: (Refer to Pages 3-5)

- a. Unequal
- b. Excessive
- c. Unlawful
- d. Misclassification

17. Mary Vernon's commercial property is assessed at \$80,000. They claim its full value is not more than \$70,000. The municipality is on full value assessments.

What legal grounds for complaint does this property owner have: (Refer to Pages 3-5)

- a. Unequal
- b. Excessive
- c. Unlawful
- d. Misclassification

18. The Sunshine Day Camp is assessed at \$120,000. The camp owners claim that it is an exempt corporation and should not pay any property tax.

What legal grounds for complaint does this property owner have: (Refer to Pages 3-5)

- a. Unequal
- b. Excessive
- c. Unlawful
- d. Misclassification

19. Jonathan Sommers claims that their house is assessed at 80% of market value, but that the other property on the roll is assessed at 50%.

What legal grounds for complaint does this property owner have: (Refer to Pages 3-5)

- a. Unequal
- b. Excessive
- c. Unlawful
- d. Misclassification

20. Arthur Barton claims their house is in the Town of Myrtle and should not be assessed by the Town of Honeysuckle.

What legal grounds for complaint does this property owner have: (Refer to Pages 3-5)

- a. Unequal
- b. Excessive
- c. Unlawful
- d. Misclassification

21. Susan Carmody alleges that the property assessed in their name is not identifiable from the assessment roll.

What legal grounds for complaint does this property owner have: (Refer to Pages 3-5)

- a. Unequal
- b. Excessive
- c. Unlawful
- d. Misclassification

22. The Town Supervisor places an assessment on a parcel.

What legal grounds for complaint does this property owner have: (Refer to Pages 3-5)

- a. Unequal
- b. Excessive
- c. Unlawful
- d. Misclassification

23. Easy Town has adopted the Homestead base proportion. A property that is improved by an owner-occupied mobile home is assessed at \$40,000. The owner feels that the total assessment is correct, but the allocation between the Homestead and Non-Homestead portions is incorrect.

What legal grounds for complaint does this property owner have: (Refer to Pages 3-5)

- a. Unequal
- b. Excessive
- c. Unlawful
- d. Misclassification

24. Smithburg has adopted transition assessments after their recent revaluation. Mary Pick claims that their transition assessment is incorrect.

What legal grounds for complaint does this property owner have: (Refer to Pages 3-5)

- a. Unequal
- b. Excessive
- c. Unlawful
- d. Misclassification

25. Barbara Kingsley claims they did not get their aged exemption.

What legal grounds for complaint does this property owner have: (Refer to Pages 3-5)

- a. Unequal
- b. Excessive
- c. Unlawful
- d. Misclassification

Section B: Requirements to be Heard

Requirements Most property owners who question their property assessment will telephone the assessor. Of these, some will want to talk face-to-face with the assessor, and /or inspect the assessment roll.



Most property owners, having done some or all of these things, will not press a complaint further. Some will. The procedure outlined here is the one to be followed by taxpayers who wish to be heard by the Board of Assessment Review.

Complaint Form



Taxpayers who wish to have their assessment reviewed must file a written complaint on a form prescribed by the State of New York. This complaint must specify in what way the assessment is unequal, excessive, unlawful or misclassified.

Most property owners are not experienced in filing complaints. To help them, the State Board provides a form of complaint (RP-524) that must be used. Present law requires use of the State form.

To be most helpful to complainants, the assessor should supply the State grievance form.

To be heard by the Board of Assessment Review, a taxpayer must submit a written complaint executed by themselves or by their representative and sign the statement of certification.

Complainants need not complete or sign their own complaint. Their attorney or representative may do it. It must have a signed statement of certification, however. Where an attorney or representative appears, written authorization by the complainant, designating the representative must be made on the complaint form.

A complaint must be "timely filed." This means it must reach the assessor or the Board on or before Grievance Day. A Board of Assessment Review may not accept a complaint filed at adjourned hearings as per RPTL §524(1).

There are three general rules for the taxpayers who wish a hearing of their grievance.

- a) File a written complaint on the prescribed State form.
- b) File it with the assessor or the Board on or before Grievance Day.
- c) The Statement of certification must be signed by the owner or their representative.

Quiz: Requirements to be Heard

For the following questions please select the most appropriate answer. Answer Key can be found on Page 23.

1. Which of the following taxpayers may have their complaint acted on (heard) by the Board of Assessment Review? (Check one) (Refer to Pages 13-14)
 - a. Charles Mulch stops in while the Board is meeting but refuses to file a written complaint.
 - b. Mary Parker submits a signed complaint on the State form claiming that their property is assessed at a higher rate than other properties on the roll.
 - c. Joseph Barth submits a letter charging that their trailer is personal property and should not be assessed.

2. Which of the following statements are **true** when filing a complaint? (Refer to Pages 13-14)
 - a. If there is a local complaint form, that form must be filed.
 - b. The prescribed form RP-524 must be filed.
 - c. Any form of complaint is acceptable if it specifies the respect in which the assessment is unlawful, excessive, unequal, or misclassified and has been certified.

3. To be most helpful to complainants, the assessor **should / should not** supply the State grievance form. (Refer to Pages 13-14)
 - a. Should
 - b. Should not

4. In one recent year, Grievance Day in towns was May 21. Which of the following complaints were "timely filed?" (Check one) (Refer to Pages 13-14)
 - a. Owner A brought their application to the assessor May 12.
 - b. Owner B mailed their application to the assessor May 20.
 - c. Owner C brought their application to the assessor May 22.

5. If taxpayers assume that there will be adjourned hearings, can they file after Grievance Day so that their complaint can be heard at the adjourned hearing?
(Refer to Pages 13-14)

- a. Yes
- b. No

Section C: Assessor and Board Functions

Functions

The Board of Assessment Review has certain functions prescribed by law. In turn, the assessor has certain other functions related to the review process. The purpose of this section is to clarify responsibilities.



At the end of this section you will be able to classify all the jobs relating to assessment review as the assessor's or the Board's.

As you have learned, the local assessor furnishes applications for review to taxpayers or their agents. Complaints must be written on the prescribed form. The complaint forms may go directly to the Board or be transmitted by the assessor to the Board.

The Board itself fixes the times and places for its meetings. On Grievance Day and at any adjourned hearings, the Board hears complaints. Based on their hearings, the Board determines what the aggrieved taxpayers' assessments should be. The Board may decide that an assessment should be lowered or left the same.

In hearing complaints, the Board administers oaths, takes testimony, and hears proofs. The Board examines documents submitted to it and may request other documents relating to the property or the assessment.

To provide a record of the hearings, the Board has minutes taken. After determining assessments, the Board prepares and verifies a statement of changes to be made to the assessments.

It is the duty of the assessor to attend all hearings of the Board. This is most important.

After reading the verified statement from the Board, the assessor makes all changes as directed, and certifies in the statement that the changes have been made.

Quiz: Assessor and Board Functions

For the following questions please Circle "A" if performed by the assessor, "B" if performed by the Board of Assessment Review, or "AB" if performed by either. Answer Key can be found on Page 23.

(For all questions please refer to the previous page)

1. Transmits complaint forms

A B AB

2. Receives complaint forms from taxpayers

A B AB

3. Sets times and places for hearing

A B AB

4. Hears and determines complaints

A B AB

5. Must provide grievance forms to taxpayers

A B AB

6. Must provide an application for review to taxpayer Mr. Smith

A B AB

7. Received Mr. Smith's completed application

A B AB

8. Set the hours for Grievance Day hearings from 4:00pm to 9:00pm

A B AB

9. Heard Mr. Smith's complaint on Grievance Day

A B AB

10. Administered oaths and took testimony

A B AB

11. Decided to lower Mr. Smith's assessment \$4000

A B AB

12. Changed Smith's assessment from \$26,000 to \$22,000 in the assessment records

A B AB

13. Heard Proofs

A B AB

Section D: Rights of the Assessor

Rights of the Assessor



It may appear from what has come before that the taxpayer has all the rights and the Board has all the important duties. Not so at all.

The assessor has definite rights during a hearing, and you should know what they are. You have already learned that it is your duty to attend all public hearings of the Board. Now we will go on and review your rights within such hearings.

Your first right is to be heard. You may present whatever information you wish about the assessment in question.

You may also request that your remarks relative to any particular complaint be recorded in the minutes of the hearing. The Board of Assessment Review is not required to record your comments unless requested by you. However, it is considered good practice that the Board record your comments. To better assure that your comments are recorded, you should make the request.

You have the right to present documents to support the original assessment. These may include your field book, property record card, sales records, or any other related information. These documents may help you prove that the original assessment is correct.

Prior to grievance day the assessor and the Board of Assessment Review should arrange a meeting. The purpose of this meeting is for the Board members to become acquainted with the assessment roll and the assessor's methods and problems generally.

It is necessary for Board members to be as knowledgeable as possible about assessment practices in their municipalities.

Quiz: Rights of the Assessor

For the following questions please select the most appropriate answer. Answer Key can be found on Page 23.

(For all questions please refer to the previous page)

1. It **(is / is not)** necessary for the Board members to be familiar with the assessor's practices regarding assessment administration. (Circle One)

- a. Is
- b. Is not

2. Suppose, in assessing a commercial property, you had been denied access to the building and financial records. Now the owner is claiming unequal assessment.

You **(may / may not)** present to the Board the fact that you were denied access. (Circle One)

- a. May
- b. May not

3. The original assessment is most likely to be upheld by the Board if the assessor: (Circle One)

- a. Keeps silent
- b. Defends the assessment

Summary

Summary

In all cases of assessment complaints brought before it, the Board of Assessment Review must determine whether the original assessment should stand or be changed. If it should be changed, the Board must decide by how much.

Taxpayers come prepared to show why their assessment should be changed. The law provides the assessor with (1) the duty to be present, (2) the right to be heard, (3) the right to have their remarks recorded in the minutes.

Therefore, the only reason for an assessor's being embarrassed by a hearing would be where a poor assessment has been made in the first place and / or the assessor has less than adequate documents to prove its correctness.

This instruction is provided so that you will know how you and the Board work together. If you wish to find out more about the Board's work, you may study the Board of Assessment Review Manual developed for use by the Board members.

Answer Key:

<i>PAGE 6</i> Working with the BAR	<i>PAGE 15</i> Requirements to be Heard	<i>PAGE 18</i> Assessor and Board Functions	<i>PAGE 21</i> Rights of the Assessor
1. a	1. b	1. A	1. a
2. b	2. b	2. AB	2. a
3. c	3. a	3. B	3. b
4. c	4. a	4. B	
5. a	5. b	5. A	
6. c		6. A	
7. b		7. AB	
8. c		8. B	
9. b		9. B	
10. b		10. B	
11. c		11. B	
12. b		12. A	
13. b		13. B	
14. a			
15. a			
16. d			
17. b			
18. c			
19. a			
20. c			
21. c			
22. c			
23. d			
24. b			
25. b			

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Equalization Basics, History & Recent Court Decisions

Fundamentals of Assessment Administration
Course Pre-work Assignment

Introduction

Equalization Basics, History, and Recent Court Decisions

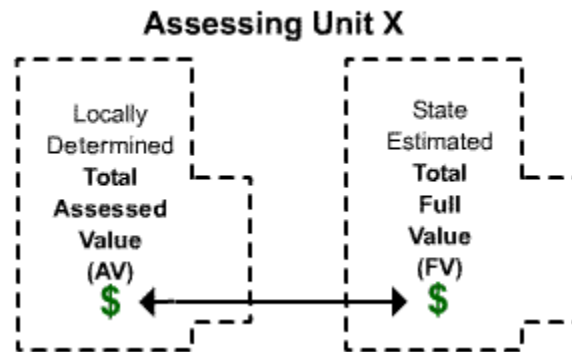
- Lesson Importance** Being familiar with the basics of equalization as well as historic and recent equalization events will assist Assessment Administrators in understanding the current equalization process.
- Lesson Overview** This lesson explains equalization basics and provides a brief historic overview of the New York State Real Property Tax system. Equalization legislative and court decisions are also included.
- Lesson Objectives** By the end of this lesson, participants will be able to:
- Identify two reasons why equalization is necessary in New York State
 - Discuss the historic and recent events that have shaped the New York State Real Property Tax and Equalization systems.

Equalization Basics, History, and Recent Court Decisions

Lesson 1

Equalization Basics

State equalization compares the locally determined total assessed values for entire assessing units to their state estimated total full (market) values.



The desired result of state equalization is an equitable apportionment of the real property tax between and among taxing jurisdictions (i.e. counties, school and special districts).

Equalization seeks to measure the relationship of locally total assessed values to an ever-changing real estate market. This provides a basis of comparison among assessing units.

Both total assessed and total full value measurements are used in the equalization process and in the apportionment of the real property tax.

Assessing Units

There are over 1000 assessing units within New York State. Assessing units are defined as municipalities that maintain assessment rolls.

The total assessed values (sum of all assessed properties) for these assessing units come from local assessment rolls. The state's full value measurements for these rolls are confirmed after each roll is made final. Final local assessment rolls are typically due each year by July 1st.

See The Real Property Tax Cycle schedule at <https://www.tax.ny.gov/pdf/publications/orpts/rptcal.pdf> to see a list of important assessment events. Specific dates vary by locality.

Equalization Basics, History, and Recent Court Decisions

Lesson 1

Equalization Rates (ER) The state is required by law (*RPTL, Section 1202*) to determine equalization rates (ER) for all assessing units annually.

In short, **an equalization rate is a ratio that is used to measure the relationship between an assessing unit's locally determined total assessed value (AV) and its state determined total full value (FV).**

The formula for calculating an equalization rate for a given assessing unit is:

$$\frac{AV}{FV} = ER$$

The AV is the **sum of all the assessed values of real property recorded on the roll** for any given assessing unit as of a certain date. The FV is the **state's estimate of full value** for any given assessing unit as of a certain date.

ER = 100 An equalization rate of **100** for an assessing unit means that:

- the assessing unit is assessing property at **100% of full value**
- the assessing unit's **total full and total assessed values are equal.**

ER < 100 An equalization rate **less than 100** for an assessing unit means:

- the assessing unit is possibly assessing property at a **fraction of full value** (fractional assessment)
- its' **total full market value** is greater than its' total assessed value
- its' **total full and assessed values are not equal.**

ER > 100 An equalization rate **greater than 100** for an assessing unit means that market values within the assessing unit have dropped below the level of assessment. In other words, the total assessed value for the assessing unit is greater than its' total market value at a given point in time.

