

Annual Reassessment Questions and Answers



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What is annual reassessment?

Annual reassessment is a systematic review of the assessments of all locally assessed parcels within an assessing unit at a uniform percentage of value on an annual basis. Section 1573 of the Real Property Tax Law (RPTL) provides an incentive payment of up to \$5 per parcel (also known as "state aid") for municipalities assessing at a uniform percentage of 100. In special assessing units, Nassau County and New York City, assessments within a property class must be at the stated percentage of value, which can be less than 100, in order to receive state aid. In order for properties to be assessed at a uniform percentage of current market value every year, assessments must be reviewed and adjusted, where appropriate. This requires that the assessor analyze and evaluate the market, and change, where appropriate, the assessments of properties each year to maintain current market value.

What are the advantages of annual reassessment?

Many of the advantages of annual reassessment serve to simplify the assessment process, thereby facilitating a clearer and smoother communication between government officials and taxpayers. Some of the specific advantages of annual reassessments include: an unprecedented increase in funds for assessors' offices for the maintenance of equitable assessments;

- more manageable and market-supported changes in assessments;
- the uniform percentage of 100 can be the equalization rate every year;
- elimination of the uncertainty in changes to tax rates due to equalization;
- elimination of the cumulative impact of infrequent or periodic reassessments on tax rates;
- simpler and more efficient means for maintaining equity once an equitable roll has been achieved;
- protection of a municipality's investment in its equitable assessment roll;
- with multiple municipalities participating, the potential for common school and/or county tax rates;
- more even distribution of the assessor's workload over the course of the year and over multiple years;
- improved communication between government officials and taxpayers, at a time when taxpayer participation in the assessment process is increasing; and
- elimination of cyclical work demands and disruptions for assessors.

Will my assessment change each year because of annual reassessments?

No. Barring a physical change to a parcel of property, the assessment will change only if the assessor's analysis of real estate market trends indicates that an increase or decrease is required to maintain your assessment at market value. By maintaining the assessments of all parcels in the community at market value each year, the property tax is distributed more equitably.

Do annual reassessments require that all properties be reappraised each year?

A "traditional" or "one-time" reassessment requires a physical review and appraisal of each individual parcel within the municipality. In regard to annual reassessment, ORPS

supports the International Association of Assessing Officers' (IAAO) position that a reassessment can be achieved by:

1. a municipal-wide reappraisal;
2. an analysis of all the properties in the municipality, and adjustment of assessments where appropriate, using market trend factors (also known as "trending"); or
3. some combination of 1 and 2.

In addition, the IAAO recommends, and the \$5 per parcel State Aid program requires, that all parcels are physically inspected and reappraised at least once every six years. As part of the systematic analysis performed each year, the assessor determines which properties are to be reappraised in a given year, which properties can be adjusted by market trends, and which properties require no change because they have remained at the uniform percentage.

What is a reappraisal, and how is it different from a reassessment?

A reappraisal deals with an individual parcel and is comprised of the development and review of an independent estimate of market value for that parcel by the appropriate use of one or more of the accepted three approaches to value (cost, sales and income). (For more information on the three approaches, please see our pamphlet [The Job of the Assessor](#).) A reassessment consists of reappraisals and/or trending to maintain a uniform percentage of market value. Reassessments performed annually to maintain a uniform percentage of 100 allow an assessing unit to receive Annual Aid.

What is the difference between reinspection and reappraisal?

Reinspection - According to the [Guidelines for Annual Reassessment](#) and in keeping with the standards of the IAAO, reinspection means at a minimum, observing each parcel from the public right-of-way in order to ascertain that the physical characteristics necessary for reappraisal are complete and accurate.

Reappraisal - Development and review of an independent estimate of market value for a parcel by the appropriate use of one or more of the accepted three approaches to value. The data necessary to do a reappraisal is gathered through a reinspection.

New York State endorses the IAAO standard that reinspection and reappraisal of each parcel should occur, at least, once every six years.

What is trending?

Trending involves the use of real estate market trend factors to maintain uniformity of assessments. Computer Assisted Mass Appraisal (CAMA) is a type of trending that can be used for trending and/or reappraisal purposes. When trending, market trend factors are developed from assessment-sales ratio studies or other market analysis, and are based upon criteria such as property type, location, size and age. The resulting trend factors can then be applied to groups of properties with similar criteria within a specific municipality, assessing unit, or combination of assessing units to estimate market value.

What is systematic analysis in terms of annual reassessment?

Systematic analysis is a methodical, thorough and regular review and examination of a municipality's assessments. In terms of annual reassessment, the following steps would be taken by the assessing unit:

1. Gather and maintain inventory of property characteristics, valuation data and market information;
2. Group the data appropriately, or as necessary for the parcels to be assessed;
3. Use accepted analytical techniques to:
 - Describe the present situation in relation to market analysis, and
 - Revise assessments as necessary based on the market analysis and the reappraisal requirement; and
4. Validate the results.

