2007 REPORT ON EFFECTIVENESS OF STATE TECHNICAL AND FINANCIAL ASSISTANCE PROGRAMS FOR ASSESSMENT ADMINISTRATION

STATE BOARD OF REAL PROPERTY SERVICES

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2007 REPORT ON EFFECTIVENESS OF STATE TECHNICAL AND FINANCIAL ASSISTANCE PROGRAMS FOR ASSESSMENT ADMINISTRATION

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I. INTRODUCTION

Chapter 309 of the Laws of 1996, which enacted a new Section 1575 of the Real Property Tax Law, requires the State Board of Real Property Services to submit annually "... a comprehensive report to the governor, the president pro tem of the senate and the speaker of the assembly... concerning the effectiveness of all financial, administrative, and technical incentives and assistance provided by the state for the improvement of property tax administration and the Board's recommendations relating to such administration and assistance."

This document constitutes the Board's eleventh annual report. It reviews the existing technical and financial assistance programs provided to local governments in support of assessment administration and examines the history of these programs in terms of participation levels, financial outlays, and the procedural revisions which have been made to some since their inception. In addition, the report examines several basic indicators of assessment performance, uniformity, and efficiency, and charts the temporal changes in these indicators in relation to the state aid programs. This focus reflects the Board's view that the best way to measure the "effectiveness" of aid programs is to look at the extent of assessment improvement in terms of generally accepted indicators of assessment quality and efficiency.

In addition to their direct effects on local assessment administration, the aid programs have indirect effects on state-level property tax functions such as equalization, special franchise assessment, and setting of various types of assessment ceilings. Availability of high-quality local data in a uniform, mechanized format reduces state-level costs and increases accuracy in several program areas. In the equalization program, for example, the Office of Real Property Services (ORPS) must review fewer parcels per municipality if the parcels are assessed uniformly. Similarly, ORPS' costs of data handling are reduced when local assessment rolls are mechanized and in a uniform format that permits greater reliance on locally-determined reassessment values and parcel inventories.

II. DESCRIPTION AND EVOLUTION OF PROGRAMS

A. Financial Assistance Programs

Like many other states, New York State provides a number of local aid programs for the purpose of helping assessing units to keep their assessments current, accurate, and therefore equitable. The cost of improving assessment administration can be substantial, particularly when assessments have been long neglected and rolls are decades out of date. State financial assistance programs help to offset some of this cost. By reducing local costs, the state government helps to remove one potential barrier to conducting a reassessment -- the costs it would directly impose on local taxpayers.

Over the past several decades, five separate financial aid programs have been provided at various times, all with the goal of improving the quality, efficiency, and uniformity of local assessment administration. These programs evolved from the model of thirty-five years ago, the goal of which was to encourage initial reassessment projects, to today's more comprehensive programs oriented not only to initial reassessment but also to maintenance of the new assessments annually and consolidation of assessing functions.[1]

1. Attainment Aid

In the 1970s the state began to establish financial aid programs designed to defray the costs of equitable assessment administration to municipalities (excluding villages). The first program, titled the "State Assistance for the Attainment of Improved Real Property Tax Administration," became law in 1977 (Article 15-B, §1572 of the Real Property Tax Law). This program is often referred to informally as "Attainment Aid." Attainment Aid was payable in the amount of $10 per parcel, in accordance with the following payment schedule:

- Payment #1 -- For preparation of assessment rolls, tax rolls, and tax bills (i.e., assessment administration information) ($2/parcel)
- Payment #2 -- For submission of a plan of collection and maintenance of real property valuation data and the maintenance of records of transfers of real property which was certified by the State Board of Equalization and Assessment (former name of State Board of Real Property Services) ($3/parcel)
- Payment #3 -- Upon certification of satisfactory completion of plans submitted for Payment #2 ($2/parcel)

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[1] In addition to the financial aid programs offered for the purpose of increasing assessment quality and efficiency, the state has also offered aid payments to help defray local costs for attendance at training courses and processing applications for the state-financed STAR exemption. These are considered later in the report.

- Payment #4 -- For implementation of a revised assessment roll certified as being in compliance with standards required for receiving prior payments, including compliance with requirements for both full disclosure to owners of real property as to the estimated effect of any changes in the assessed valuation resulting from an initial reassessment or subsequent update and a system of accounting for the collection of real property taxes ($3/parcel).

This program was terminated by Chapter 309 of the Laws of 1996, which reorganized and updated the state's financial aid programs for assessment administration, with no Attainment Aid payments to be made for rolls subsequent to the 1998 roll. Payments to qualified municipalities under this program totaled over $30.7 million. During this period, 986 municipalities, or virtually all of the non-village assessing units in New York, were certified for at least the first aid payment.

One main drawback of the Attainment Aid program was that it provided no incentive to maintain quality assessments once the initial reassessment had been completed (although many localities updated their rolls on a regular basis, despite the absence of further state payments for many years). Subsequent revisions to the aid programs, as described below, were intended to further this goal.

2. Supplemental Attainment Aid

For a brief period of time, two aid payments were made available, under a program generally referred to as "Supplemental Attainment Aid" (Chapter 53, Laws of 1992). Payments under this program were targeted toward those assessing units that had already completed an initial reassessment, but had failed to update this initial reassessment in subsequent years. The purpose of the program was to bring those rolls up to date, so that they could then be eligible for the "Maintenance Aid" program, described below.

The first supplemental payment, at $2 per parcel, was awarded to those assessing units that re-verified and re-valued parcel inventories. A second payment of $3 per parcel was awarded to recipients that included the new assessments on tentative assessment rolls in 1992, 1993, or 1994. Supplemental Attainment Aid payments totaling $1.34 million were awarded to 55 municipalities between January 1, 1993 and April 1, 1995, when the program expired.

As previously mentioned, Chapter 309 of the Laws of 1996 discontinued the Attainment Aid program and provided for its replacement by a redesigned Maintenance Aid program, as discussed below.

3. Maintenance Aid

In 1990, this new category of state aid was created to help assessing units preserve the systems of improved real property tax administration they had already achieved, through regular updating of rolls (RPTL Article 15-B, §1573). The program provided payments of $2 per parcel annually to those that were certified as maintaining systems of improved real property tax administration. To receive aid, applicants were required to file a "Notice of Intent" on or before July 1 of the year prior to the assessment roll for which state assistance was requested. An "Application for Review" was required at least 90 days prior to the filing of the tentative roll for which state assistance was requested. Qualifications for this aid, as specified in Part 201 of the State Board's rules, included certification for Attainment Aid payments 1-4, or a combination of Attainment Aid payments 1-3 and Supplemental Aid payments. Compliance with the following standards was also required: (a) acceptable Coefficient of Dispersion (COD) of less than 15, 17, or 20 percent, depending on population density; (b) automated assessment roll files/inventories in ORPS Real Property System (RPS) format; (c) satisfactory submission of quarterly automated sales corrections in RPS format; (d) checking of inventories within three months of sales; (e) verification of commercial inventories prior to each assessment update; (f) a system of assessment disclosure for each update; (g) submission of a satisfactory Confirmation of Compliance; and (h) data mailers sent to residential and farm property owners within three years of the last valuation update.

As indicated earlier, the Maintenance Aid program was restructured to incorporate aid previously provided under the Attainment Aid Program that expired at the end of 1998. This restructuring took effect on rolls prepared after January 1, 1996. Under the revised program, payments were as follows:

- In the year of a reassessment, up to $5/parcel, not including wholly exempt parcels or parcels assessed by the State Board. This payment may be received repeatedly, but only once in any three-year period, and not within three years of receiving Payments #3 or #4 of Attainment Aid.

- In the intervening years, up to $2/parcel, not including wholly exempt parcels or parcels assessed by the State Board.

To qualify for this aid, the assessing unit was required to meet standards of quality assessment administration, including an acceptable level of assessment uniformity as measured annually by the State Board; implementation of a reassessment or update at 100 percentage of value (except for New York City and Nassau County, where the criterion is a uniform percentage of value in each of four property classes (authorized in Article 18 RPTL)); publishing the uniform percentage of value used in assessment on the tentative assessment

roll; adopting a taxable status date and valuation date pursuant to law; providing a set of supporting valuation documents and files to the State Board; and providing a computer copy of the assessments, inventory, and sales files in standardized format to the State Board.

Regarding acceptable levels of assessment uniformity, an assessing unit that implements a state-approved reassessment in a given year is presumed to satisfy the applicable assessment uniformity standards in the year of the reassessment and for the next two years. In the following year, aid eligibility depends on achieving a satisfactory assessment uniformity standard, as measured by the COD (unless another reassessment is implemented).

Between its inception in 1991 and through the 2004 roll year (the last year the program was in existence) Maintenance Aid payments amounted to nearly $30 million, with over $4.5 million disbursed to over 450 municipalities in 1998, the year of strongest participation in the program. However, beginning with the 1999 assessment roll, Maintenance Aid was limited to up to $2 per parcel payments. The $5 per-parcel payments previously available in the Maintenance Aid program was instead provided under a new Triennial Aid program (see below for this program and also for program payments in 1999 through 2004).[2]

4. Annual Reassessment Aid and Triennial Aid

Chapter 405 of the Laws of 1999 substantially changed the Maintenance Aid program, creating a new annual aid program of financial assistance, supplemented by a program of triennial aid payments for those localities having completed a recent reassessment but not meeting the requirements for annual aid. As with earlier financial aid programs, this new program helped to defray the local costs of maintaining up-to-date, equitable, assessment practices. The new program is summarized in Table 1.

[2] Authorization for Maintenance Aid payments was originally scheduled to expire after the 2000 assessment roll, but Chapter 530 of the Laws of 2001 extended it until 2004 for assessing units that continued to satisfy the requirements of the pre-existing maintenance aid program. In order to have been eligible for this aid for 2001 through 2004 assessment rolls, an assessing unit must have applied for aid in either 1999 or 2000.

