

# Fair Assessments for Property Taxpayers

## Scarsdale, Westchester County



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## Due to statutory design, New York's Real Property Tax system is weak on most measures

- **Guaranteed Unfairness:** parcels not treated the same way
  - Some pay too much, others pay too little
- **Lack of Transparency:** impossible for taxpayer to understand
- **State-Imposed Equalization** – poor substitute for fairness
  - For 80% of property tax (school; county)
  - In ½ of states, taxes never cross assessing lines
- **Inefficiency:** More expensive for fewer benefits

# Reassessment: What is it? What does it do?

A “**reassessment**” is a comprehensive review of all properties in a community in which all assessments are set back to market value

The longer it has been since a reassessment, the more likely it is that some taxpayers are paying more than their fair share of taxes while others are paying too little. Where assessments are inaccurate, overassessed taxpayers actually subsidize the tax burden of those who are underassessed.

Reassessment provides multiple benefits:

- **Fairness:** Every owner pays no more than fair share of tax
- **Transparent:** Taxpayers understand system
- **Tax Neutral:** Total tax raised is unchanged
- **Reduced Litigation:** Fewer law suits, “tax cert” refunds
- **Economic:** Helps redevelopment, bond ratings
- **Local Control:** Eliminates impact of state equalization
- **State Aid:** up to \$5 per parcel each year roll at 100%

# Reassessments ensure that property owners pay only their fair share of taxes

- Community reassessed in 1969.
- Smith and Jones properties have same value, pay same tax



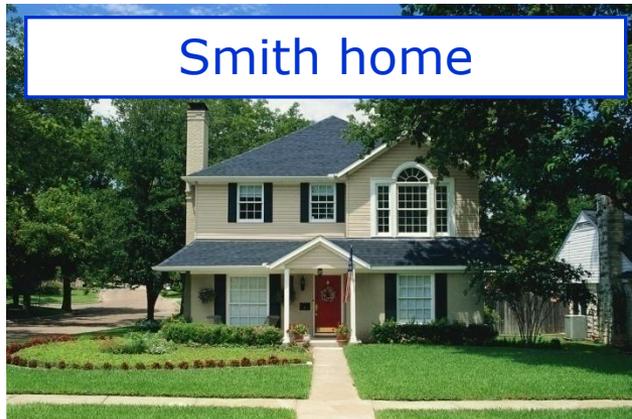
Market Value	\$100,000
Assessed Value	\$100,000
Tax (@ 1% AV)	\$1,000
Real Tax Rate	1.0%



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# With lack of reassessment, properties that have appreciated most are paying less than their fair share

- 40 years later; no reassessment
- Smith value up x10; Jones value merely up x5
- **But tax bills are the same! Jones subsidizing Smith**



Market Value \$1,000,000  
 Assessed Value \$100,000  
 Tax (@10% AV) \$10,000  
 Real Tax Rate 1.0%

Market Value \$500,000  
 Assessed Value \$100,000  
 Tax (@10% AV) \$10,000  
 Real Tax Rate 2.0%

## Two recent Scarsdale sales – similar sale prices, very different assessments / taxes

Prop Class	1 Fam Res
Location	Stratton Rd
Sale Date	8/13/2008
Sale Price	\$1,275,000
Ass'd Value	\$18,300
School Dist.	Scarsdale
AV Est. Tax	\$20,889
Real Tax Rate	1.64%

Prop Class	1 Fam Res
Location	Penn Road
Sale Date	1/30/2009
Sale Price	\$1,285,000
Ass'd Value	\$26,000
School Dist.	Scarsdale
AV Est. Tax	\$29,679
Real Tax Rate	2.31%

Note: Changes to the assessed values at time of sale may have since occurred due to physical changes or the result of assessment challenges

## Two more recent Scarsdale sales – similar sale prices, very different assessments / taxes

Prop Class	1 Fam Res
Location	Paddington Rd
Sale Date	3/5/2009
Sale Price	\$1,430,000
Ass'd Value	\$36,400
School Dist.	Scarsdale
AV Est. Tax	\$41,550
Real Tax Rate	2.91%

Prop Class	1 Fam Res
Location	Greenacres Av
Sale Date	10/02/2008
Sale Price	\$1,462,000
Ass'd Value	\$24,400
School Dist.	Scarsdale
AV Est. Tax	\$27,852
Real Tax Rate	1.91%

Note: Changes to the assessed values at time of sale may have since occurred due to physical changes or the result of assessment challenges

# Scarsdale roll has wide variation in assessment when looking at “arms length” sales

## Scarsdale “Arms Length” Sales (7/08–6/09)

• # Sales	121
• Avg Assessed Value	\$25,470
• Avg Sale Price	\$1,536,700
• Avg AV / SP	1.66%

## Sales Near Average

• # Sales	14
• Price Range	\$1,383,000 – \$1,690,400 <b>-10% to +10%</b>
• Assessment Range	\$17,300 – \$38,700 <b>-32% to +52%</b>

## Reassessment misconceptions boil down to lack of understanding a very technical subject

**Fact:** Reassessment does not raise taxes. It redistributes tax – away from those unfairly paying too much, toward those unfairly paying too little

**Fact:** If everyone's assessment doubles, no one's tax goes up. Your tax goes up only if your assessment goes up more than the community average

**Fact:** Reassessing a property does not, by itself, increase its tax. It lowers your tax if you were paying too much, and raises it if you were paying too little

**Fact:** Reassessment does not help/hurt any one group. It will help homes/neighborhoods that have not appreciated as fast as the rest of community

**Regular reassessment  
is the only way to ensure that  
all taxpayers  
pay only their fair share**

**How can we help you?**

**New York State  
Office of Real Property Services**

**[www.orps.state.ny.us](http://www.orps.state.ny.us)**