Equalization Basics, History, and Recent Court Decisions

Lesson 1

Why is Equalization Necessary?	<p>Equalization is necessary in New York State because:</p> <p>Not all assessing units assess property at the same percentage of full (market) value. Fractional assessment is a common practice.</p> <p>Taxing jurisdictions (i.e. school districts) do not necessarily share the same map boundaries as assessing units (i.e. towns).</p>
Segments	<p>In most cases, taxing jurisdictions exist as segmented portions of differing assessing units that assess properties at varying percentages of value (i.e. counties, school districts, special districts).</p> <p>There would be no need for equalization, if all assessing units assessed property at 100% of value.</p>
ORPTS Web Tool	<p>The ORPTS web site is a valuable tool for Taxpayers, Assessors, County Directors, and other Assessment Administrators. The ORPTS web site will be utilized throughout this course.</p> <p>Use the Municipal Profiles web application to view information about your municipality. You may want to bookmark or add this page to your browser's favorites list so that you may return to it quickly.</p>

Equalization Basics, History, and Recent Court Decisions

Lesson 1

Historical Perspectives



In order to better understand the current equalization system, it is valuable to review the historic events that have shaped the current New York State Real Property system and specifically those events that have affected equalization through time.

For the purposes of this lesson, time will be divided into the following four categories:

- Colonial Era (1600 - 1798)
- State Tax Era (1798 - 1890)
- Tax Commission Era (1890 - 1949)
- Post War Era (1949 to 1994)

Colonial Era

Tax apportionment to cities and towns was based on quotas (political and economic factors), not value.

- 1654 1st Tax laws (Dutch)
- 1683 1st Person elected to make assessments and tax rates
- 1778 1st New York property tax

State Property Tax Era

Period marked by emphasis on county apportionment.

- 1813 Federal property tax ends; Local administration and county equalization starts
- 1859 State Board of Equalization

Tax Commission Era

1912 State equalization rates for special franchise assessments, acknowledges fractional assessments.

Equalization rates authorized for:

- 1921 School tax apportionment
- 1926 School aid: \$41 million distributed
- 1930 Highway aid
- 1933 Special district apportionment

Post War Era Assessments were neglected during and after war years. Post war concern was tax and debt limits (limits based on 5 years average of assessed values). Post war era marked by litigation around: Certiorari, Equalization rates, and Tax and Debt Limits.

- 1949 Temporary State Board of Equalization and Assessment (SBEA)
- 1954 First modern State Equalization Rate
- 1960 SBEA made permanent agency
- 1995 Agency name changes to: New York State Office of Real Property Services (ORPS)
- 2010 ORPS merges with the Department of Taxation and Finance. ORPS is renamed the Office of Real Property Tax Services or ORPTS.

Legislation and Litigation



- 1954 First modern set of equalization rates established by State Board using 1949 and 1952 survey data
- 1962 *Smithtown Case:*

Equalization rate found far superior to the pre-war rates; methods employed were more than adequate for practical attainment of the rough equality, which is all required under any system of taxation.
- 1974 *Guth:*

Equalization rate is objectively and expertly arrived at. It can be used as sole evidence of over-assessment.
- 1974 *Hellerstein:*

Full value standard upheld
- 1976 *Huntington Case:*

To arrive at equalization rate, the total assessed value and total market value of taxable real property must be used. Adjustments for partial exemptions cannot be made.
- 1981 Chapter 1057: Full value standard changed to Uniform Percentage; articles 18 and 19 added.
- 1993 Board's methods are lawful, reasonable and rational. The court cannot substitute its judgment.

1994 to Today

1994 Great Neck Plaza & Lynbrook:

Equalization rate determination is based upon reasonable and rational calculative process. Courts approved methodologies for village equalization rates.

1999 Chapter 611 amends RPTL, 502(3)

Percentage of Value and Full Values must be recorded on Assessment Rolls.

2000 Town of Middletown in Delaware County contests 1998 equalization rate - court rules in favor of ORPS.

The Importance of Equalization

Lesson 2

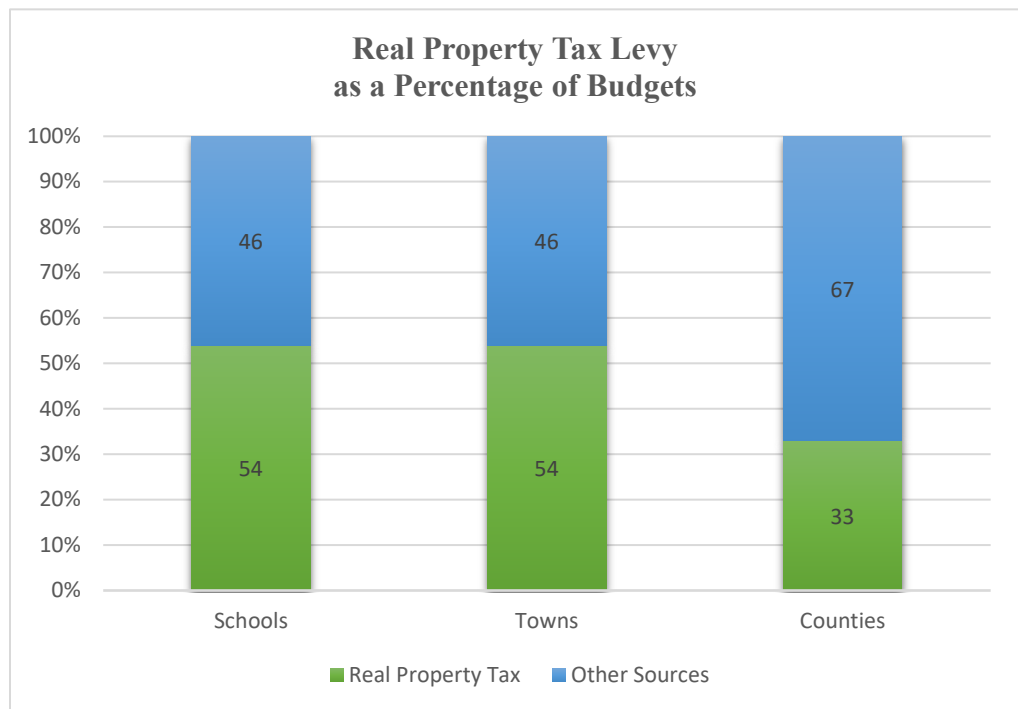
- Lesson Importance** Being familiar with the basics of equalization as well as historic and recent equalization events will assist Assessment Administrators in understanding the equalization process.
- Lesson Overview** This lesson explains equalization basics and provides information on what the equalization rate is used for and why it's important.
- Lesson Objectives** By the end of this lesson, participants will be able to:
- Identify two reasons why equalization is necessary in New York State
 - Discuss the historic and recent events that have shaped the New York State Real Property Tax and Equalization systems.

The Importance of Equalization Lesson 2

Magnitude of the Real Property Tax

Approximately \$35.1 billion dollars in real property taxes were levied in New York State in 2017. This is about 44% of the all the tax monies (income tax, sales tax, etc...) collected.

Local governments (i.e.; counties, towns, cities, villages, school districts, and special districts) are the only recipients of real property tax revenues. These monies make up about 54% of school district budgets, 54% of town budgets and 33% of county budgets.



The state does not receive any revenue from the real property tax.

For the full fiscal report visit:

<https://www.osc.state.ny.us/reports/finance/2019-fcr/local-government?redirect=legacy>

The Importance of Equalization

Lesson 2

Ad Valorem Tax

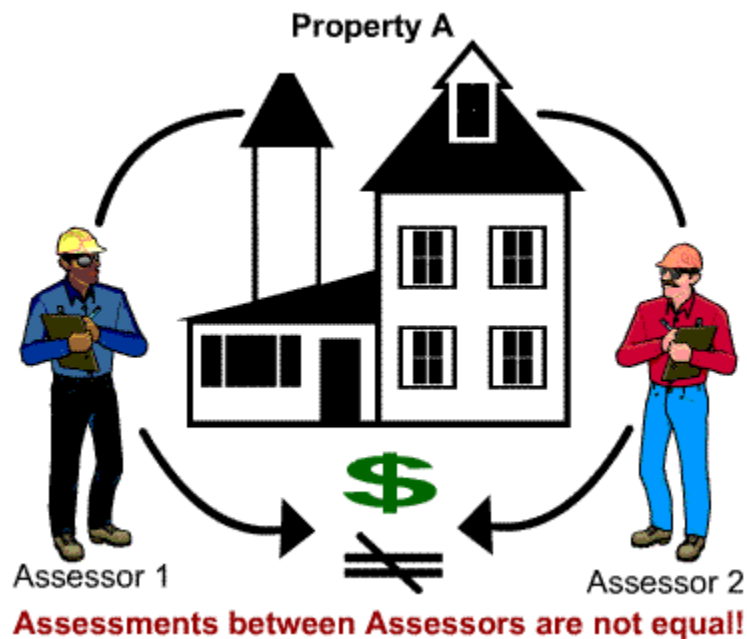
The New York State Real Property Tax is an "*Ad Valorem Tax*". This means that the tax "is based upon the value" of the property.

In order for the property tax to be fair and equitable between properties, the values assigned to particular property and/or groups of properties must be as accurate as possible. In New York State, the value of real property is expressed in two ways:

- Assessed Value
- Full Value

Assessed Values

Assessed values are recorded on local assessment rolls and represent the values assigned to properties by an assessor(s). Assessed values are judgments and vary between assessors. Two different assessors may come up with two different values for a given property. Only one final value can be recorded on the assessment roll.



The Importance of Equalization

Lesson 2

Uniform Percentage of Value



The Tax Commission acknowledged fractional assessments of property in 1912. New York State had always required full value assessments. However, fractional assessment was a common practice. The Hellerstein decision (1974) reaffirmed the full value standard yet, fractional assessments continued.

The full value standard was changed to a "*uniform percentage of value*" in 1981. (RPTL Section 305 - Chapter 1057). This meant that assessors could assess property at any fraction of full value (level of assessment), as long as the percentage chosen was applied to all property within a given assessing unit. This percentage is called the Level of Assessment. In 1998, George Pataki's "Property Taxpayer's Bill of Rights" required that municipalities show their level of assessment on the tax bill and as of 1999 the level of assessment is also required to be on the tentative assessment roll.

A uniform percentage of value or level of assessment of 10% in a given jurisdiction means that all properties with a full value of \$50,000.00 will have an assessed value of \$5,000.00.

Assessing at a Uniform Percentage of Value of 100%

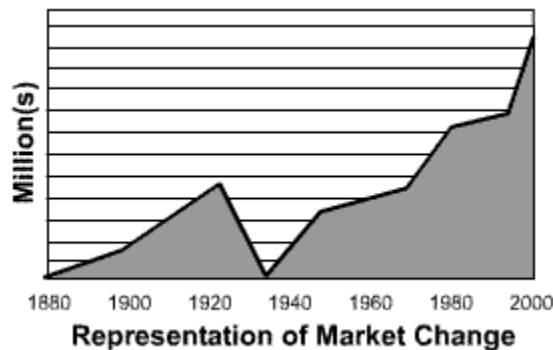
Historically, in New York State the assessed values and full (market) values were rarely equal. However, more municipalities are now using a uniform percentage of value of 100%. This means that they strive to annually sustain assessments, keeping them in-line with market change.

The Importance of Equalization Lesson 2

Full Value

Full Value refers to the current market values or appraised values of property. Recent sale prices may be good indicators of full value, however, be aware that selling and/or purchase prices for single properties and/or groups of properties may not reflect the true measure of full value.

Full values are subject to changes in the market. In order for full values to be accurate, they must reflect the current market. This is challenging because the market changes constantly.



ORPTS Studies the Market

Real Property Tax Law (RPTL), Section 1200 requires that the commissioner conduct market value surveys at least once every 3 years for equalization and market study purposes. The traditional surveys are labor intensive and incorporate sales analyses and individual fee appraisals.

These surveys use the information included in the RP-5217 Real Property Transfer (Sales) reports. A sample of the report is provided below:

RP-5217



Property Information Section

You will find information regarding the name of the buyer, seller, the number of parcels and the description at the time of sale.

Sale Information Section

This section contains important sales information. The date of sale and sale price are included. Market values will be determined using this information.

Assessment Information Section

Information taken directly off the latest final roll is contained here.

Certification Section

This section contains the signature of the buyer and seller along with the buyer's attorney. This information is valuable for verifying the sales data.

The Importance of Equalization

Lesson 2

The Importance of Accurate Sales

Sales information contained in the RP-5217 report is used by ORPTS in:

- Market Value Analyses
- Coefficient of Dispersion (COD) Calculations
- Full Value Measurements (FVM)
- Residential Assessment Ratio (RAR) calculations
- Equalization Rates

It is imperative that sales data be as accurate as possible.

Verifying Sales

Only valid sales are good indicators of the current status of the market.

Verifying the validity of property sales is an important responsibility of the assessor.

Information to be verified includes but is not limited to:

- the sale price and
- the amount of personal property included in the sale

These pieces of information have a direct impact on the determination of the market value of a property.

Arms-length Sale

For a sale to be valid, it must be considered an arms-length sale.

An arms-length transaction refers to "a real estate transaction in the open market freely arrived at by normal negotiations without undue pressure on either the buyer or the seller".



There are certain conditions that can prevent a sale from being an arms-length transaction. A good example of this would be a sale between relatives or a sale that is less than \$10.00.

Section 15 on the RP-5217 provides a list of transfer conditions. Checks in this section may indicate an invalid sale. (exceptions: G and J)

15. Check one or more of these conditions as applicable to transfer:

- A Sale Between Relatives or Former Relatives
- B Sale Between Related Companies or Partners in Business
- C One of the Buyers is also a Seller
- D Buyer or Seller is Government Agency or Lending Institution
- E Deed Type not Warranty or Bargain and Sale (Specify Below)
- F Sale of Fractional or Less than Fee Interest (Specify Below)
- G Significant Change in Property Between Taxable Status and Sale Dates
- H Sale of Business is Included in Sale Price
- I Other Unusual Factors Affecting Sale Price (Specify Below)
- J None

The Importance of Equalization

Lesson 2

Sales Reporting



Sales reporting refers to the system through which market data on real property transfers is reported to local assessors and to ORPTS.