Table 1. Summary of State Reassessment Aid Programs, January 1, 2007			
Roll Year	**Maintenance Aid Program***	**Triennial Aid****	**Annual Reassessment Aid***
1999	up to $2/pcl./yr	up to $5/pcl. once every three years	up to $5/pcl./yr.
2000	up to $2/pcl./yr.	up to $5/pcl. once every three years	up to $5/pcl./yr.
2001	up to $2/pcl./yr.	up to $5/pcl. once every three years	$5/pcl./yr.
2002	up to $2/pcl./yr.	up to $5/pcl. once every three years	$5/pcl./yr.
2003	up to $2/pcl./yr.	up to $5/pcl. once every three years	$5/pcl./yr.
2004	up to $2/pcl./yr.	up to $5/pcl. once every three years	$5/pcl./yr.
2005-2011	N/A	up to $5/pcl. once every three years	up to $5/pcl./yr.
2012 and thereafter	N/A	N/A	up to $5/pcl./yr.

*These payments cannot be made in the same year as Triennial Aid.

**Must meet the requirements of RPTL §1573 and Part 201 of State Board rules. Payment is made in year of reassessment, and municipality is eligible again in three years.

N/A - Not available.

Chapter 405 provided a new, higher level of financial assistance to assessing units that annually maintain assessments at a level of 100 percent (or, at a uniform level in each class in special assessing units) under Annual Reassessment Aid. This program originally authorized state aid up to $5 per parcel on each assessment roll through 2004, and up to $2 per parcel on each assessment roll thereafter. However, to encourage the fullest possible participation in the program, Chapter 530 of the Laws of 2001 provided a $5 payment per parcel for each qualifying assessment roll completed during an assessing unit's first five years in the program (or if its fifth year was before 2004, for each qualifying roll through 2004). The maximum annual payment thereafter was increased to $3 per parcel. Authorization of these payments was originally scheduled to sunset after the completion of 2009 assessment rolls. In determining program eligibility, the State Board must ascertain whether the assessing unit has:

- maintained assessments annually at 100 percent of market value;
- conducted a systematic analysis of all locally-assessed properties annually;

- revised assessments annually where necessary to maintain the assessment level at 100 percent of market value;
- implemented a program to inspect physically and re-appraise each property at least once every six years; and
- complied with applicable statutes and rules.

Although the aid payment beyond the first five years in the program was raised from $2 to $3 per parcel, there was concern by both ORPS staff and the assessment community about continued participation by assessing units in the Annual Reassessment Aid Program. Both parties feared that reducing the level of support for participating municipalities beyond the fifth year of the program and also terminating the program in 2010 would only discourage participation in this program. To revitalize the program, legislation was enacted (under Chapter 655 of the Laws of 2004) that removed the sunset provision and eliminated the phase down in payments. Annual Reassessment Aid is now payable up to $5 per parcel for each and every year in which a municipality qualifies under the program.

Chapter 405 also provided for a Triennial Aid program of up to $5 per eligible parcel upon completion of a reassessment, which includes reinspection and reappraisal of all parcels on the assessment roll. Payments are available only on a triennial basis. This option is oriented toward those assessing units that wish to reassess periodically, but are not ready to commit to annual updating. Chapter 655 of the Laws of 2004 imposed a sunset of 2008 on this program; however, Chapter 212 of the Laws of 2006 extended this program through 2011.

As indicated in Table 2, Annual Aid participation has increased dramatically since its inception, with over 245 assessing units reassessing annually as of the 2005 roll. Participation in the Triennial Aid program fluctuates each year, since a number of assessing units (sometimes on a countywide basis) reassess on a three-year cycle. Through 2005 assessment rolls, a total of over $35 million has been paid through the two programs, with Annual Aid comprising over 80 percent of total payments.

Table 2. Annual Reassessment Aid and Triennial Aid ($5/pcl.): Program Participation and Expenditures				
Assessment Roll Year	Number of Assessing Units Receiving Aid		Expenditures ($)	
	Annual	Triennial	Annual	Triennial
1999	17	75	1,023,125	664,535
2000	99	79	2,237,450	1,585,764
2001	158	80	3,448,948	1,379,466*
2002	222	75	4,856,120	812,545
2003	219	52	5,405,990	486,210
2004	253	75	5,813,345	1,133,135
2005	247	55	5,398,930	798,195
TOTAL	--	--	**$28,183,908**	**$6,859,850**
* For the 2001 assessment roll year, the Triennial Aid per parcel payment was $4.46.				

5. Aid for Consolidated, Coordinated and County Assessment Programs

It has long been an objective of the Office of Real Property Services to encourage a reduction in the number of assessing jurisdictions in New York State in order to improve efficiency in the administration of the real property tax. To provide further encouragement for efficient assessment administration, a consolidation incentive aid program was created under Chapter 170 of the Laws of 1994. This program, as initially enacted, offered local governments up to $10 per parcel if two or more assessing units unified their assessing functions in one of the following ways:

- combine to form a consolidated assessing unit, by employing a single assessor, preparing a single assessment roll, assessing at the same uniform percentage of value, conducting reassessments at the same time, having a single Board of Assessment Review; or
- coordinate the assessing function, by employing a single assessor, specifying the same uniform percentage of value for all assessments, and using the same assessment calendar; or
- contract with the county for all assessment administration services, including appraisal, assessing, and exemption processing.

Each of these approaches provides a way for many smaller municipalities to reduce the cost of reassessment, facilitate acquisition of new technology, and obtain valuation expertise. In addition, these approaches also help to achieve full-time, professional assessing, which can

improve equity and provide better service to taxpayers. If a municipality reverts to separate assessing within ten years, the program requires that a prorated portion of the incentive aid payment must be returned to the state.

Since the inception of this program, 114 towns and 1 city in 26 counties have received incentive aid for establishing Coordinated Assessment Programs (1995 through 2006 period). As shown in Table 3, total payments to date have amounted to $1,650,412 for 49 Coordinated Assessing Units that formerly comprised 115 separate assessing units. Thus, approximately 11 percent of all New York's non-village assessing units currently participate in the program.

Chapter 309 of the Laws of 1996 also provided that a municipality may apply for both Maintenance Aid and one of the consolidation incentive aid programs in the same year. However, under the same legislation, payments for these consolidation incentive aid programs were reduced, from $10 per parcel to a maximum of $7 per parcel, effective for rolls filed after July 13, 1996. Moreover, the maximum amount receivable by a constituent municipality under this program was limited to $140,000. A one-time payment of $2 per parcel was provided for county assessing units established before April 1, 1996 if they implement a reassessment after 1996, at 100 percent of value. With the completion of a reassessment on the 2000 assessment roll, the Tompkins County assessing unit received $65,736 under this provision.

Chapter 216 of the Laws of 2005 provides for an additional payment of $5 per parcel to each assessing unit participating in an Enhanced Coordinated Assessment Program that is implemented or expanded in 2006, 2007 or 2008. Payments are limited to $100,000 per assessing unit for this enhanced program aid. This aid is not available to assessing units that have previously received consolidation incentive aid for participation in a Coordinated Assessment Program. In the first year of this program, $65,325 in Enhanced Coordination Aid was paid to seven municipalities, based on their respective assessment rolls in 2006.

As before, constituent municipalities withdrawing from the program within ten years after receiving consolidation incentive aid or the enhanced aid must remit a prorated share to the state.[3] Rules require that in order to receive Annual or Triennial Aid for a reassessment, municipalities entering a consolidated or coordinated aid program after July 29, 1998 must also conduct a reassessment at 100 percent of value in the same year.

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[3] One municipality withdrew from a coordinated assessment program, effective for the 2001 assessment roll, two coordinated assessment programs, comprised of four municipalities, terminated their status for the 2002 assessment roll, and one coordinated assessment program, comprised of two municipalities terminated its status for the 2006 assessment roll.

Table 3. Coordinated Assessment Program Aid				
Year*	Number of New Coordinated Units	Number of Parcels	Number of Prior Assessing Units	State Aid Payments ($)**
1995	4	19,275	15	192,750
1996	5	16,234	11	162,340
1997	9	44,927	20	314,489
1998	5	24,252	11	169,764
1999	8	43,945	16	307,615
2000	1	2,980	2	20,860
2001	5	21,924	11	153,468
2002	6	23,244	14	162,708
2003	1	4,466	3	31,262
2004	1	1,182	2	8,274
2005	1	5,030	3	35,210
2006	3	13,096	7	91,672
TOTAL	**49**	**220,555**	**115**	**$1,650,412**

* Program was initiated in 1995.

** State aid at $10 per parcel in 1995 and 1996; $7 per parcel thereafter, with a limit of $140,000 per municipality.

Chapter 530 of the Laws of 2001 authorized a one-time payment of up to $1 per parcel to counties that enter into agreements with assessing units pursuant to RPTL §1573 for providing exemption services, appraisal services or assessment services to assessing units. The amount disbursed through the 2006 roll year has been modest (Table 4), despite recent expansion of covered services to include data collection, sales verification or other assessment-related services to assessing units (Chapter 633 of the Laws of 2004). Possible reasons for this low level of participation are the low level of payment and lack of future payments beyond a single year.

Table 4. Inter-Municipal Aid*			
Year	**Counties Receiving Aid**	**Municipalities Serviced**	**Payment ($1/Parcel)**
2002	5	24	$56,809
2003	2	4	$6,788
2004	3	4	$15,430
2005	2	4	$8,485
2006	3	5	15,245
TOTAL	**15**	**41**	**$102,757**
*Optional county services program (RPTL §1573 (3-a))			

6. Real Property Tax Administration Technology Improvement Grant Program

In September 2005 the Office of Real Property Services established the Real Property Tax Administration Technology Improvement Grant Program (RPTATIP). The purpose of this program is to provide users of parcel-level data with more effective and easier access to information they need through sharing of the data, improved technology and integrated real property systems. Another desired outcome of the program is improved business processes through intergovernmental collaboration and cooperation in the use of real property data. Any county, city, town or consortium thereof in New York may apply for the following types of projects:

- Project A results in a product that either: (1) provides taxpayers with the ability to access web-based parcel level and sales information. Information provided may also include assessment calendars, photographs, tax rates, search/query capabilities and other appropriate rates and ratios; or (2) provides all the features and functionality of (1) as well as multi-purpose web-based parcel-related software application that encourages the integration and use of parcel data among multiple levels of government, and which also provides parcel tax history information to taxpayers.
- Project B results in either: (1) a feasibility/pilot study that demonstrates that a proposed project is capable of being implemented, based on usability, technology or cost effectiveness and other parcel related records; or (2) a project that facilitates implementation of results determined in a demonstration project as described above, or in a pre-existing real property tax administration feasibility/ pilot study.