Why do assessors do systematic analysis?

Systematic analysis has been recognized by the International Association of Assessing Officers (IAAO) as the most efficient way of evaluating assessments relative to the market. A municipality can determine whether to revise assessments only after it has undertaken a systematic analysis. Having an understanding of that analysis is an important way for ORPS to evaluate the results. For at least 60% of the assessing units in the State, there are insufficient sales to derive meaningful statistics to judge the results. Section 1573 of the Real Property Tax Law outlines four conditions that are necessary in order to receive State Aid for annual reassessment. They are:

1. Uniformity at 100%,
2. Systematic analysis,
3. Revision of assessments as necessary based upon the systematic analysis, and
4. A plan for reinspection and reappraisal at least once every 6 years.

Simply looking at the results does not meet the requirements for a systematic analysis and a plan for reinspection and reappraisal. However, the results and their validation within the systematic analysis step is key both in determining annual uniformity at 100 percent and in meeting the reappraisal requirement.

STATE AID

How is eligibility for Annual Aid determined?

Payment of aid is determined by ORPS' review of the reassessment effort. ORPS reviews the project to ensure that the conditions stipulated in Section 1573 of the RPTL are completed, as well as to review the effort in greater detail in relation to each of the four steps of systematic analysis.

Are assessors required to assess at 100 percent of market value?

Section 305, subdivision 2 of the RPTL requires that assessments be at a uniform percentage of market value, except in Article 18 assessing units (New York City and Nassau County), where assessors are required to assess each class of property at a uniform percentage. In order to receive Annual Aid, assessors (except in New York City and Nassau County) must assess at a uniform percentage of 100. The option is left to local officials to decide whether to assess at market value and be eligible for the \$5 per parcel aid, or assess at a uniform percentage other than 100 and not be eligible for \$5 per parcel aid each year.

Why do assessments need to be at 100 percent in order to receive State Aid?

While Section 305 of the RPTL only requires that assessments are at a uniform percentage of value, Section 1573 adds that, for purposes of State Aid, assessments must be maintained at 100 percent of market value. Assessments at market value are more understandable to the taxpayer, allow for common tax rates among localities in the same taxing jurisdiction, and simplify the equalization process.

In the case that aid is denied to a municipality, is there an appeals process for the municipality?

Yes. The assessor has thirty days to appeal any denial. Upon appeal, senior staff will make a determination.

If a municipality opts out of an annual reassessment program after participating for one or more years, is State Aid required to be repaid?

Annual aid is paid on a year-to-year basis. As long as a municipality meets the requirement for aid in a given year, the municipality receives the aid. If a municipality fails to meet the aid requirements in a given year, aid is denied. A municipality is not required to repay previous years' disbursements if the municipality did not meet the criteria for receiving aid. However, once out of the program, the municipality must resubmit a six-year plan and must meet all the requirements for aid as of the new application year.

What is the future of Annual Aid?

There is no sunset (or termination date) of the Annual Aid Program. Unless specifically amended by the Legislature, the aid is expected to be available in future years.

ORPS & MUNICIPAL RESPONSIBILITIES

Will ORPS continue to provide advisory appraisals of complex property?

ORPS will provide values for complex structural property on an annual basis, either by reappraising or trending, depending upon the significance of inventory changes. ORPS will physically inspect and reappraise such properties at least once every six years. Non-complex utility properties, such as service centers, sheds, warehouses and office buildings will be valued by the assessor. ORPS assists localities by supplying appropriate valuation templates, factors and indices. ORPS also will provide values for all utility mass properties (wires, poles, etc.) on an annual basis. The schedules for reinspection will be coordinated by the assessor and regional staff.

What is a local government's responsibility for evaluating its own resources (salaries, technology, etc.) in relation to annual reassessment?

Self analysis of the municipality's capacity to maintain a program of annual reassessment is the first step in the development of a 6-year plan. Before beginning a program of annual reassessment, ORPS strongly urges localities to do a needs analysis. ORPS has published a self-review guide to assist localities in evaluating their community relative to IAAO standards for an effective assessing unit.

The self-review guide is for use by localities; there is no requirement or deadline for its completion. Rather, the purpose of the guide is to make municipalities aware of the IAAO standards, help them evaluate the standards in the context of their community, and assist localities in recognizing where they meet or exceed the standards, or where there might be opportunities for improvement.

Additionally, the guide can be a helpful tool, especially when an assessing unit is working with ORPS on a reassessment project. ORPS staff can review the document and get detailed information immediately about the assessing unit.