The process for sales reporting starts with ORPTS receiving the RP-5217 forms from the county. These forms are then entered into the agency's sales database by ORPTS staff. Municipalities also receive the RP-5217 and can enter the correct information into the RPS or NYS Assessment Software system.

These transmitted sales are then matched to the agency's database and any corrections and/or differences between the agency's database and the file submitted by the municipality are accounted for and written to ORPTS' sales database. The validity and usability of the sale is then determined.

Assessors play a crucial role in maintaining the accuracy of this data by reviewing the data and filing any corrections with ORPTS.

Sales Web

[SalesWeb](#) is an application used to query information about real property sales stored in a data warehouse at the Office of Real Property Tax Services.

The data warehouse contains in excess of 2.5 million real property sales records. These records contain information on properties sold and recorded in New York State (excluding New York City) since January 1, 1990.

[SalesWeb](#) provides a variety of ways for you to search for sales information. Individual sales may be searched by Buyer/Seller, Address, Tax Map ID, Book/Page, or Document Number. Group searches include Statewide, County/Municipal and School District options.

For more information on how to use [SalesWeb](#) contact the ORPTS Solution Center at (518) 591-5232 or email real.property@tax.ny.gov.

State Market Value Surveys

In addition to sales reports, assessors will receive additional reports about their municipality. These reports provide details of the base market values, and a listing of sales and appraisals within respective municipalities being used in the state's market studies.

These include but are not limited to:

- Major Type Total Report
- Data Report 4 - List of Observations
- Interval Summary Report
- Municipal Profile Report

The Importance of Equalization

Lesson 2

Putting it All Together

Now that you know that equalization involves both locally total assessed and state determined total full value measurements, let's look at a textbook definition of equalization.

Equalization Defined



The International Association of Assessing Officers (IAAO) defines equalization in their book *Property Appraisal and Assessment Administration* (1990, p.18) as:

*"the process by which an agency with authority over two or more assessment districts makes adjustments to the total appraised values (or assessments) of the districts (inter-jurisdictional equalization) or of classes of property within the districts (intra-jurisdictional equalization), or both, so that the **total appraised (or assessed) values within the agency's jurisdiction all bear the same relationship to total market value.**"*

The last part of the definition above is really the point of equalization. Market conditions are constantly changing and are varied between locations. The equalization process seeks to measure the relationship between locally assessed values to that of an ever-changing real estate market as of a certain point in time (July 1 of the previous year).

Equalization Rates vs. Level of Assessment

The commissioner has no authority to adjust local assessed values but is required by law (RPTL, Section 1202) to establish equalization rates.

"Upon final completion of the assessment roll of each city, town and village, the commissioner shall inquire into and ascertain as near as may be the percentage of full value at which taxable real property is assessed, which percentage as finally determined...shall be the state equalization rate for such roll."

To help dispel any confusion...An assessing unit's equalization rate is a measurement of the level of assessment. The level of assessment is determined by the local municipality. The Equalization Rate is determined by the state.

Equalization rates are used in a variety of ways, including tax apportionment. Please see New York State's equalization rate usage statutes at the end of this course to view the additional uses for the rates.

Tax Apportionment In terms of tax apportionment, equalization rates affect local tax rates, which in turn affect local tax bills.

Local Assessment Data It is important to stress at this point that the equalization process is greatly influenced by your work as a local Assessment Administrator.

Much of the data you maintain in the form of Assessment Rolls, Assessors' Reports, Property Inventories, and Sales Reports, is used by the state in determining full values and equalization rates.

Real Property Tax Legislation (1999) **Chapter 611 amends RPTL, 502(3)** in relation to the form of assessment rolls. This requirement applies to assessment rolls that are based upon taxable status dates occurring on and after January 2, 2000.

Tax bills are required to contain this same information since the Property Taxpayer's Bill of Rights was enacted in conjunction with the STAR Program (RPTL, 922(a); L. 1997, Part B, 4 and 5).

Local Impact on Equalization

Lesson 3

Lesson Importance The work of local Assessment Administrator directly influences both local and state equalization. In fact, a majority of the data used in calculating state equalization rates is generated locally. It is important for you to understand how your work affects the equalization process.

Lesson Overview This lesson compares the similarities and differences between local and state equalization. It identifies the local inputs in determining final state equalization rates.

Lesson Objectives By the end of this lesson, participants will be able to:

- Discuss the similarities and differences between local and state equalization
- Briefly describe the purpose and contents of Assessors Reports
- Define equalization and quantity change
- Identify two factors calculated using the equalization and quantity changes recorded in Assessor Reports
- List a few benefits of a reassessment project

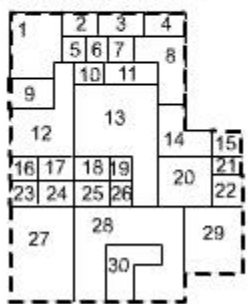
Local Impact on Equalization Lesson 3

Local Equalization (Assessor’s Work)

Local Assessors are responsible for local equalization. In other words, all property within a particular assessor's assessing unit should be assessed at a **uniform percentage of value**, having the same proportion to full market value.

Local equalization compares the assessed values of individual parcels within a given assessing unit. It aims for tax equity between:

- individual parcels of the same property class (i.e. residential)
- property classes (i.e. residential to commercial)

Assessing Unit X	Assessing Unit X has 30 parcels categorized as follows:			
	Residential	Commercial	Vacant	Industrial
	4, 12, 13, 16, 17, 18, 19, 23, 24, 25, 26, 27, 30	1, 2, 3, 8, 14, 29	6, 9, 11, 20, 28	5, 7, 10, 15, 21, 22

State vs. Local Equalization

State equalization looks at entire assessing units whereas local equalization looks at individual parcels.

Local Impact on Equalization

Lesson 3

Assessment Rolls The municipality's level of assessment is decided locally. They assess properties within their jurisdictions and record these assessed values on assessment rolls.

An assessment roll is a document that lists, usually in alphabetic order (by owner's name) or tax map number sequence, all of the parcels within an assessment jurisdiction by roll section. It includes the assessed values of parcels, parcel identifications, the names and addresses of owners, exemption data, property types (classes) and other relevant information.

Property Inventory Cards The property record card is the base of the work of the assessor. In order to assess the value of a property, a property inventory must be conducted. The property record card is used for the following purposes:

- Parcel Identification
- Parcel Valuation
- Sales Analysis
- Field Review Document
- Data Entry Document
- Permanent Record

Sales Report As was explained before, sales reporting refers to the system through which data on real property transfer (RP-5217) is reported to local assessors and to NYSORPTS. The data in these sales reports is computerized at both the local and state level.

You, as an assessor, play a crucial role in maintaining and verifying the accuracy of the data. You review the data and file any corrections with ORPTS.

The Assessor's Report (AR) The Assessor's Report is a multi-part report submitted annually to ORPTS by assessors. The overall purpose of the report is to identify the assessment activity from the prior roll to the current roll. The values from final rolls are used as the basis for Assessors' Reports.

ORPTS uses Assessor Reports to establish equalization rates, special equalization rates and many other equalization products.

FYI – (RPS) The Real Property System (RPS) software allows assessors to prepare and maintain Assessor Reports using a computer. RPS, and its predecessor the ARLM have been in use since the early 1970s. Over 900 assessing units across the state are currently using the RPS.

Local Impact on Equalization Lesson 3

Equalization and Quantity Changes

Annual local assessment activities recorded in Assessors' Reports include but are not limited to:

- changes in value due to reassessments
- changes in value due to a change in a parcel's physical characteristics
- changes in a parcel's roll section to a parcel's exempt status

Year to year changes in specific parcel assessments recorded in local Assessor Reports are categorized as:

- Equalization Change and/or
- Quantity Change

All changes must be accounted for and one particular parcel may experience both equalization and quantity change. The following chart identifies examples of equalization and quantity changes.

	Definition	Examples
Equalization Change	Change in assessed value caused by market changes.	<ul style="list-style-type: none"> • Reassessment • Adjustment for zoning • Change in zoning or land use • Appreciation or depreciation • Economic obsolescence • Change in income stream • Court ordered reductions • Splits and merges • Reallocation-building on wrong parcel
Quantity Change	Everything that is <u>not</u> an equalization change.	<ul style="list-style-type: none"> • Construction/demolition • Fire • New/removed equipment • Omitted property • Roll section transfers to RS 1, 3, 6 from 5, 7, 8. (Increase) • Roll section transfers to RS 5, 7, 8 from 1, 3, 6. (Decrease) • Change in production of oil and gas rights • Acreage gain/loss not done by split or merge • Placement/removal of a mobile home

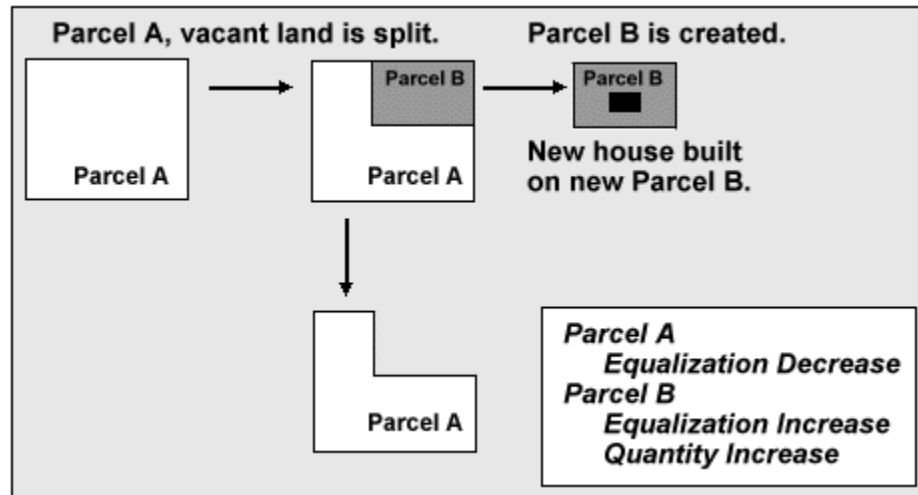
Equalization and Quantity Change Continued

The equalization and quantity changes recorded within the Assessor's report are used by the state to calculate:

- change-in-level of assessment factors, and
- quantity change factors

Example

Vacant land is subdivided, and a new house is built on the new parcel.



The original parcel, parcel A, experiences an equalization decrease. Its' market value decreases due to a reduction to its physical size.

The new parcel, parcel B, experiences an equalization increase as it is now a new parcel with its own market value. It also experiences a quantity increase due to the new construction of the house.

Level of Assessment

In the late 1990's Governor Pataki passed the "Taxpayer's Bill of Rights". Included in this legislation is the requirement to post the municipality's level of assessment on the roll and on the tax bills.

This requirement has allowed ORPTS to use this information in the equalization rates process. The state is now verifying the level of assessment that a municipality has stated. If the difference between the ORPTS estimate of full value and the local estimate of full value is 5 percent or less, the local estimate of full value is used to compute the State equalization rate and locally stated level of assessment becomes the equalization rate.

Local Impact on Equalization

Lesson 3

**The Importance
of Maintaining
Local
Assessment
Data**

When assessment rolls remain unchanged over time, assessment inequities spread throughout the system. This is because the values of certain properties within a community increase or decrease faster than others. When this happens, some property taxpayers will pay less than their fair share, while others pay more.

A reassessment can:

- correct internal inequities
- redistribute taxes within municipality, between classes and properties
- increase taxpayer acceptance
- produce data that may be used in full value measurements for most subsequent state equalization rates

A reassessment cannot:

- correct external inequities
- prevent tax shifts
- compensate taxpayers for prior inequities
- change the ORPTS estimate of full value for a municipality

ORPTS is very concerned with those municipalities that have not conducted recent reassessments. The law specifies that each municipality should be assessing at a uniform percentage of value as of the current year. Also, an inequitable roll can result in loss of state aid.

The State's Full Value Measurement Program

Lesson 4

Lesson Importance The New York State Office of Real Property Tax Services is responsible for measuring the full values for over 1000 municipalities annually. It is important for you as an Assessment Administrator to understand how these full value measurements are determined and how they are used within the equalization process. You must also understand how your work affects the state's full value measurement for your municipality.

Lesson Overview This lesson provides an overview of the methodologies used by the NYS ORPTS in determining full values for assessing units across the state. This lesson contrasts the full value measurement approaches for recent reassessment versus non-reassessment assessing units.

Lesson Objectives By the end of this lesson, you will be able to:



- Describe the NYS ORPTS' reassessment approach to measuring full values
- Describe the NYS ORPTS' non-reassessment approach to measuring full values
- Define current vs. prior "measured" roll
- Define what is meant by "major type A, B, C, and D"

The State's Full Value Measurement Program

Lesson 4

The State Board and ORPTS The State Board does not have power to enforce changes or adjustments to locally assessed property (except roll section 5 - special franchise).

The State Board and its supporting agency ORPTS, do not receive any monies from the real property tax.

However, in addition to other duties, the State Board and ORPTS:

- establish full values as of a given date of a certain year (July 1 of the previous year) for entire *assessing units*
- conduct statistical analyses in an effort to measure local equity
- administer a certification program for assessors and county directors and can remove individuals from office who fail to complete the requirements
- establish equalization rates

Full Value Measurements (FVM)

There are several terms that are synonymous with the term full value as it is used by the ORPTS. Full value may be stated as the full market value, fair market value, and/or market value of real property. It is required by RPTL 1200 that the state conduct a full value survey at every 3 years.

The ORPTS estimates the full values as of a particular date (July 1st of the previous year) for over 1,000 municipalities across the state. These full value estimates are used for:

- School and County Tax Apportionment
- Allocation of State Aid
- Establishment of Equalization Rates

The NYS ORPTS has been estimating the full values of municipalities for over sixty years.

The State's Full Value Measurement Program

Lesson 4

The Prior FVM Program The 1990s brought change to the state's basic method for estimating full values. The prior methodologies had been in use for nearly fifty years and were lacking in that they:

"failed to take note of the many improvements made by local governments in the equity and administration of their assessment rolls" (Assessment Journal, New York's Full Value Measurement Program, March/April 1999, p4).