Each grant application was evaluated in accordance with the published evaluation, ranking, and selection criteria. In the 2005-06 fiscal year 33 Project A grants and 9 Project B grants were awarded. A total of $2.56 million has been approved for fiscal year 2005-06

projects. These projects are subject to audit, and there may be adjustments to the approved payments as a result of the audit process.

The RPTATIP grant program was also available for the 2006-07 fiscal year, and ORPS' pre-award recommendations are now being reviewed by the Office of the State Comptroller. A number of improvements were enacted for the 2006-07 program, and the B1 project category "feasibility or pilot study projects," was ended. It is anticipated that the program will be renewed once again for the 2007-08 fiscal year.

7. Aid to Municipalities Affected by the Railroad Investment Infrastructure Act

Certain taxing jurisdictions receive financial aid to ameliorate the fiscal impact of enhanced exemptions that have recently become available on intrastate and interstate railroad property. Chapter 698 of the Laws of 2002 made adjustments to the formula for calculating state-established limits (or ceilings) to railroad property (RPTL, Art. 4, Titles 2-A and 2-B). These adjustments, effective between the 2003 and 2012 roll years, exclude capital improvement projects (as approved by the State Department of Transportation) from the Reproduction Cost New (RCN) component of the railroad ceiling formula. The RCN component also excludes a factor for overhead, makes grading a depreciable asset, provides an accelerated depreciation schedule for trackage, and alters the schedule for calculating profitability factors. The railroad ceiling reductions resulting from these new provisions are being phased in on the respective assessment rolls, at 25 percent in 2003 and 2004, at 50 percent in 2005 and 2006, at 75 percent in 2007 and 2008, and at 100 percent in 2009 and thereafter.

To compensate for the loss of revenue stemming from this law, state aid is being provided to the affected taxing units, equal to the difference in taxes received for the 2000 and 2003 assessment rolls, payable for each of the years 2003 through 2006. The payments are scheduled to increase in 2007, and then again in 2009. As of December 2006, nearly $9.9 million has been disbursed to the affected taxing jurisdictions.

B. Technical Assistance Programs

In addition to financial assistance programs, which help localities to offset various local costs, the state also provides technical assistance, through a number of ORPS programs. The technical assistance programs are varied and overlapping, providing information, advice, computer software, publications, administrative services, and other assistance, as outlined below. The goal of all these products and services is to help localities do a better and more cost-effective job in administering the property tax.

1. Real Property System (RPS)

ORPS has developed and supports computer software known as the Real Property System (RPS) for use by municipalities in assessment administration. The currently supported version of RPS is RPSV4. It offers local governments a uniform means of producing mandated assessment products, including assessment rolls, proper application of exemptions on each parcel, tax billing/collection documents, and assessment change notices. In addition, the RPS system offers a means for maintaining the inventory information for all properties in an assessing jurisdiction and a system for undertaking a mass appraisal. As an integrated statewide system, RPS also allows ready access by the state government to local assessment data, including parcel inventory records and sales. This statewide uniformity allows ORPS to perform its equalization function with greater efficiency and cost effectiveness.

The prototype system was developed in 1974, and it consisted of three separate components. The Assessment Roll and Levy Module (ARLM), provided tax accounting routines, including assessment rolls, tax rolls and tax bills, in an effort to standardize assessment roll data. By 1986, about 80 percent of New York's city, town, and county assessing units were utilizing ARLM. The Data Management Module (DMT) allowed assessors to maintain detailed real property inventory characteristics for all properties, and to change those inventories appropriately as the properties were modified over time. Information regarding sales of properties could also be added on an ongoing basis by means of the module. About 50 percent of the state's assessing units had the capability of using DMT by 1986. The third RPS component, the Mass Appraisal Module (MAM), provided computer-assisted mass appraisal information with the capability to apply the three approaches to valuation (comparable sales, cost and income). About five percent of the state's assessing units had MAM capability in 1986.

RPS Version 3 (RPSV3), a DOS-based product that offered the assessment, inventory and valuation modules in a unified context, was developed in the late 1980s. In 1998, an updated version of RPSV3 added the ability to value complex industrial properties. By 1999, 94 percent of the state's assessing units were using RPSV3.

During the 1990s, ORPS had assisted over 50 percent of the assessing units to convert from a centralized mainframe computing system, often housed in the county property tax office, to personal computer operations based within local assessing jurisdictions. By 1999, 58 percent of assessing units were using personal computers. To accommodate these changes, RPSV3 was made available for personal computers, as well as for 36 IBM AS400 mini-computer sites,

11 IBM mainframe sites, and 6 Unisys mainframe sites. Most of these sites did processing for multiple assessing units.

A newer personal-computer-based valuation system (PCVAL), developed in 1996 to work in conjunction with RPSV3, provided assessing units with a complete, user-friendly, computer-assisted mass appraisal capability, including the ability to estimate value based on the cost, comparable sales, and income approaches. The PCVAL system allowed assessing units having the requisite expertise to operate more independently, and this in turn reduced reliance on state staff and equipment.

Development of the next generation of RPS software, known as RPS Version 4 (RPSV4), was begun in early 1997. This new version was based on the Windows operating system and incorporated a relational database file structure and graphical user interfaces as well as many other user-requested enhancements. The project was broken down into four phases: Phase I was released to 11 test sites in January 1999 and Phase II to the same users in September 1999. After extensive testing, a production version of RPSV4 was released in November 1999.

The November 1999 release of RPSV4 included capability for file maintenance of assessment and inventory data, standard reports to supplement data handling, a geographic information system, a customized report writer and a complete document image management system. Phase III, consisting of programs that generate assessment and tax rolls and programs that can change exemptions and update individual data items, was released in February 2000. Phase IV, an array of valuation support programs (cost, market, user models), including the ability to value utility property, was released in July 2000. Valuation of forest property was integrated into RPSV4 in 2005. ORPS recently contracted with a vendor (Marshall and Swift) to modernize the RPSV4 cost system. Valuation of agricultural property is currently being studied for future integration. RPSV4 now has the capability of integrating the assessment system with other municipal systems and off-the-shelf software (such as SPSS), since it uses relational database file structures.

There are currently 946 municipalities using RPSV4, comprising approximately 95 percent of all assessing units. With the cessation of support for RPSV3 effective December 31, 2004 it is anticipated that the few (7) remaining RPSV3 assessing units will convert to RPSV4 during 2007.

The development of RPSV4 represented a major technological advancement for the Real Property System. Use of client server technology and a relational database file structure offered significant advantages to users. However, this system has been in production for eight

years and is already beginning to show its age. The rapid pace of technological advancement continues to shorten the life cycle of systems.

In 2002, a team of local officials and ORPS staff looked at the issue of what the next generation of RPS (RPSV5) might look like. While they recognized the need to continue to keep pace with advancing technology they concluded that no single cost-effective RPSV5 solution existed that met all of the critical user requirements at that time. Continuing advancements in technology since 2002 and changing user needs have caused staff to re-examine this issue. Some preliminary work was done in 2005 with an eye towards implementing web-based technology.

However, such implementation is likely to be expensive. It has been estimated that the cost of developing and deploying a new web-based RPSV5 system which maintains existing functionality could cost upwards of $10 million. At the same time, delaying this improvement would eventually leave users with obsolete technology for administering assessments and real property taxes.

2. Reassessment Project Support

The goal of a reassessment project is to assess all properties within a municipality at a uniform percentage of value as of a given date. For those projects in assessing units that have not reassessed in several years, the major focus of the work is to collect a complete and accurate inventory of all parcels in the municipality, and to use these data to reassess the entire roll. To facilitate reassessment projects, support is provided to local municipalities by ORPS regional staff throughout each of the following stages of the project: preliminary planning and analysis; data collection; valuation; field review; and impact estimation/disclosure. In the preliminary planning stage, ORPS staff members take part in local meetings to explain the reassessment process, and they help local officials with development of requests for proposals by private contractors. They also advise local officials concerning evaluation of bids, determination of schedules, and other administrative arrangements. Staff operates from regional offices located in Batavia, Syracuse, Albany, Saranac Lake, Newburgh, and Hauppauge.

In the data collection phase, ORPS staff members maintain contact with assessors and contractors regarding the progress of the project and to ensure that the data collected meet state standards. In the valuation stage, the parcels are valued through mass appraisal systems, with participation of ORPS staff to ensure that mass appraisal is done to state standards. The field review phase is the final check on computer-generated values, where ORPS staff members

help local officials to understand the field checking of computer-generated value estimates and final valuation of all the parcels. ORPS also provides assistance with post-reassessment impact disclosure notices and public information meetings.

In addition to an initial reassessment, most assessing units follow up with subsequent periodic reassessments that may not require parcel inspection and reinventory if the existing inventory data are current and accurate. ORPS encourages assessing units to protect the investment made in the initial reassessment and attain international professional standards by keeping assessments current on an annual basis, with periodic physical re-inspection.

As already mentioned, in order to encourage annual reassessment, added financial assistance has recently been made available. Based on standards of the International Association of Assessing Officers (IAAO), the Annual Reassessment Program offers three approaches municipalities may now use to meet the statutory definition of annual reassessment: (a) review of all properties, with value adjustment, when appropriate, of certain properties by application of trend factors; (b) review of all properties, with complete re-inspection and reappraisal; or (c) some combination of both. While review and adjustment of individual assessments based on a systematic analysis of relevant market data must occur annually, re-inspection of each parcel must only occur at least once every six years. Technical assistance for annual reassessment programs is provided to ensure their adoption and success. [4]

Table 5 indicates the number of ORPS-assisted reassessments in selected years since the mid 1980s. In 2006, there were 326 projects, comprising nearly one-third of all assessing units. Some 230 of these projects involved assessing units that had also reassessed in the preceding year. The number of reassessment projects has been above 300 since 2001. In 2007, 359 reassessment projects are planned. Of these, over 73 percent will likely involve municipalities that also reassessed in 2006, and which thus may be eligible for Annual Reassessment Aid. The Annual Reassessment Aid program is thus clearly experiencing strong participation.