Does an application for annual reassessment aid need to be submitted annually?

Yes, an aid application must be filed annually. The municipality must certify on the application that specific actions have occurred in the preparation of the current assessment roll.

Does a six-year plan for reinspection and reappraisal need to be submitted annually?

No, the six-year plan is prepared by the municipality and verified by ORPS staff for purposes of determining eligibility for annual aid. The plan describes the municipality's methods and outlines its capacity for meeting the statutory requirements for physically inspecting and reappraising all property at least once every six years. The plan is submitted to ORPS at the beginning of a six-year cycle. ORPS staff are available to assist in the formation of this plan. If the municipality's methodology or resources change within the six-year period, a revised plan is submitted. Furthermore, if a municipality discontinues annual reassessments for one or more years, but then wishes to resume a six-year program of annual reassessments, a new plan would be required.

Does a locality need to provide ORPS with a resolution?

The resolution adopted by the City Council or Town Board is only required at the onset of the six-year plan.

Under a program of annual reassessments, when are Assessment Disclosure Notices required to be sent?

The Real Property Tax Law establishes two distinct assessment notice requirements: the relatively simple "Notice of Increase" prescribed by section 510, which applies in most years, and the far more complex "Assessment Disclosure Notice" prescribed by section 511, which applies only when a "revaluation or update" is implemented. When section 511 notices are sent, section 510 notices are not required.

Section 511, subsection 8, requires that in a municipality conducting an annual reassessment at 100% of market value, assessment disclosure notices are used at least once every third year. In the intervening years, assessment change notices can be used.

Many assessors have found that using assessment disclosure notices each year (though not required by law) has increased the effectiveness of their public relations campaigns.

Doesn't segmenting the municipality in accordance with the six-year plan and annual trending constitute selective reassessment?

ORPS Opinion of Counsel, Vol.10, No.60 discusses the issue of selective reassessment. In this Opinion, ORPS Office of Counsel determines that an assessor may change the assessment of a particular property, class of property, or neighborhood in a non-reassessment year, but the assessor must be prepared to show that the change was intended to bring those assessments in question to the uniform percentage of value. Municipalities are not authorized to conduct spot assessments or piecemeal revaluations in which some parcels are assessed at different or more current levels than others. Furthermore, in the case of annual reassessment, all parcels must be analyzed and appropriate changes made where the assessments do not conform to the uniform percentage.

Will taxpayers grieve based on selective reassessment?

If taxpayers do grieve their assessments based on the grounds of selective reassessment, the assessments should be easily defensible based on the following:

- the assessor is complying with a six-year plan for physical inspection and reappraisal,
- the assessor possesses documentation of the systematic analysis performed on all parcels, and
- in fact, all of the assessments were adjusted as appropriate.

Regarding Section 727 of the RPTL, in an annual reassessment program, can an assessment be changed in the year following a court-ordered assessment reduction?

Section 727 of the RPTL states that following a court ordered change in assessment, the assessed valuation so determined shall not be changed for that property for the next three

succeeding assessment rolls. However, the Statute also states (subsection 2) that such an assessment may be changed in the event of a municipal-wide reassessment. An annual reassessment satisfies the requirement for a municipal-wide reassessment in section 727. There is no restriction on changing assessments in localities where annual reassessment is occurring.

The Court of Appeals confirmed this position in its November 2004 decision in the case of Malta Town Centre I, Ltd. v. Town of Malta Board of Assessment Review.

Can trending be used in a locality where there is a significantly large market value trend between last year and this year?

Trending is a viable option regardless of the size of the market trend. The key question is whether the values of the properties to which the trend is applied have changed uniformly. Annual reassessment allows for much faster reaction and correction of assessments relative to the changing market, especially in instances of significant increases and decreases.

What about market analysis and ratio studies in smaller municipalities?

In smaller assessing units, where there is not adequate market valuation data available, the assessor or analyst should be analyzing market data from outside of the assessing unit. Market areas that consist of municipalities with similar economic influences need to be created to provide adequate sales data to produce logical and defensible results. This may require partnering with other municipalities or seeking assistance from the county, as well as having access to data from the appropriate areas.

Collaborative efforts over a broader market area can result in Computer-Assisted Mass Appraisal (CAMA) models that can be applied to parcels in smaller assessing units to produce market estimates. In turn, the assessments and estimates could be used in ratio studies. These can be done in conjunction with ORPS, the county, other towns or vendors to develop more efficient and effective programs to suit an assessing unit's needs. The increase in maintenance aid and other aid should make this feasible from a financial perspective. From a practical perspective, assessors are already collaborating in many instances to create wider sales and trend areas, as well as to benefit from economies of scale, with outstanding success.