The prior program used:

- same methodology for all municipalities (ignored local reassessment work)
- independent full value estimates
- stratified population of parcels by property type and assessed value
- appraisals of randomly selected properties
- 76,000 appraisals statewide (time consuming & resource intensive)
- sales only for appraisal purposes
- outdated full value estimates

This method generated much criticism from local officials and precipitated a decrease in the public's confidence in local tax administration. There was redundancy of effort with state staff recollecting information already done by local assessors. It became necessary to revise the method.

Real Property Tax Advisory Committee (RPTAC) The revised approaches were developed in conjunction with an equalization subgroup of the Real Property Tax Advisory Committee (RPTAC). RPTAC consists of ORPTS representatives, local assessors, and county directors of real property tax services.

Redesigned Full Value Measurement (FVM) Program The revised method considers the assessment status of assessing units. In short, assessing units are now categorized as:

Recently reassessed (reassessed within 5 years)

- 2020 reassessments
- 2017 - 2019 reassessments

Non-reassessed

- 2021 planned reassessments where no reassessments were implemented in 2017-2019
- non reassessments

The State's Full Value Measurement Program

Lesson 4

Redesigned FVM Program Continued

The redesigned program is a great improvement over past approaches. It recognizes and uses local assessment values more than ever before. It also uses less agency resources and time to complete.

This model has been used successfully for surveys including 1996, 1998 and 2002 (7 rate years). It is being received well by local officials and the public. Although there are other factors involved, there has been a significant decline in the number of complaints filed since the program was put into effect. In 1991, there were 355 complaints. The last 21 years are shown below.

Rate Year	Number of Municipalities Filing Equalization Rate Complaints
2000	72
2001	46
2002	87*
2003	60
2004	29
2005	23
2006	15
2007	11
2008	6
2009	10
2010	5
2011	8
2012	4
2013	5
2014	1
2015	6
2016	4
2017	7
2018	3
2019	10
2020	0

* The introduction of new methodologies in 2002 resulted in a large increase in complaints that year. As acceptance of the validity of these methodologies has grown, the number of complaints has decreased.

The State’s Full Value Measurement Program Lesson 4

**Compare
Calculated
Equalization
Rate to the
stated local
“Level of
Assessment”**

An assessor must annually state the municipality’s local “Level of Assessment” (LOA) on the tentative assessment roll.

To determine the equalization rate, the ORPTS’ estimate of full value is compared to the local estimate of full value. If the difference between the ORPTS estimate of full value and the local estimate of full value is five percent or less, the local estimate of full value is used to compute the State equalization rate and the locally stated “Level of Assessment” is established as the final equalization rate. There is no administrative review and a complaint cannot be filed. This is a recent change and many LOA’s now go straight to the final rate.





If the difference between the ORPTS estimate of full value and the local estimate of full value is greater than five percent, the ORPTS estimated full value is used to calculate the equalization rate and the rate is established as tentative. The administrative review process is only available for tentative equalization rates.

**Common
Elements of
Both
Approaches**

Both the reassessment and non-reassessment approaches to measuring full value are resource and data intensive processes.

Both approaches employ similar processes including:

- Roll classified into major types (A = Residential, B = Commercial, C = Vacant, D = Utility)
- Full values estimated for each major type as of a given valuation date
- Market trending methodologies to aggregate full values to common valuation date

MAJOR TYPES			
A	B	C	D
			
Residential	Commercial (all other types)	Vacant	Utility

The State's Full Value Measurement Program

Lesson 4

Reassessment Municipalities

The reassessment approach promotes increased interaction and cooperation between local and state officials. This method is used within municipalities that have conducted reassessment projects. Depending on when the reassessment was complete determines the method being used.

Determining full values for non-reassessment and reassessment municipalities involves "measured roll functions". Measured roll functions include:

- obtaining roll from municipality
- editing and balancing
- classifying and stratifying

For 2020 Reassessments

If your municipality is conducting a 2017 reassessment "value verification" will be done by ORPTS staff. Value verification includes attestation that the municipality has complied with IAAO assessment standards and has succeeded in attaining or sustaining equity.

After value verification is complete, full value for the municipality is determined. This is accomplished by adding the accepted aggregate full value estimate of the municipality to the full value of isolated properties (taxable state land).

If the difference between the ORPTS estimate of full value and the local estimate of full value is 5 percent or less of either full value, then the local estimate of full value is used to compute the State equalization rate and the locally stated level of assessment becomes the final equalization rate.

For 2017 - 2019 Reassessments

For these recent reassessments statistical analysis such as sales ratio studies and computer assisted mass appraisal (CAMA) ratio studies or aggregate market adjustment factors may be used to determine aggregate full value for major type A - residential. For the adjustment factors to the reassessment roll full values by major type. The sum of the full values by major type is adjusted for quantity changes between the measured roll and the current roll. The major type aggregate values are added to the full value of isolated properties (taxable state land) to calculate the full value of the municipality.

If the difference between the ORPTS estimate of full value and the local estimate of full value is 5 percent less of either full value, then the local estimate of full value is used to compute the State equalization rate and the locally stated level of assessment becomes the equalization rate.

The State's Full Value Measurement Program

Lesson 4

Non- Reassessment Municipalities

The non-reassessment approach to estimating full values is used for assessing units that have not conducted recent reassessments. This approach may rely on data such as available local inventory, inventory obtained by ORPTS staff, appropriate residential sales and appraisals or aggregate market adjustment factors.

The non-reassessment approach also involves:

- selection of sample parcels for appraisals
- obtaining inventories for sample parcels
- reusing appraisal information from a prior FVM as necessary
- valuing new sample parcels using generally accepted appraisal methods

For residential property, sales are used to estimate full values. If there are insufficient residential sales, then ORPTS appraisals are used as is the case for all other major types.

The major type full values are added to the full value of isolated properties (taxable state land) to calculate the full value of the municipality. If the difference between the ORPTS estimate of full value and the local estimate of full value is 5 percent or less of either full value, then the local estimate of full value is used to compute the State equalization rate and the locally stated level of assessment becomes the equalization rate.

Both of these approaches rely on the direct use of "arm's length" residential property sales and good, accurate local assessment roll information. Statistical tests comparing valid sales data to assessed values evaluate the quality of the recent reassessment/valuation project.

The State's Full Value Measurement Program

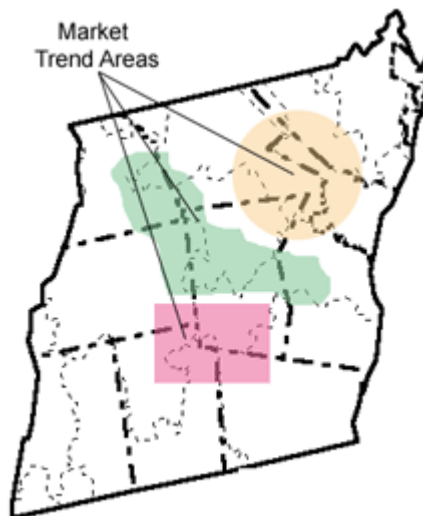
Lesson 4

Delineation of Non-Market Trend Areas

Trend areas are composed of municipalities having common market influence and who are expected to experience similar trends in property values over a period of time. Municipalities are combined into trend areas based upon proximity to a major employment center (a city, resort area or large company), the type of municipality (urban, suburban, rural, etc.), major topographic features, transportation corridors, and other market factors.

The general guidelines for the steps used to determine trend area boundaries are as follows:

- Municipalities which have an influence upon the market in surrounding municipalities are identified. Generally, these will be economic centers with a substantial employment base. These municipalities are referred to as value centers.
- Municipalities are identified where the market is closely associated with a value center.
- For municipalities not associated with any value center, common features that may be primary influences on the market are identified. These may include, but are not limited to: land-use, major topographical features, transportation corridors, resorts, etc.



Documentation supporting the designation of each trend area is prepared by ORPTS.

The State's Full Value Measurement Program

Lesson 4

Determination of Factors to Adjust Aggregate Full Values Over Time

Subsequent to the delineation of the trend areas, ORPTS' staff determine aggregate market adjustment factors which represent the percentage increase or decrease that the major type estimated market value is adjusted between years. Often this adjustment corresponds to a time trend for the calendar year. However, sometimes this may be different from a time trend, in order to obtain a more appropriate major type aggregate full value. These factors represent the change in market conditions, but do not include changes due to increases or decreases in the quantity of real property. These factors are determined for annual periods by major type within the trend area by analyzing market information from the trend area and gathering input from local assessment administration officials.

ORPTS staff prepare a narrative analysis for each trend area which describes the data used and recommends a factor for each major type. Steps in the determination of the market adjustment factors are:

- Staff gather appropriate market data
- Staff review the data for each trend area
- Staff share the data at a meeting with local assessment officials in the trend area.

After consultation with local officials, staff will prepare a narrative for each trend area describing the data analysis and recommending the factors. The narrative report includes, but is not necessarily limited to the following:

- The municipalities contained within the trend area
- The primary influences on the market in the trend area
- The types of market data used in determining the factors
- A summary of any input from local assessment officials
- The recommended factors for each major type, identified by year
- Any circumstances (e.g. significant lake front property) which require a unique factor for a specific municipality within the trend area and provide documentation
- The name of the staff member preparing the narrative and the date of the report.

The following types of market data may be used to support factors:

- Sales data, such as selling prices per unit of comparison (i.e. square foot of living area, land size, number of bedrooms), median and mean sale prices, repeat sales analysis, sales ratio studies, etc.

- Revaluation data, such as time adjustment factors used to adjust sales in valuation and market value comparisons between repeat reassessment projects.
- The sample parcels appraised for the 2014 full value measurement
- Other factors such as rents, vacancy rates, changes in cost indices.

When there are unique circumstances that cause a factor determined for a given municipality to be different from the factor for the major type in the entire trend area, a separate factor may be determined for the municipality. Major types may not be divided into smaller groups.

The State's Full Value Measurement Program Lesson 4

Property Information Valuation Report (PIVR)

Another product produced in the non-reassessment full value measurement is the Property Information Valuation Report (PIVR). Below is a sample PIVR.

County of Village of Town Roll	New York State Office of Real Property Services 1998 Market Value Survey Property Inventory and Valuation Report (PIVR) 2000 Rate - Informal Review				Date 07/13/2000
<u>Inventory Summary</u>	<u>Subject</u>	<u>Comparable 1</u>	<u>Comparable 2</u>	<u>Comparable 3</u>	
SWIS Code					
Parcel Id.	349.16-2-25	342.05-1-10	341.00-1-25	342.05-1-29	
Control Nbr / BlkPg	1997-0000292	10887/2827	10903/8085	10888/9925	
Municipality					
School District					
Roll Id.	1436013491600002	3420500001010000	3410000001025000	3420500001029000	
Owner Name					
Parcel Address	119 E MAIN ST	2276 ORCHARD PL	14653 BUFFALO ST	2284 MAIN ST	
Property Class	220 - 2-Family Res	220 - 2-Family Res	210 - 1-Family Res	210 - 1-Family Res	
Total Acres	0.26	0.25	0.65	0.30	
Front X Depth					
Blgd Style / Stories	Old Style / 2.0	Old Style / 2.0	Old Style / 2.0	Old Style / 2.0	
Overall Condition	Normal	Normal	Normal	Normal	
Yr Built / SFLA	1880 / 2160	1875 / 1896	1900 / 2160	1920 / 1616	
# Bdrms / # Baths	5 / 2.0	4 / 2.0	4 / 1.5	3 / 1.0	
Heating Type / Fuel	Hot Air	No Central	Hot Air	Hot Wtr/Strm	
Air Cond / Firepl	No	No	No / 1	No	
Garage Cap / Type	Detached		Detached	Detached	
Improvements		Barn			
Constr Grade / Adj.	Average / .90	Economy / 1.1	Average / 1.0	Average / 1.0	
Nbhd Type / Rating	Suburb / Avg				
Nbhd Code		00101	00101	00101	
Sale Price (Unadj.)		\$50,000	\$68,000	\$43,500	
Sale Date		06/14/1995	07/08/1996	07/26/1995	
1997 - Base Roll Assessment	\$35,500				
Appraised Land Value	\$5,000				
Total Appraised Value	\$53,200				

*** Reflects Inventories as of the Taxable Status Date of the 1997 Base Year Roll ***
*** and Market Value - Total Appraised Value - as of January 1, 1998 ***

Page No. 1

The three basic functions of a PIVR are to:

- list selected inventory of appraisals
- list sales for a base survey
- report market values as of survey valuation date for appraisals, plus valuation bureau which completed appraisal support values for individual observations

The State's Full Value Measurement Program

Lesson 4

FVM Reports A variety of reports showing the data used in the full value measurement are sent to each municipality. These reports include but are not limited to:

- Major Type Totals Report
- Date Report 4 - List of Observation
- Interval Summary Report
- Municipal Profile Report
- Property Inventory and Valuation Reports (PIVR)
- Summary of Equalization Rate Computation

It is better for everyone involved if errors in the data are identified early and corrected in the informal review process rather than later in the formal review process. The formal review requires much more detailed formal documentation before changes to the data can occur.

**More
Information**

For more information on the full value measurement program visit:
[https://www.tax.ny.gov/pdf/ORPTS/guide_overview_orpts_fvm_program\(04-15\).pdf](https://www.tax.ny.gov/pdf/ORPTS/guide_overview_orpts_fvm_program(04-15).pdf) or <https://www.tax.ny.gov/research/property/assess/pdc.htm> or <https://www.tax.ny.gov/research/property/legal/procedures/index.htm>
or request a copy of the pamphlet entitled: "An Overview: The State's Full Value Measurement Program"

Quiz: Summary of Equalization

For the following questions please select the most appropriate answer. Answer Key can be found on Page 39.

1. If all assessing units assessed property at 100% of value, there would be no need for equalization. **Circle One**

True False

2. The level of assessment is important in the equalization rates process. **Circle One**

True False

3. Equalization is necessary in New York State because of which of the following: **Select all that apply.**

- a. Not all assessing units assess property at 100% of value.
- b. New York State receives no revenues from the Real Property Tax.
- c. Taxing jurisdictions do not share the same map boundaries as assessing units.
- d. Assessing units assess property at a uniform percentage of value.
- e. Local assessment data is incorrect.