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[4] Publications entitled Guidelines for Annual Reassessment (State Board of Real Property Services, March 2007) and Guidelines for Effective Administration in New York State: A Self-Review Guide for Assessing Units (New York State Office of Real Property Services, revised February 2003) are available from ORPS staff and online at http://www.orps.state.ny.us .

Table 5. ORPS-Assisted Local Reassessment Projects, Selected Years	
Year	Number of Reassessment Projects
1986	78 (1)
1996	105 (1)
2001	246 (122)
2002	308 (187)
2003	322 (231)
2004	360 (256)
2005	317 (250)
2006	326 (233)
Numbers in parentheses indicate cases where a reassessment also took place in same municipality in the preceding year.	

3. Advisory Appraisals

State legislation enacted in 1970 (see RPTL §1544) offers advisory valuation assistance to county, city or town assessing jurisdictions, upon their request, in determining the taxable value of highly complex commercial and industrial properties and all utility properties. In 1990, that legislation was amended to provide that the municipality must be conducting a reassessment project in order to apply to ORPS for such advisory appraisal assistance. State advisory appraisals are not binding on the local assessor requesting the assistance.

In 2006, ORPS staff conducted 1,859 utility advisory appraisals, and 18 industrial/ commercial appraisals, at the request of local governments. The number requested in a given year depends on several factors, including the number of assessing units undertaking reassessment projects and the incidence of industrial and utility properties in those assessing units. The level of advisory appraisals has clearly risen dramatically in recent years, and reflects not only the widespread participation by municipalities in the Annual Reassessment Program but also the increased assistance provided by ORPS staff to local assessors in appraising utility property following price-deregulation of electricity generation in New York. The ORPS advisory appraisals for divested generating plants now include use of the income and comparable sales approaches to valuation, in addition to the cost approach that was the sole method of valuation in the pre-deregulation era.[5] It is expected that the demand for advisory

[5] See Divestiture of Electricity Generating Plants: Property Tax Implications, NYS Board of Real Property Services, December 31, 1999.

appraisal assistance will remain strong in 2007, commensurate with the growth of reassessment projects. The number of ORPS advisory appraisals provided in a sampling of years since 1986 is listed below (Table 6).

Table 6. ORPS Advisory Appraisal Assistance Program

Year	Number of Advisory Appraisals		
	Utility	Industrial/Commercial	Total
1986	402	133	535
1991	375	15	390
1996	583	23	606
2002	1,660	32	1,692*
2003	1,892	31	1,923*
2004	1,978	26	2,004*
2005	1,925	30	1,955*
2006	1,859	18	1,877*

*Total does not include village portions of townwide advisory appraisals.

4. Assessment Administrator Training

The Real Property Tax Law was amended in 1970 to require the State Board to establish minimum qualification standards, as well as training and certification programs, for appointed assessors, county directors of real property tax services and professional appraisal personnel, including support staff in assessors' offices. It was further amended in 1982 to include elected assessors and assessor candidates, and in 1986 to add acting assessors who were in office for six months. A 1990 amendment required that the approximately 3,900 Board of Assessment Review (BAR) members attend a course in assessment practices at the beginning of their term in office. A 1997 statutory change authorized the state to reimburse elected assessors for costs incurred when they complete continuing education training programs (RPTL §318(4)). An additional statutory change (in 2005) required certification for assessors in the City of New York beginning in 2006 (RPTL §354). (Nassau and Tompkins Counties, along with five cities and all villages, are excluded from some or all of these standards.) State payments cover tuition, lodging, and travel costs.

During 2006, ORPS was required to provide for the training of about 1,600 assessors, county directors and real property appraisers. Among assessing units with training requirements, approximately 84 percent now have sole, appointed assessors. Most of the remaining 16 percent have three-member boards of elected assessors, thus imposing a

proportionately greater training burden. This is especially true insofar as the turnover rate for elected assessors is dramatically higher than the rate for appointed assessors.

ORPS rules currently provide for two levels of training for assessors. The first level, basic certification as a State Certified Assessor (SCA), is required of both elected and appointed assessors and must be achieved within three years of taking office. If an assessor did not become certified in a prior term of office, he or she must attain certification within one year of beginning a new term of office. For basic certification, assessors are required to take seven or eight components, plus an initial orientation seminar. The seven required topics are assessment administration, real estate appraisal, income property valuation, data collection fundamentals, valuation principles and procedures, exemption administration fundamentals, and mass appraisal. The eighth component is farm appraisal training, which is provided to assessors in municipalities where any of the following conditions exist:

- at least 10 percent of the total acreage is classified as agricultural; or
- at least 10 agricultural assessments have been granted pursuant to Article 25-AA of the Agricultural Markets law; or
- an agricultural district, or portion thereof, lies within the assessing unit.

In 2000, the State Board approved the expanded basic course of training described above for assessors beginning a term of office on or after January 1, 2001. Changes include an increased emphasis on agricultural property appraisal. The impact of these new rules is that assessors in approximately 83 percent of the State's municipalities must complete farm appraisal training. Prior to this change, assessors were required to take farm appraisal training in approximately 25 percent of municipalities. Also, the prior option of one elective course was eliminated, and all assessors are now required to take training in mass appraisal and fundamentals of exemption administration.

The second level of training -- continuing education -- is required only of sole elected and appointed assessors. An average of 24 continuing education credits must be completed per year in approved courses. One hour of training equals one continuing education credit. In addition to the courses already mentioned, assessors may choose continuing education in applied level of assessment training, statistical analysis, commercial data collection, computerized valuation, and various assessment administration seminars. Supplemental training on topics requested by assessors is also offered, if resources permit.

In 2000, the State Board also approved a new basic course of training for all county real property tax directors beginning a new term of office on or after January 1, 2001. Required training includes an initial orientation seminar and completion of 11 additional courses over a four-year period. These include eight components that are similar to assessor requirements: assessment administration, real estate appraisal, income property valuation (including industrial property appraisal), data collection fundamentals, valuation principles and procedures, exemption administration fundamentals, mass appraisal and farm appraisal (for most counties). Additional courses are equalization, tax mapping and tax collection. Successful completion of these components results in certification. Once certified, directors are required to attain an average of 24 continuing education credits each year.

In 2006 the State Board adopted rules for the certification of assessors serving in New York City, as a result of Chapter 139 of the Laws of 2005.[6] Effective on April 1, 2006 assessors serving within New York City must complete a basic course of training that includes the following eight components: assessment administration, data collection fundamentals, real property appraisal fundamentals, income property valuation fundamentals, advanced income property valuation, ethics, mass appraisal fundamentals and computer-assisted mass appraisal modeling.

There are several training format options available to assessor and county director participants. ORPS courses are offered at residential training sessions on college campuses and at other selected sites throughout the state. In addition, a web-based training program was introduced in 2000; web courses in assessment administration, fundamentals of equalization, mass appraisal, fundamentals of data collection and sales data management are currently available. Another alternative is a self-study program, where students are provided with training materials for independent study in several of the basic and continuing education courses. Self-study examinations are held numerous times per year in ORPS regional offices and county offices. Finally, ORPS provides information to assessors concerning training courses conducted by other organizations that have been approved by the Department of State. Table 7 provides the status of training activity as of 2006.

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[6] Subpart 188-8; Title Nine of the Official Compilation of Codes, Rules and Regulations of the State of New York.

Table 7. Assessment Training Status, 2006			
		Basic Certification	
Position Held	Total Number of Positions	Number Certified	Number Uncertified
County Director	55	49*	6
County Assessor	2	1	1
Appointed Assessor	822	787*	35
New York City Assessor	137	1	136
Elected Assessor	425	327	98
Real Property Appraiser**	43	34	9
Assessor Candidate	97	44	53
TOTAL	**1,581**	**1,243**	**338**

* County directors and sole assessors are required to participate in continuing education courses once they are certified.

** Employee of assessor's or county director's office.

Table 8 shows the annual reimbursement costs for a sample of years in several training components. The primary differences in annual costs are related to the number of persons trained in a given year. While the "Basic Training" and "Continuing Education" costs listed are reimbursed directly to the assessment administrator or the locality, "Residential Sessions" costs are paid to the college sites where expanded programs are held.

Table 8. Trends in State Reimbursement Expenditures for Assessment Training				
Fiscal Year	Basic Training	Continuing Education	Residential Sessions	Total Reimbursement
1986-87	$55,700	$166,000	N/A	$221,700
1991-92	9,500	130,000	N/A	139,500
1997-98	42,000	207,500	$38,100	287,600
2002-03	59,000	241,000	40,400	340,400
2003-04	61,700	237,500	41,800	341,000
2004-05	82,500	268,100	37,400	388,000
2005-06	68,800	281,200	47,600	397,600

In compliance with legal requirements, ORPS staff reviews the educational and experience qualifications for county directors of real property services, appointed assessors, real property appraisers and candidates for assessor. Failure to attain and maintain certification

is grounds for removal from office. In 2006, two elected assessors and one appointed assessor were removed from office for non-compliance with training requirements. Beginning in 1996, ORPS undertook an effort to get more assessors into compliance with requirements by offering them extended time periods in which to take the necessary training and also the opportunity to avoid a compliance hearing. To date, 262 assessors (10 assessors in 2006) have signed consent orders in lieu of such a hearing.

Table 9 gives a summary of the training attendance and course outcomes for a sample of years between 1980 and 2006. The data include all courses administered by ORPS, taught either on-site or at other designated locations, including summer training sessions. Also included are data for courses taken on a self-study basis (permitted since 1990) and web-based training (begun in 2000). Up to one-third of the participants elected to take courses on a self-study basis in past years, but less than 10 percent have done so in recent years. This reduction reflects a shift from ORPS-provided courses to courses provided by the Department of State, which were not available on a self-study basis.

The overall percentage of participants passing courses has improved over time, with nearly 100 percent of the classroom participants passing in 2006 as contrasted with less than 85 percent passing 20 years earlier. Pass rates for the self-study alternative also improved over time, although significant improvement did not occur until recently. The pass rate for web-based training continues to be very high, at 97.4 percent.

Table 9. Summary of ORPS Training Program Activity

Year	No. of Courses	Number of Participants				Percent of Participants Passing			
		Class-room	Self Study	Web-Based	Combined	Class-room	Self Study	Web-Based	Combined
1980	2	575	N/A	N/A	575	79.8	N/A	N/A	79.8
1983	4	1,063	N/A	N/A	1,063	76.5	N/A	N/A	76.5
1986	6	1,601	N/A	N/A	1,601	83.6	N/A	N/A	83.6
1989	13	1,147	N/A	N/A	1,147	95.3	N/A	N/A	95.3
1992	12	771	288	N/A	1,059	92.3	68.8	N/A	87.8
1995	12	594	262	N/A	856	98.0	61.1	N/A	86.6
1998	12	477	223	N/A	700	97.7	68.6	N/A	88.4
2003	27	1,093	108	258	1,459	99.9	96.3	97.9	99.3
2004	26	948	112	89	1,149	99.6	89.3	97.6	98.5
2005	22	746	96	182	1,024	99.1	86.5	97.8	97.7
2006	33	897	110	210	1,217	99.8	96.7	97.4	99.1

Newly appointed or reappointed Board of Assessment Review members must attend required training sessions, or they are precluded from participating in the hearing and determination of assessment complaints on Grievance Day. Section 523 of the Real Property Tax Law provides that "upon the appointment or reappointment of an individual to a board of assessment review, an appointee shall attend the training course as shall be prescribed by the State Board." Since BAR members serve five-year staggered terms, and are often appointed to fill vacancies for unexpired terms, BAR training must be conducted annually to ensure that a quorum (majority of trained BAR members) is available to hear complaints. The same legislation authorized the State Board to delegate BAR training to the county tax directors. ORPS staff works annually with county directors to update course content to reflect any changes affecting BAR matters. About one-third of the approximately 3,900 BAR members in New York take the training each year.

5. School Tax Relief (STAR) Program Aid

In 1997, legislation was enacted that provides an exemption on school property taxes for owner-occupied residential properties. The state reimburses local school districts annually for the cost of the resulting exemptions. The STAR program provides $50,000 exemptions (full value) to income-eligible senior citizens, and $30,000 exemptions to other homeowners.[7] As of December 2006, approximately $17 billion had been reimbursed to school districts since the STAR program's inception.

The STAR legislation also included a provision for increasing the amount of information available to taxpayers relative to their property taxes and their local government budgets. This additional information, known as the "Taxpayer's Bill of Rights," is intended to help taxpayers understand the assessment and how it relates to current market value and tax liability, as well as local fiscal changes. The information listed below must be printed on tax bills:

a. the full market value, as determined by the assessor;

b. the uniform percentage of full market value at which the property is assessed;

c. the total and taxable assessed values, and the value of any exemption(s) applied;

d. the tax levy for each taxing purpose, and any changes thereto from the prior year;

e. the school property tax savings resulting from the STAR exemption; and

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[7] Exemption amounts are adjusted upward in counties where median housing prices exceed the state median.

f. information on filing a complaint on one's assessment, the relevant school district code, and explanations of any technical terms used.

These changes to tax bill formats were implemented through the state-provided Real Property System for tax bills mailed after July 1, 1998. The system was also modified to allow entry of new information on assessment rolls, including the STAR exemptions, and for calculation of the appropriate parcel and school district tax benefit amounts. Additional software released in September 1999 creates the computer files used in producing pre-printed application forms for both the STAR and Senior Citizens' exemptions. The 2006-2007 state budget also provided nearly $5 million in aid, administered through ORPS, to help localities defray the cost of processing STAR exemption applications and modifying tax bills to comply with the Taxpayer's Bill of Rights.

6. Other Technical Assistance

In addition to the major technical assistance programs already discussed, further assistance of various types is provided on a daily basis in many program areas. These technical assistance activities are summarized below.

a. Publications. A wide range of publications on real-property-related topics is produced on a continuing basis by ORPS. Over 170 publications are currently available, nearly 65 percent which are accessible on the Internet at the ORPS web page (www.orps.state.ny.us). Those not accessible on the Internet are generally available at no cost to recipients, although a few lengthy and/or specialized publications require subscription fees. Requests are received not only from local governments but also from New York State government agencies, legislative staff and taxpayers, as well as organizations and individuals from other states. Many publications are of special assistance to assessors, notably the multi-volume Assessor's Manual, which contains current information regarding such areas as exemption administration, valuation, and instructions on use of the RPS system.

b. Legal Services. ORPS also provides legal assistance, which includes training of Small Claims Assessment Review (SCAR) hearing officers (in conjunction with the State Office of Court Administration), and advice and counsel to local officials and attorneys on matters relating to real property taxation. Over the past decade, more than 2,000 hearing officers have been trained at sessions held once every four years in each of the state's judicial districts. Legal opinions are published annually in Opinions of Counsel, with ten volumes produced to date. Information on recent court decisions is published periodically in the Real Property Tax Administration Reporter, a publication that is useful to local government officials, attorneys specializing in property taxes, and other such users.

c. Public Information and Research. Inquiries on various matters related to property tax administration are received on a daily basis from state and local government officials and taxpayers. ORPS staff members respond to these requests, and attend local government meetings and conferences where appropriate. In certain instances, data files or research materials are prepared in

response to requests. Much relevant information is now available on the ORPS web page http://www.orps.state.ny.us/. Staff members also prepare reports annually on such matters as exempt property and the quality of assessment practices, and periodically on those policy issues that arise from time to time in relation to property taxation.

d. Tax Mapping Program. Under Section 503 of the Real Property Tax Law, counties have responsibility for preparing and maintaining tax maps for each city and town, and the maps must meet guidelines established by the State Board. ORPS also has the responsibility of providing advice and technical assistance pertinent to meeting Board rules. The advice and technical assistance provided to municipalities consist of reviewing and certifying tax map maintenance and assisting municipalities with digital map conversions.

As of December 2006, 992 assessing units were in compliance with State Board rules. The remaining one unit (located in Westchester County) is still proceeding toward compliance. In addition, all counties have either converted to digital tax maps or are currently in the process of converting their tax maps.

e. Geographic Information Systems (GIS) Services. Various GIS services are provided to localities in conjunction with reassessment projects and are also resident in RPS Version 4. They include:

- display of sale parcels in property value ranges to assist in sales analysis and neighborhood delineation;
- coefficient of dispersion analysis using geographic selection criteria;
- land use analysis with color-coded views of a county or town using the property class code on the local RPS file;
- mapping and analysis of reassessment impacts on tax bills;
- school district analysis within a town, or alternately, towns within a school district;
- providing technical advice to municipalities desirous of developing their own GIS capacity; and
- providing environmental maps that display proximity to features influencing property values, such as hospitals and landfills.

7. Technical Assistance Costs

Table 10 presents summary data for costs associated with several major ORPS technical assistance programs in the 2006-2007 fiscal year. The figures are estimates, as the technical assistance programs are intertwined with other agency functions and separate accounting of expenditures is neither feasible nor appropriate.

Table 10. Estimate of ORPS Program Costs for Certain Technical Assistance to Local Governments (FY 2006-2007)*	
Program	**Total State Cost**
Real Property System (RPS) Support	$4,000,000
Assessment Administrator Training	1,380,000
Reassessment Assistance	4,715,000
Advisory Appraisals	1,947,000
TOTAL	**$12,042,000**
*Does not include financial assistance programs. Technical assistance programs listed are those for which local assistance costs can reasonably be separated from other program costs.	

As evident from the data, nearly 73 percent of total ORPS technical assistance costs are associated with reassessment project support and the RPS system. The assessment administrator training program and the advisory appraisal program share the remaining 27 percent of total technical assistance expenditures given in Table 10.

III. MEASURING IMPROVEMENTS IN ASSESSMENT ADMINISTRATION

A. Introduction

There is probably no single "best" measure of the quality of assessment administration. Among the relevant dimensions of assessing are the uniformity (equity) achieved, the frequency of updating of data through reassessment activity, the degree of professionalization of the assessor's office, the costs incurred, the extent of adoption of modern technology, and the quality of taxpayer relations and public information. This section of the report attempts to chart the progress of assessment administration since 1983 in terms of several of these considerations for which data are available. The data are not ideal in all instances, and proxy variables must be used, e.g., utilization of the RPS system is a reasonable, but not perfect, measure of technology adoption, and the percentage of assessors who are appointed as opposed to elected is arguably a reasonable, though not perfect, measure of the extent of professionalization of assessing.

One important point to consider is the question of causality. Since the purpose of this report is to examine the effectiveness of state assistance programs, there is a temptation to attribute any observed progress in assessment administration to the existence of the programs. However, such a causal relationship can not be ascertained from the available data, given that external factors were operative during the period in which state assistance programs were provided. The potential effects of factors such as changing real estate markets, litigation, statutory amendments, ORPS policies and requirements, technology, and many others can not be eliminated or otherwise accounted for adequately. Because of these factors, it is impossible to postulate a direct quantitative relationship between provision of state aid and assessment improvements.

An important exception to this generality involves the Annual Assessment Aid Program which, immediately after its initiation, appears to have generated a remarkable increase in the number of assessing units that keep their values current on an annual basis. Prior to this program, only one or two assessing units in the state did so, but there were over 200 such projects in the program's third year (2001) and participation had risen to 265 by 2006.

B. Number of Assessing Units and Assessors

As noted earlier in this report, it has long been the objective of the Office of Real Property Services to encourage a reduction in the number of assessing jurisdictions in New York State in order to improve efficiency in the administration of the real property tax. In 1983 there were 1,546 assessing jurisdictions, including villages.

Over the past twenty years, ORPS has provided information designed to make village officials aware of the advantages of ending village assessing. Discontinuance of assessing by villages eliminates a duplicative government function and it also reduces confusion among taxpayers relative to their town vs. village assessments. There has been a steady decline in the number of villages assessing, with seven more discontinuing it in the past year. As of January 1, 2007 only 151 villages in New York (less than 28 percent of all villages) maintain their status as assessing units. The other villages have terminated their assessing unit status, and instead have transferred responsibility of assessing for village purposes to the respective town assessing units (RPTL §1402 (3)).[8]

Many years ago, certain city and town assessing units had been consolidated. In Tompkins County, the county government assumed the assessing function for its one city and nine towns, and Nassau County has been assessing on behalf of its three towns and all but one of its school districts for many decades (the two cities in Nassau County and most of its villages still assess for their own taxing purposes). In recent years, the Coordinated Assessment Aid program has effectively combined an additional 108 municipalities into 46 coordinated assessing programs.[9] As a result of all these changes, the total number of assessing jurisdictions in New York now stands at 1,072, having been reduced by over 30 percent since 1983 (Table 11). It is also worthy of noting that all this consolidation occurred through incentives and local initiative, and without state mandates.