4. One particular parcel may experience both equalization and quantity changes. **Circle One**

True False

5. The state's full value measurement process includes separating properties into the following Major Types: **Select One**

- a. R=Residential B=Commercial C=Vacant D=Utility
- b. A=Residential B=Commercial C=Vacant D=Utility
- c. A=Residential B=Utility C=Commercial D=Vacant
- d. A=Agriculture B=Business C=Commercial D=Vacant

6. Within how many years must a reassessment project have been conducted for an assessing unit to be considered recently reassessed in terms of the state's full value measurement process? **Circle One**
- a. 2
 - b. 1
 - c. 5
 - d. 10
7. Changes in the assessed values of properties caused by market changes are considered: **Select One**
- a. quantity change
 - b. material change
 - c. quantity and equalization change
 - d. equalization change
8. A reassessment project can correct internal inequities. **Circle One**
- True False
9. Equalization rates are a measure of what? Choose the best answer. **Select One**
- a. Equity
 - b. The percentage of full value at which taxable real property is assessed in relation to an ever-changing real estate market.
 - c. The percentage of the levy for which a jurisdiction must pay.
 - d. A property's value

Answer Key:

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Summary of Equalization

1. True
2. True
3. a & c
4. True
5. b
6. c
7. d
8. True
9. b

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Public Relations for Assessors

Fundamentals of Assessment Administration
Course Pre-work Assignment

Introduction

Public Relations for Assessors

Public Image

Whether or not an owner of real property, virtually every resident of our state is affected by the real property tax. The amount of this tax on a given parcel is the product of the tax rate and the assessed value.

The key role of the assessor in establishing assessed valuation is the subject of considerable public interest, sometimes debate, and occasionally distrust. All assessors must recognize the importance of their public images and act accordingly.

This session is designed to serve as an instructional tool within local assessor courses conducted by ORPTS. It is offered as part of an overall program to improve the quality of assessment administration and public respect for the assessment process.

The Public



As assessor, you are a public official. Other public agencies depend on your work. Hundreds and perhaps thousands of taxpayers are directly affected by it. Your local government and schools are heavily supported by revenue from the real property tax, based on assessments made by you.

Those who are affected by real property assessment should see you and your work as competent and efficient. They should know what you do and why. They should respect their local government more because of your work.

The way people see you and your work may be called your "public relations." If people misunderstand what you do and why, your public relations may be said to be poor. If people understand and appreciate what you do, your public relations may be said to be good.

No effort is needed to develop poor public relations. They will develop all by themselves. To develop public understanding and support, there must be real effort.

This self-instructional course is about the kinds of effort you can make to develop the understanding and support of those affected by what you do. Some of these efforts are "just common sense." Others are more than that. All of them, taken together, will help you to improve relations between the office of assessor and the public.

Understanding and Support

Public Relations WHOSE UNDERSTANDING AND SUPPORT ARE NEEDED?

Most agencies deal with more than one "public." There is of course, the general public. But not all the people in that group pay real property taxes. So, we can separate one "public" from the general public and identify taxpayers. All taxpayers have some sort of relationship with the assessor.

As we have already noted, assessors deal with many other government officials and agencies. These are not part of the "taxpayers" public but are another group with whom you must get along well.

Assessors and their work are sometimes shown to the general public through newspapers, radio, etc. Media is extremely important to your work. They can improve relations with your other publics, or they can make them worse. These public media are themselves a special public.

Assessment Practices

Public Relations The basis for good public relations is a good job of assessment. No "public relations program" could hope to achieve the results that can be obtained from a fair and equitable assessment roll.



One false assumption of some assessors has been that the less the public knows about assessment, the better. Another blind alley is the belief that keeping assessments low is the secret for keeping people happy.

You can keep secrets and hide the facts for a time, but this process will win you few permanent friends. Nothing can do more to hurt than public ignorance of what you do. Nothing can do more to help than an informed public knowing that the assessment roll is fair and honest.

Suppose a newspaper reporter asked you this question:

"What connection is there between the quality of the assessment roll and the way the public sees you and your work?"

Think about this question. How do you think you would answer it?

A sample answer would be:

The first and most important step for me to getting good public relations is to produce a fair assessment roll, which means one where all the properties are assessed at the same percentage of value.

Quiz: Assessment Practices

For the following questions please select the most appropriate answer. Answer Key can be found on Page 24.

1. Please check one answer that best sums up all the special publics that we learned about so far: (Refer to Pages 2-4)
 - a. General Public and Taxpayers
 - b. Government Officials and Agencies
 - c. Public Media
 - d. All of the above

2. Which of the following is the most accurate statement about the relationship between assessments and public relations? (Refer to Pages 2-4)
 - a. The quality of assessment does not matter so long as people do not know about it.
 - b. Low assessments are more important to good public relations than fair ones.
 - c. Any assessment practices, no matter how bad, can be dressed up and made to look good by a good public relations program.
 - d. The best public relations program is a fair and equitable assessment roll.

Chapter 1: Public Relations in Routine Assessment Work

SECTION A. **Common** **Situations in the** **Field**



Each daily contact with the public helps to establish your public relations. These contacts do not require a special knowledge of public relations. Rather, they require you to be concerned with how people regard you and your work. Knowing that people are always forming opinions, you will use common sense to guide your actions.

In this chapter, we will take up common situations in assessing. No one of them – by itself – determines how well the assessor is accepted and understood by the publics. Each scenario, properly handled, is one the continuing jobs of getting the assessors work accepted.

The presence of the assessor on the property will upset some people.

Almost anyone would be concerned to observe – or to find out later – that an unidentified person was looking over the property. Imagine a parent returning from shopping or work to hear a child greet them with, "While you were gone somebody came and looked all over the house."

Even a person who knows you and knows that you are the assessor may be uneasy to find you poking around on their property. Assessment means taxes, and taxes are not always good news.

It seems essential, therefore, that you always make your presence known to the owner or occupant when you arrive to inspect a property.

There are sure to be situations when you will have to postpone your inspection. But there are some where it is discourteous for you to arrive without an appointment.

Most complex properties require the owner's time. It is not courteous to show up to a place of business unannounced. Calling in advance is far better.

You can also save yourself time by making an appointment. If you show up unannounced at a farm, the farmer may be far off in the fields.

When arriving at someone's home to inspect the property, you may often find only one spouse present. This situation may be problematic, and your good sense will tell you to avoid this when you can. The person at the house may be reluctant to admit you and ask if you could come back when their partner is home. You should let them know that you would gladly return at their convenience.

If you are provided with calling cards, it is well to leave one whenever you inspect a home. Then there will be no question about who was allowed in the house or why.

Assessors often ask whether they should inspect the upstairs bedrooms when only one person is at home. Consider these points and then decide:

- 1) In most houses, the area and general condition of the upstairs is much like the downstairs.
- 2) If there are valuables missing, the homeowner might remember that you were the stranger who has been upstairs recently.
- 3) If the homeowner wished to charge you with something more serious than larceny, you would not have a strong defense.

A good public relations sense would suggest staying downstairs.

Chapter 1: Public Relations in Routine Assessment Work

SECTION B. **Handling** **Complaints**



As you have seen in the previous section -- and from your own experience -- your public relations show in the field. But they also show at the office.

In this section, we will be considering the kinds of complaints you get and ways to handle them.

The job of assessor is not a good one for a thin-skinned person. An assessor who sees every complaint as a personal attack will not last long. You must recognize these facts as basic to taxpayers' complaints:

- (1) Taxpayers do not enjoy paying taxes.
- (2) Taxpayers have no direct way of complaining about any taxes they pay except those on real property.
- (3) Hardly anyone ever complains of being under assessed.
- (4) Hardly anyone ever complains because someone else is over assessed.
- (5) Most complaints are requests for information and can be handled very easily.
- (6) The law provides taxpayers with the right to complain and a procedure for doing so.
- (7) Some people complain to the assessor about things they do not control, such as the cost of schools and the local tax rate.

Many people who call with complaints do not press them further. Whether they do or not often depends on how you handle them. If people know they are free to come in and look at the roll or see it online, for example, many will be satisfied and never come in.

A direct answer will often satisfy callers with questions and complaints. Sometimes it will not. Each situation is unique. Each situation carries in it the potential that your decision may be challenged. This requires that you be prepared to defend your decisions, probably on your "own turf." It is also an opportunity to inform as well as defend.

The whole process of complaint handling seems to work against good public relations. After all, people with complaints are not happy, and you cannot lower assessments just to make people happy.

The fact is, your best public understanding and support can come from your handling of complaints. Not many people understand the property tax, and their questions and complaints give you a chance to inform them. This is one reason that a small number of complaints is not evidence of good assessment.

Taxpayers who think they are assessed out of proportion to their neighbors can look at the roll and find they are not. (Or maybe they will find that they are, in which case they should file a grievance.)

Taxpayers who think their assessment is the assessor's guesswork can look at the property record card and see that it is not. To be sure, if they found that there were no assessment records, or that they were incomplete, their suspicions would be confirmed.

In any case, there are only two possibilities about a complaint. The taxpayer either has a case or doesn't.

Only a tiny proportion of taxpayers will appear before the review board. Having complaints brought to the review board does not mean the public relations of the assessor is poor.

Your courteous and sympathetic treatment of all complainants before and during the board hearing will help keep everyone cool.

In a democracy, people are better off informed than ignorant. Most people pay little attention to the property tax until their assessment is raised. Then they become interested. If you are to obtain public understanding and support, you will need interested people -- the kind who complain.

Chapter 1: Summary

Summary

In this chapter we have considered public relations as developed in routine assessment work. We have taken up only a few situations as examples -- there are many more.

In summary, whenever the assessor or their office contacts even one member of the public, there is an opportunity to "gain a friend". Such contacts are also a chance to make enemies.



We hope you understand that the position of assessor does not, by its nature, create good public relations. Few people understand the property tax, and hardly anyone enjoys paying taxes. Thus, if there are to be good relations between the assessor and the public, the assessor must create them.

These good relations can be created in only two ways. The basic one is always to practice good public relations on the job. That is what we have been considering. The other is to develop a public relations program. That is the subject of the next chapter.

Quiz:

Public Relations in Routine Assessment Work

For the following questions please select the most appropriate answer. Answer Key can be found on Page 24.

1. You are planning to appraise a single-family residence at the edge of town. There are other houses close by. No one answers the door when you knock. (Refer to Pages 6-10)

Which of the following is the best thing to do? (Pick one)

- a. Go ahead and inspect the property as well as you can without going inside.
 - b. Make a note to yourself to call the owner to find out when you can come back and inspect.
 - c. Go ahead and inspect the property but leave your card in the door with a note saying that you inspected the property from outside.
2. A building permit has been issued to the Parkers for an addition to their house. Some months later you call to reassess the property. Mrs. Parker greets you at the door and tells you they have a house full of company and would appreciate it if you could come back another time. You have driven eight miles to their house. (Refer to Pages 6-10)

You should: (pick one)

- a. Ask them when it would be more convenient.
 - b. Tell them it will not take too long and that you have come a long way to inspect. Try to get them to let you do the inspection now.
 - c. Tell them all you need are the outside measurements anyway and you can get those without bothering them.
3. In which of the following situations would it be best to call in advance to set up an inspection? (Refer to Pages 6-10)
- a. An apartment house (You will need income and expense statements from the owner)
 - b. A single-family residence in town
 - c. A restaurant in town.
 - d. A factory
 - e. All of the above

4. Apply your good sense to this situation. You call at a home to make an appraisal. The person at the house is reluctant to admit you, and asks if you could come back when the partner is home. (Refer to Pages 6-10)

The best response you can make is:

- a. "It would be a great help to me if I could just make a quick inspection now."
- b. "I won't be able to come back."
- c. "Let me know when your partner will be home, and I will gladly return at your convenience."

5. As crime increases, people become more doubtful about letting in strangers. (Refer to Pages 6-10)

This suggests that you should make (more / less) effort to identify yourself in the field?

- a. More
- b. Less

6. You are inspecting the first floor of a two-story colonial. The homeowner, alone in the house, asks whether you want to look upstairs.

What would be the best answer? (Refer to Pages 6-10)

- a. "No thanks, I have all the information that I need"
- b. Say "Sure, I will take a look at the upstairs"

7. Many complaints begin on the telephone. They are usually triggered by a notice of increased assessment. Essentially, the caller is asking "why?"

Your public relations sense will be at its best if you (do / do not) tell why?
(Refer to Pages 6-10)

- a. do tell
- b. do not tell

8. A store owner adds to their building, and you raise their assessment \$5,000 because of the increase in the value of the property.

They are soon on the telephone. "Why such a big increase in my assessment?", they ask.

How would you reply? (Refer to Pages 6-10)

- a. "Your property has a higher market value because of the addition. My estimate is that the added value amounts to \$5,000. Would you like to come into the office? I can show you in detail why your assessment was adjusted"
- b. "All properties who put on additions get an automatic increase"

9. A caller challenges your decisions and wants to come in and talk to you about their assessment. You should: (Refer to Pages 6-10)

- a. Tell them you think it can be done over the phone.
- b. Tell them to file a complaint with the Board of Assessment Review.
- c. Make an appointment for them to come in and talk.

10. Which of the following assessors' replies is most likely to stop a telephone complaint dead in the tracks? (Refer to Pages 6-10)

- a. "Come in any time. You can look over the assessment roll, and I will be glad to talk with you."
- b. "The roll will be available in June if you want to see it. Watch for the notice in the paper."
- c. "Your assessment has gone on the roll and that is it."

11. The taxpayer either has a case, or doesn't.

If a taxpayer has no case, in most cases the complaint will end with:
(check one) (Refer to Pages 6-10)

- a. the assessor
- b. the board of review
- c. the courts

12. If a taxpayer does have a case, in most cases they will: (pick one)
(Refer to Pages 6-10)

- a. only discuss it with the assessor
- b. carry it to the board of assessment review

13. Which is the best response for the assessor after this statement by a complainant at a board hearing? (Refer to Pages 6-10)

Complainant: *I would like to know on what basis my assessment has jumped \$4,000 this year.*

- a. "There is no reason for complaint in this case. The assessment hadn't been raised in ten years."
- b. "I can understand your concern. Here are the reasons this was done, and how that increase was arrived at."
- c. "You are lucky I did not raise it \$6,000."