Many jurisdictions have also begun to employ assessors who already work in one or more municipalities. While this is usually not consolidation as such, it bears a certain resemblance to it. The number of assessing units sharing an assessor with at least one other unit now stands at 490, an increase of over 240 percent since 1987 (Table 11). The number of multi-jurisdictional assessors operating in these localities increased by 192 percent, to 172. As a result, there are now 318 fewer assessors in New York than there would have been had no assessing units engaged in the practice of multi-jurisdictional assessing. These trends are extremely favorable from the standpoint of assessor professionalization, reduction in training costs, and improved service to taxpayers.

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[8] Four villages are coterminous with the respective towns in which they are located, and instead have single assessment rolls for both town and village purposes (Village Law §17-1722-a). Furthermore, under RPTL §1402(4) villages incorporated on or after January 1, 1995 are considered non-assessing units, unless the village enacts a local law to become an assessing unit. To date none of the four villages subject to this statute has opted to become a village assessing unit.

[9] As indicated in Table 3, 115 assessing units in 49 coordinated assessing programs have received financial aid to date. However, 3 programs are now defunct, with 7 assessing units no longer participating in the program.

Table 11. Change in Number of Assessing Jurisdictions and Number with Multi-Jurisdictional Assessors, 1983-2006			
		Jurisdictions with Multi-Jurisdictional Assessors	
Year	Total Number of Assessing Jurisdictions*	Number of Jurisdictions	Number of Assessors
1983	1,546	N/A	N/A
1987	1,435	144	59
1992	1,294	190	74
1997	1,177	361	133
2003	1,102	433	155
2004	1,092	449	162
2005	1,082	474	172
2006	1,072	490	172
* For purposes of this table, coordinating assessing units are counted as a single assessing unit.			

As the number of assessing units and assessors has been changing, the mechanism for selecting assessors has also changed. Table 12 shows the relative incidence of elected and appointed assessors between 1983 and 2006. The data indicate that, during this time period, there has been a notable shift toward appointment of assessors (single assessor per assessing unit) rather than electing them (generally, three-assessor board). While municipalities with elected assessors comprised about half of the total in 1983, their share has fallen steadily, to less than one-sixth by 2006.

Table 12. The Changing Profile of New York Assessors		
	Percent of Municipalities With	
Year	Appointed Assessors	Elected Assessors
1983	48%	52%
1986	54%	46%
1990	59%	41%
1994	67%	33%
2000	77%	23%
2003	82%	18%
2004	83%	17%
2005	83%	17%
2006	84%	16%

With rapid modernization of technology through the RPS system, professionalization of assessors is encouraged, and this in turn favors appointment rather than election. Since increasingly technical skills and knowledge are required to do the job using modern technology, more assessing units are seeking the services of individuals already possessing those skills. For a given municipality, the measures required to ensure availability of qualified staff may involve consolidation, multi-jurisdictional assessing, appointment rather than election of the assessor, greater use of county-level services, and the like.

Clearly, these trends also have ramifications for the state assessment administrator training programs themselves. With fewer assessors, an increasing tendency to appoint them, and higher average skill levels, demands on state training programs are shifting to a greater emphasis on continuing education and less on basic education. Consolidation and greater professionalization will pay additional dividends in the future, such as a reduction in the level of state support required for reassessment projects.

C. Data Updating and Reassessment Activity

Although assessing units are required to assess properties annually at a uniform percentage of value, as of the specified "valuation date," the state has not provided any mechanism to, nor granted any agency the authority to, compel compliance. Nevertheless, many localities are now reassessing every few years, and many are also beginning to reassess at market value annually in order to take advantage of the financial incentives available under the Annual Reassessment Aid program. As previously indicated, such reassessment efforts have traditionally begun with an initial compilation of property inventories as well as reassessment of all parcels, and thereafter consist of subsequent periodic reassessments, which normally do not require a full re-inventory, but ensure equity through the systematic analysis of assessments and local market conditions, with adjustment of assessments where appropriate.

In the early 1980s, more than one-quarter of the reassessment projects in a typical year occurred without ORPS assistance.[10] However, by 2001 such projects were no longer undertaken, as more municipalities were converting their rolls to the RPS system, a program which fosters assistance through ORPS. This in turn may be taken as evidence that ORPS has been increasingly successful in encouraging reassessment activity, since an increasingly large proportion of assessing unit "customers" are choosing to use its services and the tools it

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[10] In these early years some projects completed without ORPS involvement may not have achieved today's standards for an adequate reassessment program.

provides. This observation is particularly true of the smaller and medium-sized municipalities which, unlike the state's largest municipalities, can not create and support their own specialized systems on a cost-effective basis.

Table 13 provides a summary of reassessment activity between 1991 and 2006, including both ORPS-assisted projects and those done without ORPS' involvement. Although the number of reassessment projects has clearly fluctuated from year to year, over time an increasing commitment to reassess is evident. The number of projects supported in 2006 (326) marks the fifth consecutive year in which over 300 projects have occurred. Included in these reassessment projects was that of the Nassau County assessing unit in 2003 through 2006, which comprises over 400,000 parcels.

Table 13. Reassessment Project Activity, 1990-2005

Year	ORPS-Assisted Reassessments	Non-ORPS Assisted Reassessments	Total
1991	110	27	137
1992	73	13	86
1993	88	15	103
1994	114	14	128
1995	74	11	85
1996	105	11	116
1997	91	11	102
1998	140	4	144
1999	96	2	98
2000	184	3	187
2001	246	0	246
2002	308	0	308
2003	322	0	322
2004	360	0	360
2005	317	0	317
2006	326	0	326

Of the 1,879 reassessment projects conducted over a 6-year period between 2001 and 2006, over 68 percent involved municipalities that reassessed at least twice. An increasing number of municipalities are realizing that reassessment is not a one-time activity, but rather an effort that needs continuous application. For example, in 2007, approximately 360 municipalities have plans to reassess, and over 73 percent of these municipalities reassessed in 2006.

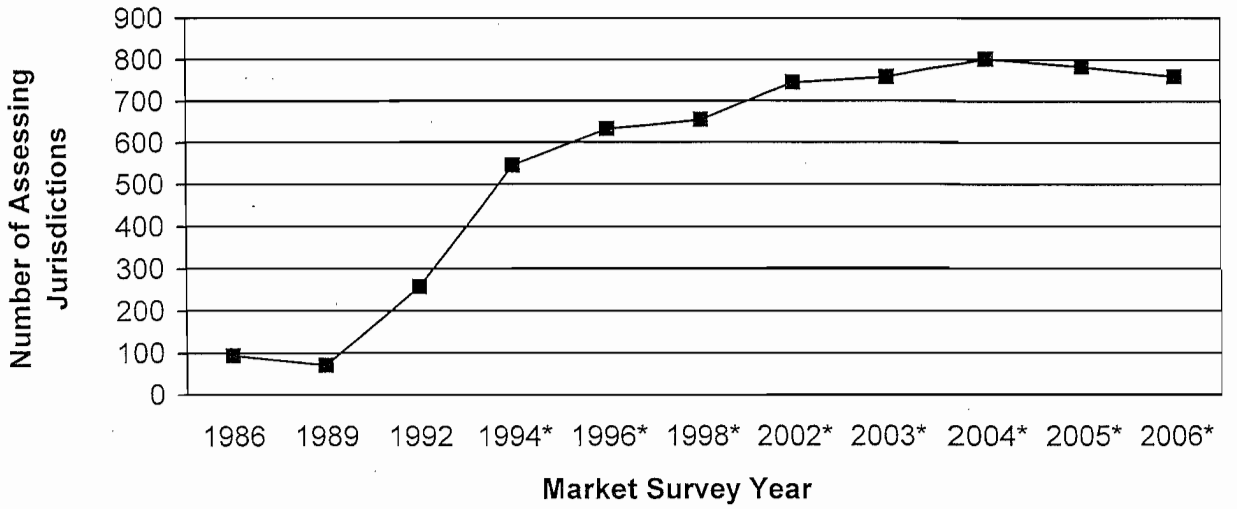
Overall, 195 assessing units (or about one-fifth of the state) have failed to conduct any reassessments during this 16-year period. Only 15 of these places plan to reassess in 2007, indicating a relatively low level of interest in assessment improvement on the part of assessing units in this group. A variety of factors may explain these municipalities' reluctance to reassess, and there is no conclusive information regarding the extent to which the aid programs might influence the local decision-making process in each case.

D. Assessment Uniformity

The State Board is required by law to oversee and review assessing practices in New York State (RPTL §202), and to report this information to the Governor and the Legislature (RPTL §1200). The Board thus seeks to determine periodically the extent to which localities are equitably assessing the parcels within their jurisdictions to assure a fair distribution of the tax burden based upon accurate property values. Methods used to monitor equity levels include a comparison of the assessed values of parcels sampled from each local assessment roll (in determination of equalization rates) with the market values of the same parcels, and audit of reassessment projects to ensure that they produced accurate values.

Since all parcels in an assessing unit (or, within a special assessing unit, in a property class) must be assessed at a uniform percentage of market value, there should ideally be little variation among their assessment ratios (assessed value divided by market value). While some variation is inevitable, due to measurement inaccuracy, high levels of variation indicate inequity because the parcels on the roll are assessed at significantly different percentages of market value. The extent of variation is measured by a widely used statistic known as the Coefficient of Dispersion (COD). Low COD values indicate uniform assessment and high COD values indicate the opposite. Figure 1 shows the number of city, town and county assessing units exhibiting acceptable uniformity levels based on either the COD statistic, or a combination of the COD and audit of recent reassessments (1996 through 2006 surveys).