14. Real estate people are not the only ones who need information from your office. As a general rule, people with reasonable requests should be given what they need. (Refer to Pages 6-10)

To which of the following persons would you provide the information requested? (Check only one)

- a. Taxpayer
- b. Real Estate Agent
- c. Government Official
- d. All of the above

15. Suppose the tentative roll is available for public inspection. An individual comes in, seats themselves at a table, and begins copying information from the tentative roll. Other persons arrive to inspect the roll but the individual who is copying from it is still not through.

Choose the best course of action for you to follow here. (Refer to Pgs. 6-10)

- a. Tell the people who want to see the roll that it is in use and they will have to come back later.
- b. Tell the individual who is copying that they are not allowed to copy, and ask them to leave.
- c. Tell the individual who is copying that they are interfering with others' rights to inspect the roll and will not be allowed to interfere (with their rights).

Chapter 2: A Public Relations Program

Introduction

You have been learning ways to develop good public relations on the job, and to keep them that way. They are simply ways to go about doing your job.

The other way to develop and keep good public relations is to have a public relations program. This involves more than just the way you do your job. A public relations program may mean that you will make public appearances to carry the story of assessment to the people. You may use newspapers, radio, internet or television. You may use advisory committees to help.

There is no single public relations program that every assessor should use. Thus, you will not learn exactly what to do. Instead, you will learn some ways in which you can actively get more public support. What you use depends on a lot of things: you; your time; the community; the opportunities available. In general, it is safe to say that the harder you work at good public relations, the better public relations you will have.

Chapter 2: Public Appearances

Audience



Parents of school children are also taxpayers. They want a good education, but they also want low taxes. They are sensitive to assessment increases. They would make a good audience for you. There is a PTA or home-school association in almost every school.

Other good audiences are local service clubs such as Rotary, Kiwanis, etc. Many such clubs have regular meetings and need programs throughout the year. The League of Women Voters, for example, may be a good one also. Some members of these local service clubs may often be influential citizens.

Still another group, this one with an instant concern for your subject, is an organization of taxpayers. Such groups usually spring up just after local taxes go up dramatically. They are certain to have genuine interest in distributing the tax burden equally.

Now that you've been thinking about possible organizations to which you might carry your story, what might the story be?

Before we start thinking of the story, let us consider another route to the public: the public media. By this we mean local newspapers, the internet, radio, and TV stations. These, too, can carry your story.

Chapter 2: Public Media

Media



A common public medium is the daily or weekly newspaper. Many people read it, and many subjects can be covered in it.

You probably noticed that newspapers are not confined to the same boundaries as assessing units. A newspaper published in your town or city may be read in several others. This suggests that two or more assessors may work together on newspaper projects.

You are probably thinking that newspapers contain mostly news. You are right. If you were an editor, which of the following stories would you accept as news?

- a. How appraisals are made.
- b. Tentative roll made public
- c. Grievance day to be held
- d. Special assessments are not ad valorem
- e. The assessor's responsibility

The answer would be: **b** and **c** are really "news".

"How appraisals are made" is **not** a news subject, but it might appear in a newspaper anyway. Here is how:

- (1) The assessor or a reporter might do a series of articles on assessment.
- (2) A reporter might interview the assessor and report the interview.
- (3) The assessor might speak to the Lions Club on "How appraisals are made", and the speech can be reported by the paper.

In general, you can "make the newspapers" with little effort when you have news. If you have information (not news) you need to make special efforts. That is why we call such efforts a public relations "program". It is planned to attempt to get certain messages to certain groups of people. It does not just happen.

What is true of newspapers is generally true of radio and TV. News will be picked up and used—if it is not pushed out by more important news. The radio and TV stations have limited time, just as the newspaper has limited space. They cannot use all the available news. If your story is more important, they will use it and drop something else. If something is more important, they will drop yours.

As to special features, they follow the newspaper pattern too. Interviews, panel discussions, documentaries and so forth are not likely to happen unless you suggest them.

Chapter 2: Topics for Speeches and Public Media

Presentation



The same kinds of topics are good for both speeches and public media. The difference is just the way they are presented. In this section we will consider some topics that could be appropriate for your use.

Here's an idea that would **not** make a great speech but **would** make interesting reading in the local newspaper. You could publish the assessed valuation of all parcels on your roll. The information is public, and some communities do this every year.

You wonder, "What public relations value is there in publishing all assessed values?"

It amounts to this: publishing the assessment roll shows that the assessor has nothing to hide.

We will consider separately, later in the program, the public relations possibilities in a total revaluation.

Let us assume that there are no plans in your locality to have a total revaluation. Would it be desirable for you to make speeches and put articles in the paper about the need for one?

The answer is **NO**. If you believe a revaluation is needed, the first "public" to be convinced is the local authorities. (As you will see later, once revaluation is decided, you need to go to the general public. But it would usually be "jumping the gun" to do it before.)

There are many suitable subjects for speeches for your public media. We have suggested only a few.

The best subjects are those that are right for your audience and your community. Your experience will suggest the kinds of messages that you should be getting across.

Chapter 2: Using Advisory Committees

Committees

Assessors will certainly gain respect because of their ability. But they can also gain respect for what they can get others to do. If they share the job of land valuation with other competent people, for example, what would they be showing?

It will show that the assessor believes more than one opinion should enter into such valuations.



When the assessor shares major value estimates with other qualified people, they will probably get greater public acceptance.

An advisory committee is more visible than the assessor. If the assessor sits down to consider farm values, it is all in a day's work. If the advisory committee sits down to do the same thing, it is news.

An advisory committee can get the public's attention, acceptance and provide a broader base of opinion than the assessor alone.

Most communities have at least a small number of people who know current real estate values. A small amount of their time can be very helpful to an assessor. Here are just a few people who may serve on an advisory committee: Real Estate Broker, Banker with real estate responsibilities, Private Fee appraiser.

Responsibility for determining value is still yours whether you have advisory committees or not.

Chapter 2: Revaluation – A Special Opportunity

Revaluation

When an assessment unit has a total revaluation, there is a special opportunity for good public relations. It is one of the rare occasions when there is public demand for information about assessment. People hear of revaluation. They want to know what is going on and why. Most important, they want to know how it will affect them.

The need for informing the public is just as great whether the revaluation is a town, city, or county project. If the county is handling the revaluation, you still need to make special local efforts to keep the public informed.

In this section you will be learning the kinds of steps you should be taking before, during and after a revaluation.

Before Revaluation



A good public relations program tries to anticipate questions before there is a revaluation. In the case of a revaluation, the kinds of questions can be estimated very well.

Here is an example of some of the questions people may be ask:

What is a revaluation?
Why is it being done?
Who will do it?
When will it be done?
How will it affect my taxes?

Some special efforts on your part will let the public know that revaluation is coming and why. You can get the public announcements out by using newspapers, radio, television, mailing pieces and presentations to public meetings.

During Revaluation

Continuing public announcements during revaluation are important. The process may be on your mind every day, but taxpayers are probably thinking about other things.

For example, one surprise might be for residents to notice valuation teams working in the neighborhood. Can you think of a way to avoid this surprise?

The best way to publicize the schedule for example: "Valuation teams will be working in the Third Ward next week" would be to put the announcement in the newspaper, radio, television, mailers, the internet or at presentations at public meetings.

After Revaluation

A total revaluation results in many assessment changes. One way to convey these changes to the public is to publish them in summary form.

A summary of assessment changes would show increases and decreases in the level of assessment by classes of property.

A more detailed way to show the public the results of revaluation is to publish the entire roll. Of all uses of public media, this is the most dramatic way to share information.

Where publishing the roll is impractical, an alternative is to make special efforts to get the public to inspect the roll.

The main point is that special efforts to get the public to inspect the roll are valuable although not many will. The easier you make it to inspect the roll, the more likely the roll is thought to be fair and equitable.

Chapter 2: Summary

Summary

Assessors cannot spend a very large part of their time on a public relations program. It is similarly clear that such a program is needed in every assessing unit. The problem is to balance the demands of time and necessity.

You can spend so much time on public relations that you neglect assessment. This is a poor choice.

You can also neglect public relations and assume that no problems will result. Time will probably prove you wrong.

Find a balance. Make those public relations efforts that will pay off the most. It is not just exposure you need but understanding.

"Five column inches in the Podunk Gazette that hits 500 local citizens are better than a full page in the New York Times that goes out to 3 million people somewhere else."

Useful Remarks

Remarks



These materials cannot teach you "to get along with people" in other government positions. The best they can do is to remind you that you must. As local assessors, you deal with other agencies and officials of local, county, and state governments. These people depend on you, and you on them. There is no practical way to cross each other off.

Here are a few remarks that may help you to maintain pleasant relations and get support when you need it.

AVOID SURPRISES. Making public statements before making enough private ones may catch some officials off guard and embarrass them. Embarrassed officials may not be good friends later when you need them.

The reverse of this will hit you. Another official or agency may catch you off guard with a surprise announcement. When that happens, avoid public comment until you get the facts.

AVOID UNREASONABLE DEMANDS. Other officials and agencies have their problems too. Try to anticipate your needs and give them a fair chance to meet them.

On the other side, break your neck to meet the needs of somebody else. Then you will find them in your corner when you need them.

CRITICIZE IN PRIVATE. If you think the mayor or the county director needs a roasting, do it face-to-face. Do not make a speech or call a press conference. Do not blame the county or the state for local problems. Get them to help solve them.

The reverse is to show loyalty and agreement in public. Public confidence in government is shaken by strife among officials.

DO NOT PLAY THE LONE RANGER. You cannot reform assessment alone. Get support for improvements before you make them. It is not a question of whether you are right. You can be 100% right, but if people misunderstand, they will oppose.

Quiz:

Public Relations for Assessors

1. The topic you choose for a speech or a newspaper article can be interesting or not to your audience. (Refer to Pages 15-21)

You should choose a topic that you think will be interesting to: (check one)

- a. You
- b. Your Audience

2. A topic that will be interesting to the audience will deal mostly with: (Refer to Pages 15-21)

- a. Things they know and care about
- b. Things you know and care about.

3. Another area of public ignorance is that of the techniques of appraisal. Most property owners have no idea how the assessor estimates value.

From the list below, select the best title for a presentation on the subject: (Refer to Pages 15-21)

- a. Modern Appraisal Techniques
- b. Three Approaches to Value
- c. How Your Assessed Value is Determined
- d. Four Theories of Value

4. Which of the following types of people would you ask to serve on an advisory committee if they were available? (Refer to Pages 15-21)

- a. Real Estate Broker
- b. Banker with real estate responsibilities
- c. Private fee appraiser
- d. All of the above

5. If you were making a land value map, the advisory committee's job would be: (Refer to Pages 15-21)

- a. To develop the map for you.
- b. To review your tentative map and offer advice and criticism.
- c. To approve the map you make so as to share the responsibility for it.

6. Plans for revaluation -- or even rumors of it -- will create a demand for public information. (Refer to Pages 15-21)

The best thing to do about the inquiries you know will be coming is to:

- a. Wait until they come.
- b. Try to answer them before they're asked.

7. Residents may or may not remember the reason revaluation is being done. (Refer to Pages 15-21)

While it is going on the best thing to do is:

- a. Remind the public of the purpose of revaluation.
- b. Assume that the public remembers.

8. A total revaluation results in many assessment changes. One way to convey these changes to the public is to publish them in summary form.

A summary of assessment changes would show increases and decreases in the level of assessment by: (Refer to Pages 15-21)

- a. Individual parcel
- b. Classes of property

Answer Key:

<i>PAGE 5</i> Assessment Practices	<i>PAGE 11</i> Public Relations in Routine Assessment Work	<i>PAGE 22</i> Public Relations for Assessors
1. d	1. b	1. b
2. d	2. a	2. a
	3. e	3. c
	4. c	4. d
	5. a	5. b
	6. a	6. b
	7. a	7. a
	8. a	8. b
	9. c	
	10. a	
	11. a	
	12. b	
	13. b	
	14. d	
	15. c	

Classifying Property as Real or Personal

Fundamentals of Assessment Administration
Course Pre-work

Introduction

Classifying Property as Real or Personal

Introduction

The first step in assessing property is classifying it as real or personal. The law states that all real property is taxable unless exempt by statute. There is no tax on personal property in New York State, so it is essential that this task be done correctly. As an assessor, you must decide whether property is real or personal.

Most property encountered by assessors is easily classified. Some is not. The instruction contained here is designed to help with the confusing problems of classification that exist in every assessing unit.

Your careful attention to these materials will result in more equitable assessment under the Real Property Tax Law.

General Principles

There are certain principles that will help you to classify property as real or personal. In brief, they are:

1. Certain types of property are listed in the Real Property Tax Law.
2. Real property, other than land, is often erected on land or under or above land or affixed to it
3. Real property in a building would ordinarily remain in the building if the property were sold.
4. Some real property could not be moved without damage to itself or to the building in which it is housed.
5. Some real property is designed for the building that houses it and would be of little use elsewhere.
6. Real property is usually permanently installed.

Classifying Property as Real or Personal

**RPTL Section
102.12**

12. "Real property", "property" or "land" mean and include:

- (a) Land itself, above and under water, including trees and undergrowth thereon and mines, minerals, quarries and fossils in and under the same, except mines belonging to the state;
- (b) Buildings and other articles and structures, substructures and superstructures erected upon, under or above the land, or affixed thereto, including bridges and wharves and piers and the value of the right to collect wharfage, crantage or dockage thereon;
- (c) Surface, underground or elevated railroads, and railroad structures, substructures and superstructures, tracks and the metal thereon, branches, switches and other fixtures permitted or authorized to be made, laid or placed in, upon, above or under any public or private street or place;
- (d) When owned by a telephone company all telephone and telegraph lines, wires, poles, supports and enclosures for electrical conductors upon, above and underground. For purposes of this paragraph the term "real property" shall not include station connections and the term "telephone company" shall mean a company subject to regulation by the public service commission which provides, to the general public within its local exchange area, non-cellular switched local exchange telephone service at the points of origination and termination of the signal.
- (e) Mains, pipes and tanks permitted or authorized to be made, laid or placed in, upon, above or under any public or private street or place for conducting steam, heat, water, oil, electricity or any property, substance or product capable of transportation or conveyance therein or that is protected thereby;
- (f) Boilers, ventilating apparatus, elevators, plumbing, heating, lighting and power generating apparatus, shafting other than counter-shafting and equipment for the distribution of heat, light, power, gases and liquids, but shall not include movable machinery or equipment consisting of structures or erections to the operation of which machinery is essential, owned by a corporation taxable under article 9-a of the tax law, used for trade or manufacture and not essential for the support of the building, structure or superstructure, and removable without material injury thereto;
- (g) Forms of housing adaptable to motivation by a power connected thereto, commonly called "trailers" or "mobile homes", which are or can be used for residential, business, commercial or office

**RPTL Section
102.12
Continued**

purposes, except those (1) located within the boundaries of an assessing unit for less than sixty days, (2) unoccupied and for sale or (3) "recreational vehicles" that are four hundred square feet or less in size, self propelled or towable by an automobile or light duty truck and used as temporary living quarters for recreational, camping, travel or seasonal use. The value of any trailer or mobile home shall be included in the assessment of the land on which it is located; provided, however, that if either the trailer or mobile home or the land on which it is located is entitled to any exemption pursuant to article four of this chapter, other than the exemption authorized by section four hundred twenty-five of this chapter, such trailer or mobile home shall be separately assessed in the name of the owner thereof;

- (h) Special franchises as defined in subdivision seventeen of this section.
- (i) When owned by other than a telephone company as such term is defined in paragraph (d) hereof, all lines, wires, poles, supports and enclosures for electrical conductors upon, above and underground used in connection with the transmission or switching of electromagnetic voice, video and data signals between different entities separated by air, street or other public domain, except that such property shall not include: (A) station connections; (B) fire and surveillance alarm system property; (C) such property used in the transmission of news wire services; and (D) such property used in the transmission of news or entertainment radio, television or cable television signals for immediate, delayed or ultimate exhibition to the public, whether or not a fee is charged therefore.

Quiz 1: Classifying Property as Real or Personal

For the following questions please select whether the property listed is Real or Personal. Circle One Answer Key can be found on Page 28.

1. Coal Mine

Real or Personal

2. Railroad Bridge

Real or Personal

3. Truck

Real or Personal

4. A steam pipe runs from one building to another under a public street. The pipe is what type of property?

Real or Personal

5. Freight Elevator

Real or Personal

6. A winery uses an underground storage room for aging its product. Is this room real or personal property?

Real or Personal

Classifying Property as Real or Personal

RPTL Sec. 102 The list of real property in Real Property Tax Law, section 102 is easy to use and requires little explanation or so it seems. Some of the provisions raise some serious legal questions. These questions sometimes end up in court to be answered. In such cases, the owner usually contends that the stipulated property is personal and not taxable. The assessor claims that it is real property and should be taxed. The court must decide.

Erected Upon, Under or Above the Land or Affixed Thereto If you cannot classify property as real or personal from the list in Real Property Tax Law, section 102, you must look elsewhere. The next question may be: "Is it a building, article or structure erected upon, under or above land, or affixed thereto?"

Buildings and structures can be identified by our common knowledge of what a building or structure is.

Articles are items such as a suitcase, car, aqueduct or even an above ground swimming pool.

The part of the law that narrows down which buildings, structures and articles are real property is the phrase **erected upon, or above land or affixed thereto**.

The critical questions are:

1. Is this property (which may be real or personal) a building, article or structure?
2. Is this property erected?
3. Is it erected upon, or above land, or affixed thereto?

Classifying Property as Real or Personal

Example 1 You still may be asking yourself about the above ground swimming pool. Is this real or personal property?

Let's review the questions:

1. Is this property a building, article or structure? I would say the above ground pool is an article.

2. Is this property erected? An above ground pool is erected

3. Is it erected upon, or above the land to affixed thereto? The answer to this question is it depends on the specific situation.

The courts have held that the question of permanence is important here. Thus, an owner who erects a large above ground pool and leaves it up year-round shows intent of permanent installation.

Some pools are not erected with permanent intent. Many owners of these pools take them down each fall and put them up again in the summer. This type of above ground pool would most likely be personal property.

Example 2 **Diners and Lunch Wagons**

There have been questions raised with regards to diners or lunch wagons. These structures are erected somewhere else and brought to the site where they are used. They may have very temporary foundations. They could be hauled away for use elsewhere.

Suppose you must assess a new diner. It has been placed on a foundation, a parking lot paved and utility connections made. It is open for business.

Would you judge that the owner intends to use the diner permanently at that location?

**In this situation you should consider the owner's intent is permanent.
One sign of permanency is the paved parking lot.**

Classifying Property as Real or Personal

Example 3

Summer Cottages

The same questions may be raised about small summer cottages that may lack permanent foundations. The fact that they might easily be moved does not make them personal property.

As assessor, then you do not look at the quality of the foundations to determine whether a structure or article has been "affixed". To answer the question of real vs. personal the intent of the owner to make the structure permanent in that location.

Other Ways to Determine Real vs. Personal

We have been dealing with cases in which the question of real vs. personal property depended upon the article or structure being erected upon, above or under, or affixed to land. Some questions cannot be answered by this process or by the listing in the Real Property Tax Law, Section 102.

Another test to determine real vs. personal property is whether the property in question would remain if the building were sold. If the property would remain if the building were sold, then it would be classified as real property. Even if the property is installed by a tenant, if it would remain it should be classified as real.

Doors, radiators and furnaces could obviously be removed from a building and used elsewhere, but ordinarily they remain as part of the building if sold. Would you consider them personal property? You should not. One good rule to follow is this. Some articles would usually be found in a building regardless of the use made of the building. Heating and air conditioning equipment installed by the owner are examples. These are considered real property.

A similar rule is this. Articles used in connection with the only business that can be conducted on the property are considered real property. For example, the compressors and refrigeration equipment in a cold storage or locker plant are considered permanently installed and would probably remain if the property were sold. Compressors and refrigeration equipment in a cold storage plant are usually real property.

Classifying Property as Real or Personal

**Property
Moveable
Without Injury**

Sometimes the question of whether an article is real or personal comes to this: Could the article be moved without materials injury to itself or to the building housing it? If it could not, the article is real property.

It is hard to imagine a structure or article that could not be moved -- somehow. Even the Empire State Building could be moved, but of course, it could not be moved without injury.

Let us first consider injury to the article itself. For example, equipment made of poured concrete could be moved without injury only if it were small. Large concrete units would have to be considered real property.

We must consider more than physical damage here. The costs involved in taking apart, moving, and putting together again must be taken into account. If it is not worth the cost to dismantle, move, and reassemble an article, then we consider that article as real property.

Sometimes an article has been built into the building in such a way that it could not be removed without damaging the building. In such cases, it is considered permanently installed and real property. Courts have said that the rule is whether significant damage would result; incidental damage to the structure is irrelevant.

Quiz 2:

Classifying Property as Real or Personal

For the following questions please select whether the property described is Real or Personal.
Circle One - Answer Key can be found on Page 28.

1. A manufacturing company owns two 3 story buildings separated by a public street. They build a corridor over the street, connecting the two buildings at the third-floor level.

Is this corridor real or personal property?

Real or Personal

2. A radio station builds a transmission tower on a hilltop. They contend that it can be dismantled and erected somewhere else. Therefore, they say the tower is personal property, and should not be taxed. They do not own the land on which it is built.

Is the tower real or personal property?

Real or Personal

3. A builder buys a modular house and it is delivered in two complete sections by truck. They place it on their warehouse lot until it can be sold, still in two parts. Six months later it is still there, and you happen to see it. There are not utility connections and the builder still intends to sell it.

Real or Personal

4. A year later you call on the same builder as the previous question. The modular house has been moved to the edge of the parking lot, the two parts joined, and utilities connected. One of the builder's supervisors are living in it. The builder says they still wants to sell it.

Is this house real or personal property?

Real or Personal

5. A homeowner installs a 24 foot above ground pool in their yard. Attached to it is a large sundeck. They say if they sold the house the whole structure would be taken with them. You pass by it in the winter and notice that the pool has not been dismantled.

Is this pool real or personal property?

Real or Personal

6. A job printer leases space for a year in a storefront.

Is their printing press real or personal property?

Real or Personal

7. A one-story commercial building is leased on a yearly basis as a restaurant. The tenant installs stoves, refrigerators, etc.

Should these items be real or personal property?

Real or Personal

8. Suppose you are assessing a wholesale poultry establishment. The question arises as to whether a 14 by 30 foot walk-in cooler is real or personal property. The owner claims it can be dismantled and erected elsewhere.

You observe that one of the 30-foot sides of the cooler is also the outside wall of the building at that point. If the cooler were removed, 30 feet of outside bearing wall would have to be replaced.

How would you classify this cooler?

Real or Personal

9. Suppose a machine could not be removed from a shop unless the door frame was partly dismantled. Should this machine be classified as real or personal property?

Real or Personal

Classifying Property as Real or Personal

Specially Designed Building or Article

Certain articles are especially designed for the building that houses them, because of this, they would be of little use elsewhere. For example, the stage elevator in a theater would have little use elsewhere and would be classified as real property.

As articles are sometimes designed for the building, sometimes a building is especially designed to house its contents. Because of the special building, the unusual articles in it would be of little use elsewhere.

Suppose a special tall building is built to house a series of sorting machines and settling tanks. In such a case, the machines and tanks would be considered real property.

Permanently Installed Property

We have dealt with several kinds of situations. In each of them, the question has been the same: Is this property real or personal?

So far, we have worked with these rules:

1. If the property is erected on the land (and under, above, etc.) it is real property
2. If it would remain in the building upon sale, it is real
3. If it cannot be moved without material injury to itself to the building, it is real
4. If the building or equipment is designed specially, it is real

Basically, all of the above rules treat the same question: Was this property installed or placed with permanent intention?

The word "permanent" is a hard one to work with, because no property is really permanent except land. A building may be finished this month and burn down next month. A house may stand for two centuries and then fall down.

So, when we say "permanent" in connection with real property -- other than land -- we really mean "for quite a long time". How long is quite a long time?

A person does not build a concrete swimming pool in their yard temporarily. They expect to use it indefinitely. Perhaps they have in mind that it may last 20 or 30 years and then collapse, but they build it and install it for as long as it is good for. This is not "forever," but it is for a long time.

In the same way, an apartment owner installs an elevator with permanent intentions. It will not last forever and they know it, but they install it for its useful life. They will remove it when it no longer works.

Suppose we have before us a piece of property that we have tried all the rules on and still have not classified. We are still faced with the same question: Is this installation permanent?

Example

A real estate firm builds a building for its own use. The interior is divided into several offices by partitions. Acoustical ceilings are installed. The question is whether the partitions and ceilings are real or personal property.

Since the building is equipped for the use of the owner, we must assume that the acoustical ceilings and partitions are permanently installed, part of the building. We would therefore classify them as real property.

An example of personal property is the same real estate firm buying a building that could be put to several kinds of commercial use. They offer to rent it and a company leases it as an office. As part of the lease agreement, the owner installs acoustical ceilings and partitions. The tenant requires these things. In this case, we consider the partitions and ceilings as personal property. The reason for this is because the partitions and ceilings are installed to satisfy the needs of a tenant, they are not clearly installed with permanent intent. The next tenant may want them removed.

We have not made a rule about partitions and ceilings. Rather, we have made a rule about permanent intent. Based on court decisions, we have said that certain kinds of articles in or on buildings may in some cases be real property and in other cases personal. This depends in part on whether they are for the benefit of a (temporary) tenant or the (permanent) owner.

Now we will take a rather mixed case. A tenant leases a warehouse for 25 years. As part of the lease agreement, the owner makes certain changes in the loading dock area, installing special doors, ramps, etc. Are these changes made with a "permanent" intent? Twenty-five years is not forever but it is not temporary either. We would consider these improvements real property and assess them.

At least 99% of the time, you will have no problem in classifying property as real or personal. For the rare case that you do not feel qualified to decide, ask the help of your county real property tax service director or the Counsel's office of the State Board of Real Property Services.

**Real Property of
9A
Corporations**

Previously you have learned something of the problem of classifying some property as real or personal. Now we come to a different kind of classifying task.

In this instance, we recognize that real property of certain corporations is exempt from taxation. Having identified it as real property, and not personal, we must decide whether it is taxable or exempt.

This means that we must recognize a "9-A corporation" when we see one and we must also be able to recognize exempt real property of such corporations.

In legal terms, exemptions are "construed against the taxpayer". What this means to you is that if there is doubt, no exemption is granted. The taxpayer must clearly be entitled to the exemption.

In this section, we'll try to make it as easy as possible for you to decide these matters without doubt.

**9-A
Corporations
Defined**

9-A refers to [Article 9-A of the Tax Law](#). (Do not look for Article 9-A in the Real Property Tax Law; it is not there. The Tax Law is another set of statutes.) That article lists the types of corporations that are liable for the state franchise tax imposed by Article 9-A. Those corporations that pay the franchise tax -- nearly all of them -- are "9-A corporations".

Since most corporations are "9-A" the easiest thing to do is to learn the exceptions. Here they are:

Financial Corporations
Insurance Corporations
Public Utilities
Transportation or Transmission corporations

Which of the following are 9-A Corporations?

New York Telephone Company
International Business Machines Corporation
Chase Manhattan Bank
Penn Central Railroad Company
Equitable Life Assurance Company
General Electric Company

International Business Machine Corporation and General Electric are the 9A corporations. The rest are either financial corporations, insurance corporations, public utilities or transportation or transmission corporations.

Quiz 3: Classifying Property as Real or Personal

For the following questions please select whether or not the property listed is a 9A corporation.
Check One - Answer Key can be found on Page 28.

1. Company A is a trust company

- 9A corporation
- Not a 9A corporation

2. Company B manufactures farm machinery

- 9A corporation
- Not a 9A corporation

3. Company C operates community TV systems

- 9A corporation
- Not a 9A corporation

4. Company D is the local gas company

- 9A corporation
- Not a 9A corporation

5. Company E rents automobiles

- 9A corporation
- Not a 9A corporation

Classifying Property as Real or Personal

Property Excluded by Statute

Now we know a 9A corporation when we see one. We must now learn to identify that machinery and equipment owned by 9A corporations is exempt from taxation.