Figure 1. Number of County, City and Town Assessing Jurisdictions with Assessment Uniformity

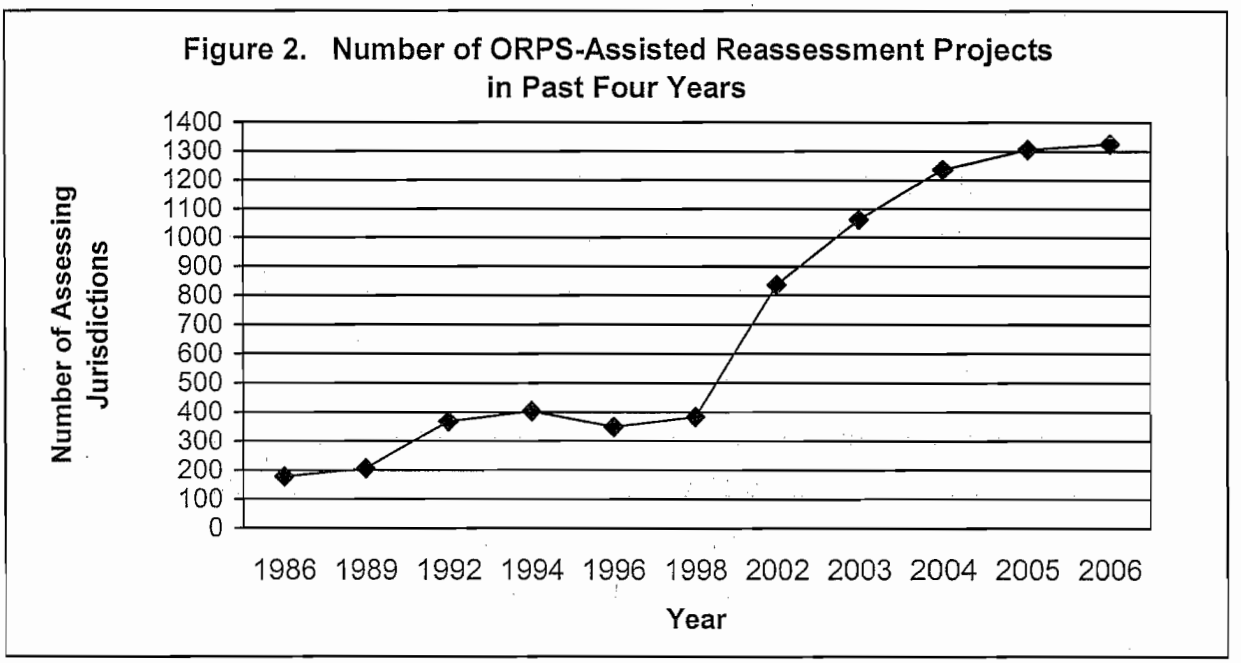


*For survey years 1994 through 2006, acceptable levels of the coefficient of dispersion (COD) statistic were increased for the more rural assessing units in recognition of relative lack of market data and heterogeneity of properties.

Between the 1986 and 1992 surveys, the number of assessing units having equitable assessments nearly doubled. For these years, State Board rules required that all assessing units be evaluated based on an acceptable COD level of 15 percent. However, beginning with the 1994 market survey, the standard was broadened to recognize more rural assessing units as having uniform rolls if they had CODs of 17 percent (population density on 100-400 per square mile) or 20 percent (population density of less than 100 per square mile). The revised standards recognized the fact that the most rural assessing units have greater difficulty achieving a low COD due to scarcity of market data and heterogeneity of properties. With the adjustment of COD standards included in the analysis, the number of assessing units recognized as having uniform assessments expanded to more than 500 in the 1994 survey. The number with uniformity further increased to 632 for the 1996 survey, reflecting substantial gains. The 2003 and 2004 surveys data demonstrated continued improvement, with 802 assessing units exhibiting assessment uniformity in the latter year. Some 285 of these had acceptable CODs, and the remaining 517 underwent successful review of their respective recent reassessments.

The 2005 and 2006 surveys indicated slight decreases in the level of assessment uniformity. In the 2005 survey 245 municipalities had acceptable COD's, with an additional 538 municipalities undergoing successful review of their respective recent assessments. In 2006 the figures were 219 and 540 respectively. This decline in the two most recent surveys exhibits the difficulty that municipalities face in maintaining assessment uniformity in times of strongly appreciating residential markets. Nevertheless, municipalities meeting assessment uniformity standards comprise nearly 80 percent of all parcels in the state.

Figure 2 shows the amount of reassessment activity in the four years preceding each survey, a reasonable measure of the recency of assessments. The data indicate that the number of ORPS-assisted reassessments implemented within these four years grew nearly seven-fold from 1986 through 2006, with growth especially strong in the last few years due to introduction of the annual reassessment initiative. This pattern of growth reinforces that seen in overall assessment uniformity (Figure 1), a correlation which underlines the essential relationship between assessment equity and the maintenance of values at current market levels.



While it would obviously be better to have all assessing units meeting uniformity standards and conducting frequent or even annual reassessments, the substantial gains evident in these figures are still quite striking. During the late 1980s and early 1990s, the number of jurisdictions meeting standards in a given year lagged the number having conducted recent reassessments, sometimes substantially. This phenomenon is thought to have been primarily

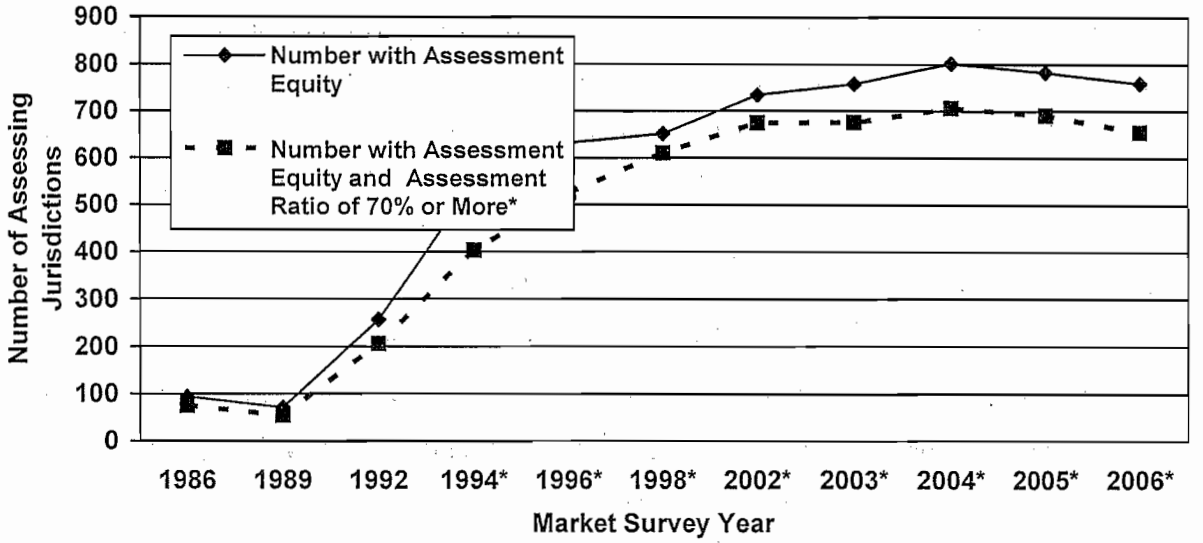
the result of the historically atypical rates of real estate appreciation (in the late 1980s) and depreciation (in the early 1990s) that characterized this era. Rapidly changing values made accurate measurement difficult, and the lag between local assessments and state measurements of market value assumed heightened importance.

The situation eased somewhat in the mid-1990s, when relatively stable market conditions had returned, and it became easier for assessing units to keep abreast of the market conditions (Figure 1). Although market values for property types such as residential have increased significantly in the past few years, the number of places exhibiting uniformity has continued to increase, as more and more assessing units update their values annually. The advantage of annual updating is that assessing units can detect sudden changes in market conditions, and are thus able to maintain equity on an ongoing basis.

It is also useful to examine the relationship between reassessment activity and equity by looking at the number of municipalities that are assessing at relatively high percentages of market value, since a high percentage of market value is a strong indication of recent reassessment activity. Whereas a few municipalities have chosen to reassess at percentages other than 100 percent of market levels, this phenomenon is relatively insignificant and has been declining over time. Figure 3 charts the relationship of assessment equity, as measured by the COD (or a satisfactorily completed reassessment used in the 1996, 1998, 2002, 2003, 2004, 2005 and 2006 surveys), and the overall level of market value reflected in assessments, as measured by the number of municipalities with a ratio of assessed value to market value of at least 70 percent. It was necessary to use a figure like 70 percent, rather than 100 percent, because market changes in a given community may result in a percentage that is significantly less than 100 percent (or even greater than 100 percent) in just a year or two during certain market periods, even though the assessments are relatively current.

As Figure 3 shows, the number of municipalities with high uniformity levels closely tracks the number with assessment ratios of 70 percent or more in the 1986 through 2006 surveys. This is indeed striking evidence of the effectiveness of frequent reassessment as a means of achieving equitable distribution of local property taxes and it underlines the public benefit of state encouragement of reassessment projects.

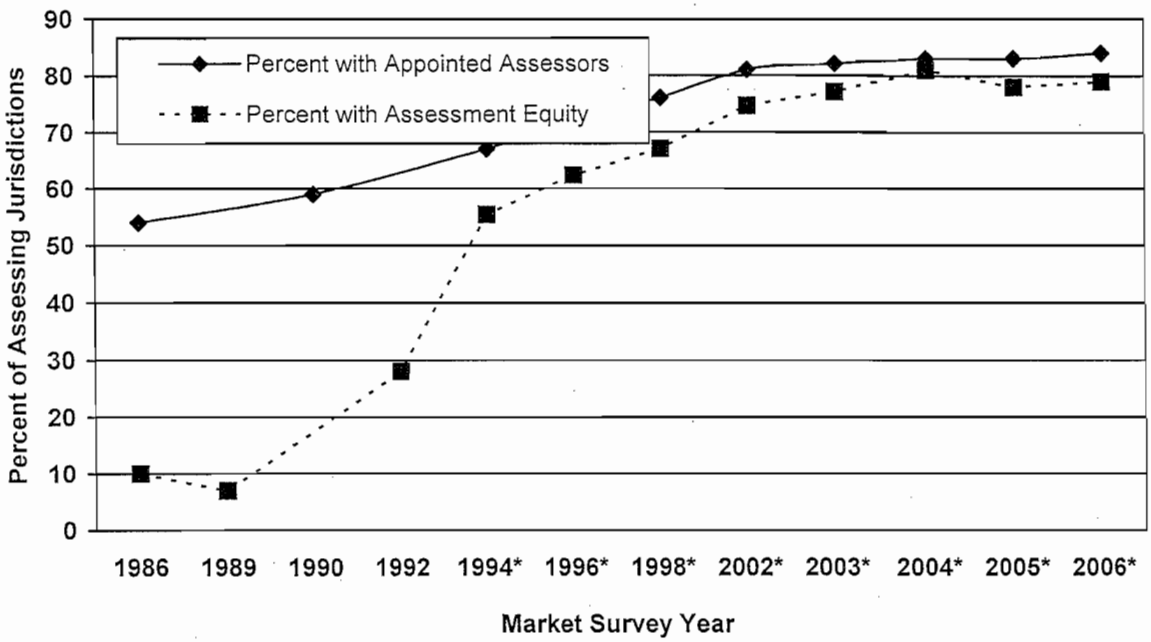
Figure 3. Number of County, City and Town Assessing Jurisdictions with Assessment Equity and Number of these with Assessment Ratio of 70% or More



* In measuring assessment equity to for survey years 1994 through 2006, acceptable levels of the coefficient of dispersion (COD) statistic were increased for the more rural assessing units (see Figure 1).