Certain items of machinery and equipment are taxable even when owned by 9-A corporations. They are:

1. Boilers
2. Ventilating apparatus
3. Elevators
4. Plumbing apparatus
5. Heating apparatus
6. Lighting apparatus
7. Power generating apparatus
8. Shafting other than counter-shafting (counter shafting is the shafting which connects particular pieces of machinery to the main shaft)
9. Equipment for the distribution of heat, light, power, gases and liquids
10. Equipment consisting of structures or erections to the operation of which machinery is not essential

Other items of machinery and equipment are exempt if they are:

- **Movable machinery or equipment**
- **owned** by a corporation taxable under Article 9A of the Tax Law
- used for trade or manufacture
- and **not essential** for the support of the building, structure or superstructure
- and **removable** without material injury thereto

Section 102, Subdivision 12(f) of the Real Property Tax Law is a restatement of Section 3 of the tax law as construed in *City of Lackawanna v. State Board of Equalization and Assessment*. 16 N.Y. 2d 222 (1965)

Classifying Property as Real or Personal

When is Equipment Taxable?

Sometimes this question will arise: An article is used for trade or manufacture, but it is included in the list of articles not exempt.

The State Board's position is that any article on the previous list is taxable regardless of its use.

For example, an electronics manufacturer uses air conditioning in part of the plant to control the effects of temperature and humidity on their product. Such equipment is taxable. It relates to ventilating. (See list on previous page) Even though used in manufacturing, such equipment is listed taxable.

Example

You are assessing a plant mainly used for the manufacture of cement. Outside the plant, and attached to it, is a long conveyor. At one end, crushed limestone is loaded into a hopper and fed into the conveyor. It is transported to the top of the plant where it falls into another hopper for processing. The question is, is the conveyor, and its housing, taxable real property? (It belongs to a 9A corporation and is not listed)

We must answer each of the following questions before deciding:

1. Is the machinery or equipment movable?
2. Is it used for trade or manufacture?
3. Is it essential for the support of a building, structure or superstructure?
4. Is it removable without material injury?

Let's look at each question, one at a time.

Is the machinery or equipment movable?

It is important to understand what is meant by movable. This is not the same as portable. Something portable can usually be carried by one person. With machinery and equipment of a 9A corporation, we are not asking if they are movable. Whether or not such machinery actually would be moved is the real question. That question is really one of cost.

Suppose a certain machine costs \$240,000. To dismantle it, move it and reassemble it at another location would cost \$230,000. If this belonged to a 9A corporation it would be considered taxable. The cost of moving it is too great. It is not movable therefore, taxable.

Classifying Property as Real or Personal

Example Cont'd Now let's take the limestone conveyor. The best that you can determine is that it could be moved, and the cost might be considerably less than buying a new one. Based on only this information the conveyor would not be taxable. Before a final determination is made, we must look at the other questions.

Is the property used in trade or manufacture?

Manufacture is a clear word, but the meaning of trade may be less clear. "Trade" has now been held in the courts to mean "a business of any kind" and "any occupation or employment pursued as a calling." Legal opinions, however, do not accept the word "trade" in that way here. Instead it is interpreted to mean only buying and selling a tangible product.

Is the conveyor used for trade or manufacture? The conveyor is used in the manufacture of cement. So far, the conveyor is considered exempt from taxation. There are still 2 other tests to be exempt.

Is the equipment essential for the support of the building?

To be exempt, the property in question must not be essential to the support of a building, structure or superstructure. The best way to determine this is by observing the equipment and the building. If you were to observe that the building would fall down or be weakened by the removal of the equipment or machinery, you would classify the equipment as taxable.

Is the conveyor essential for the support of the building? No, it is not.

Is the equipment removable without material injury?

The question depends upon the meaning of material. There are no rules stating that scratches on the floor, windows frames removed, or bricks taken out are or are not "material" injury. What is material depends on the relation of the injury to the value of the equipment and the building.

If the owner did \$100 damage to their building removing a million-dollar machine, would that be material? Not really. If the owner did \$1000 damage to their building removing a \$2000 machine, that would be considered material. You note that the conveyor could not be removed unless the roof and walls of the housing were first removed. Would this be material injury to the building? This would be considered to be material injury.

Classifying Property as Real or Personal

The conveyor answer:

Based on the answers to the four questions, the conveyor would be taxable. It met every qualification to be exempt from taxation except for one. The removal would cause material injury therefore the conveyor is taxable.

Manufactured Housing and Mobile Homes

Nearly every assessing unit contains manufactured housing and mobile homes. These are located individually, occasionally in small colonies, but most often in a mobile home park. Some are used only for travel and camping and are personal property.

There is great concern in some communities about the increased use of mobile homes as residences. Some feel that mobile homes do not carry their fair share of the tax burden. Assessors often find it difficult to assess mobile home parks correctly.

The great bulk of revenue available from taxing mobile homes is to be found in mobile home parks. The reason for this is simple: that's where most of the mobile homes are located. As assessor, you can accomplish more by assessing mobile home parks accurately than by becoming overly concerned with a handful of individual mobile homes.

Your first duty with manufactured housing and mobile homes is to locate them. Having done this, you must determine whether they are real or personal property on taxable status day. If they are real property you must assess them correctly and within the provisions of the law.

This chapter does not deal with how you find mobile homes nor with their assessment. It is concerned with only one question: how do you tell whether a given mobile home or manufactured housing is real or personal property?

The most important fact about manufactured housing or mobile home is the way it is installed. If it is disconnected from its power source, and is mounted on a foundation with permanent intent, it is real property.

You will have no trouble telling whether any trailer is or is not disconnected from its power. Nor will it be hard, in most cases, to tell whether it is mounted on a foundation. The problem is to tell whether there is permanent intent.

Classifying Property as Real or Personal

Permanence of Foundation The permanence of the foundation may show intent quite clearly. The following is a list of foundation descriptions. Which is the most permanent?

- A railroad tie at each end of the trailer and a concrete block in the middle
- An enclosed foundation consisting of mortared concrete blocks
- An excavation with poured concrete floor and footings, and mortared concrete block walls
- A partially enclosed foundation consisting of unmortared concrete blocks

The most permanent foundation listed is the third one. The least permanent foundation is the first one. The descriptions listed in order of permanence are:

1. An excavation with poured concrete floor and footings, and mortared concrete block walls
2. An enclosed foundation consisting of mortared concrete blocks
3. A partially enclosed foundation consisting of unmortared concrete blocks
4. A railroad tie at each end of the trailer and a concrete block in the middle

When the foundation on which a mobile home is mounted does not show permanent intent, you must base your judgment on something else. Suppose you find a mobile home supported by a 12-inch concrete block on each corner. Which is true?

- The trailer is definitely mounted with permanent intent.
- The trailer is definitely not mounted with permanent intent
- You cannot tell whether or not it is mounted with permanent intent

What did you think? In this case, you cannot tell whether or not it is mounted with permanent intent. More information is needed to make a determination. One common evidence is the ownership of the land. If a trailer owner mounts their trailer on some kind of foundation on land owned by their son, they are probably doing it with permanent intent. If the land is owned by someone else who is not a close relative, then it is not enough to tell whether or not there is permanent intent.

Utility Connections

A third form of evidence of intent is the connection of utilities. A mobile home connected to a septic tank and electric and telephone lines is probably installed with permanent intent. As with other evidence we cannot always be certain. We are considering mobile homes and manufactured housing on some sort of foundation. Utility connections alone are not absolute proof, but in combination with other evidence, such connections may help you decide.

Quiz 4:

Classifying Property as Real or Personal

*For the following questions please select whether the property listed is permanent, temporary or unknown. **Check One** - Answer Key can be found on Page 28.*

1. At the time of inspection: Mobile home A had a mortared foundation but no utility connections. It was on leased land.

- Permanent
- Temporary
- Don't Know

2. At the time of inspection: Mobile home B was mounted on a mortared foundation on its owner's land. It had no utility connections.

- Permanent
- Temporary
- Don't Know

3. At the time of inspection: Trailer C was mounted on a mortared foundation and had utility connections. It was in a mobile home park.

- Permanent
- Temporary
- Don't Know

4. At the time of inspection: Trailer D was mounted on a permanent foundation on its owner's land and had utility connections.

- Permanent
- Temporary
- Don't Know

5. At the time of inspection: Trailer E was mounted on loose blocks on its owners land. It had utility connections.

- Permanent
- Temporary
- Don't Know

6. At the time of inspection: Trailer F was mounted on railroad ties on the land of another. It has utility connections.

- Permanent
- Temporary
- Don't Know

7. At the time of the inspection: Trailer G was mounted on loose blocks on the land of its owner. It had no utility connections.

- Permanent
- Temporary
- Don't Know

Classifying Property as Real or Personal

Mobile Homes/ Manufactured Housing Not Mounted w/Permanent Intent

From this point on we will consider only manufactured housing and mobile homes not mounted on a foundation with permanent intent. We have already established that they are always taxable real property if so mounted.

We will now take up the procedure for determining whether an unmounted mobile home is considered real property, or one not clearly mounted with permanent intent.

In Assessing Unit 60 Days?

A mobile home or manufactured housing on wheels or a temporary foundation may or may not be taxable. According to the law, if it has not been in the assessing unit at least 60 days, it is not taxable. When you discover a trailer on wheels or a temporary foundation, then, your first question will be, "How long has this been here?"

Suppose you observe a mobile home mounted on wheels on November 15. Taxable status date is March 1. You should make a note to yourself to remind you to check on that mobile home again between January 15 and March 1. If it is still there, it might be taxable.

You must be careful about the 60-day rule. It does not determine whether a trailer on wheels or temporary foundation is real or personal. It merely says that you cannot assess it yet if it has been in the assessing unit under 60 days. We have said that a mobile home mounted on a foundation with permanent intent is always real property. One mounted on wheels or a temporary foundation, but present less than 60 days, cannot be assessed yet.

We will now consider only mobile homes mounted on wheels or temporary foundation and present for 60 or more days. Such structures may be real or personal property. Let's see how we decide.

Classifying Property as Real or Personal

Final Step in Classifying Mobile Homes

If all other attempts to classify a mobile home fail, the final judgement is based on its being for sale or not. Thus, it is important that you find out whether the mobile home is really for sale. Do any of these prove beyond a doubt that a property is for sale?

- the owner tells you it is for sale
- there is a "for sale" sign in the window
- the owner shows you a newspaper ad offering their mobile home for sale
- the owner shows you a written offer to buy their mobile home

Unfortunately, none of the above proves it beyond a doubt.

Most people will not misrepresent, but to avoid being taxed, some will. You cannot tell which people will misrepresent. Thus, you must go on the evidence.

Take this example: A nonresident owns a parcel of land near a lake. They spend a summer on their parcel living in their mobile home, which is not on a foundation. They leave a "for sale" sign in the window in the fall and go home. The next summer they are back living in the mobile home. They tell you they are still trying to sell the mobile home and show you a newspaper ad they have placed. The sign is still up. You would not agree that the mobile home is for sale.

If there has been misrepresentation, time will disclose it. Suppose that two years have elapsed since the non-resident's mobile home appeared. It is always occupied on taxable status day, and the owner claims they are still trying to sell it. Is this mobile home truly for sale? There is reasonable doubt that this mobile home is for sale.

In the presence of reasonable doubt, you can assess the mobile home. The assessment will be added to the owner's assessment for the land.

Classifying Property as Real or Personal

Relevant Facts In trying to make mobile home decisions, you may find evidence that looks important but really isn't. Let's explore what might be so you are ready for it.

One piece of non-evidence is a license plate on a mobile home. Such registration has no bearing on taxable status. If it did, owners could avoid the real property tax by registering with the Department of Motor Vehicles.

Another fact that does not matter with mobile homes on wheels or temporary foundations is utility connections. Their presence or absence on such a mobile home does not affect taxable status.

For example: There is a family living in a mobile home mounted on wheels. The structure has been in the assessing unit three months. The owner claims that since they have no sewer connection the installation is not permanent. This evidence is not acceptable. This mobile home is considered real property and would be taxable.

Quiz 5: Classifying Property as Real or Personal

For the following questions please select whether the property described is Real, Personal or Not Yet Assessable. Circle One - Answer Key can be found on Page 28.

1. Is the following mobile home real or personal property or not yet assessable?

A camper on a permanent foundation bears a current NYS license plate.

Real or Personal or Not Yet Assessable

2. Is the following mobile home real or personal property or not yet assessable?

Mounted on wheels, in place 4 months, for sale, used by owner of mobile home sales company as an office.

Real or Personal or Not Yet Assessable

3. Is the following mobile home real or personal property or not yet assessable?

Mounted on temporary foundation, in place 8 months, not occupied, for sale, license plate, electrical connections.

Real or Personal or Not Yet Assessable

4. Is the following mobile home real or personal property or not yet assessable?

Mounted on foundation with permanent intent, unoccupied and for sale, in place 3 weeks.

Real or Personal or Not Yet Assessable

5. Is the following mobile home real or personal property or not yet assessable?

Mounted on wheels, in place 2 weeks, occupied, not for sale, license plate.

Real or Personal or Not Yet Assessable

6. What is the first step in determining whether or not a mobile home is real property?

- a. Has it been in the assessing unit for 60 days yet
- b. Look underneath for type of foundation
- c. Is the property and mobile home owned by the same person
- d. Check for a license plate
- e. Check to see if it is in use

7. Indicate whether this mobile home is real or personal property.

The mobile home has been there for 6 months and is in use.

Real or Personal or Not Yet Assessable

Answer Key:

<i>PAGE 5</i> Quiz 1	<i>PAGE 10</i> Quiz 2	<i>PAGE 15</i> Quiz 3	<i>PAGE 21</i> Quiz 4	<i>PAGE 26</i> Quiz 5
1. Real	1. Real	1. Not 9A	1. Permanent	1. Real
2. Real	2. Real	2. 9A	2. Permanent	2. Real
3. Personal	3. Personal	3. Not 9A	3. Permanent	3. Personal
4. Real	4. Real	4. Not 9A	4. Permanent	4. Real
5. Real	5. Real	5. 9A	5. Permanent	5. Not
6. Real	6. Personal		6. Don't Know	6. Choice b
	7. Personal		7. Permanent	7. Real
	8. Real			
	9. Personal			