Yet another view of the underlying sources of assessment equity can be gained from looking at the relationship between uniformity statistics and the methods used to select assessors. Figure 4 shows the uniformity levels found in the 1986 through 2006 surveys in comparison to local use of the appointed assessor option. While the improvement in uniformity is particularly noteworthy in the post-1989 period -- after having fallen somewhat during the rapid real estate appreciation of the late 1980s -- the trend toward appointment of assessors is more moderate and relatively consistent over the entire period. These differences in the two trends notwithstanding, it is still evident that there is a strong positive correlation, with substantial movement toward convergence in the 1990s. While improvements in uniformity can not be causally related to appointment of assessors, there can be little doubt that the two trends are mutually reinforcing, and that an underlying trend toward greater professionalism and technical expertise is responsible for both.

Figure 4. Percent of County, City and Town Assessing Jurisdictions with Assessment Uniformity and Percent with Appointed Assessors.



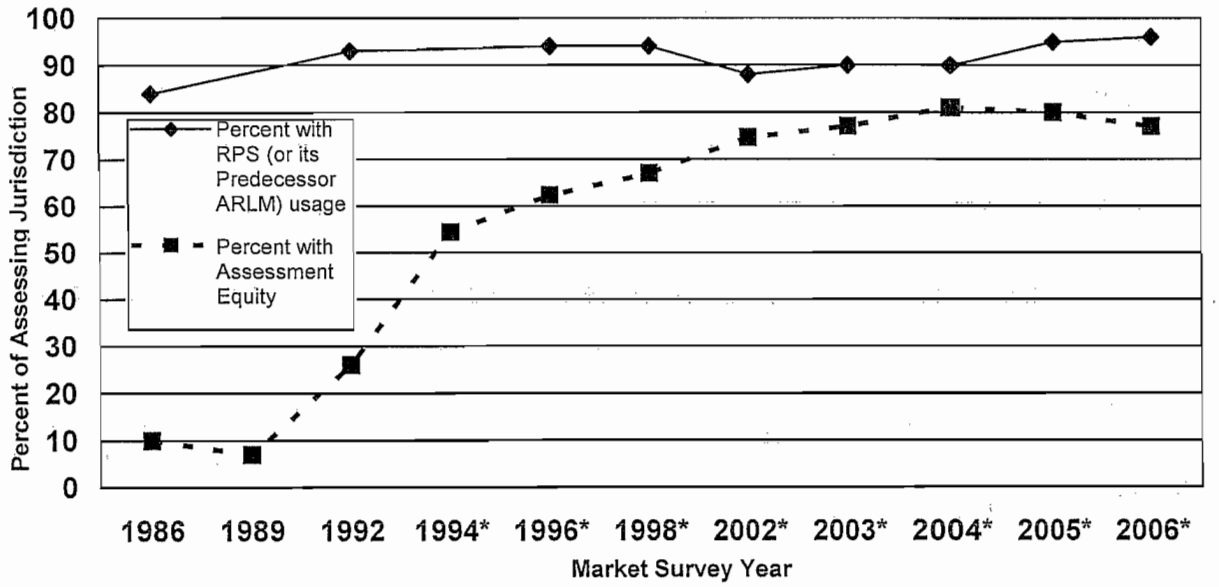
*In measuring assessment equity to for survey years 1994 through 2004, acceptable levels of the coefficient of dispersion (COD) statistic were increased for the more rural assessing units (see Figure 1).

Figure 5, showing the relationship over time between the RPS computer software system usage and assessment uniformity, presents a similar picture. Adoption of RPS, already relatively high in the early 1980s at over 75 percent, increased gradually to reach more than 90 percent in the mid-1990s and has further increased to over 95 percent in 2006. Uniformity levels increased more dramatically, with virtually all gains occurring in the post-1989 period. Again, while it would be inappropriate to attribute all the improvement in uniformity to adoption of the RPS system, it is evident that RPS usage and satisfactory uniformity statistics are positively correlated. It is also evident that widespread adoption of RPS, together with its increasing sophistication and analytical capabilities, has forced increasing professionalization and analytical capability among assessors.

All the trends discussed above -- reduction in the number of assessors, increased reassessment activity, greater assessment uniformity, appointment rather than election of assessors, and assessing unit consolidation -- are fostered by the technical and financial aid programs provided by the state government through ORPS. It is not possible to determine how much each is influenced by other factors such as conditions in real estate markets, litigation,

statutory changes, etc., but it is safe to conclude that substantial progress on all counts has occurred during the time period in which state financial and technical assistance were available to localities. This is especially true of the Annual Reassessment Aid Program, which has brought about a dramatic increase in the pace of reassessment projects.

Figure 5. Percent of County, City and Town Assessing Jurisdictions with Assessment Uniformity and Percent with RPS Usage



* In measuring assessment equity for survey year 1994 through 2006 acceptable levels of the coefficient of dispersion (COD) statistic were increased for the more rural assessing units (see Figure 1).

E. Effects of Local Aid Programs on State Equalization

Calculating equalization rates based on market values that are as current as possible is important because of the critical role the rates play in local government finance. Among the more important uses of equalization rates are apportioning the school tax burden among two or more municipalities that are in the same school district, apportioning county taxes, and determining the amount of education aid granted to each school district. In these programs, equalization rates determined from local assessment rolls are used to calculate the full market value of taxable property, which is the basis for school and county tax apportionment and is a key component of education aid formulas. If the value basis used in ratemaking is not accurately reflective of local tax bases, taxes and education aid will not be distributed with maximum equity.

In the late 1980s, there was a substantial lag between the year of tax apportionment and the market value year from which the equalization rates in the process were derived (Table 14). For 1989 assessment rolls, the lag was over four years, as equalization rates were based on an October 1, 1984 valuation date. However, by 2000 the lag had been eliminated for 36 percent of the school districts, which were thus able to use current equalization rates for apportionment of levies. In 2006, every school district that levied on the current year's assessment rolls was able to apply current equalization rates in apportioning their tax levies.[11]

Table 14. Equalization Rate Lag in School Apportionment

Apportionment Roll Year	Valuation Date	Lag (in years)	Apportionment Roll Year	Valuation Date	Lag (in years)
1989	10/84	4.20	1998	1/96	2.00
1990	1/86	4.00	1999	1/97	2.00
1991	1/87	4.00	2000	1/00	0.00*
1992	1/89	3.00	2001	1/01	0.00**
1993	1/90	3.00	2002	1/02	0.00**
1994	1/92	2.00	2003	1/03	0.00***
1995	1/93	2.00	2004	1/04	0.00***
1996	1/94	2.00	2005	7/04	0.00**
1997	1/94	3.00	2006	7/05	0.00***

* Current rates used by 36 percent of school districts.
** Current rates used by over 90 percent of school districts.
*** Current rates used by all school districts.

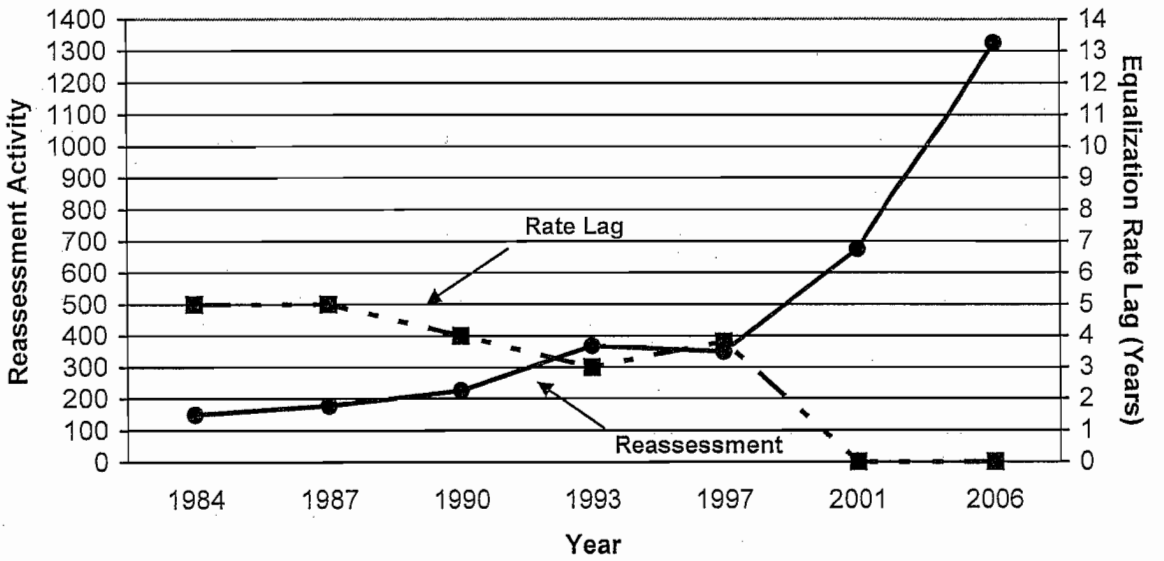
Although a lag may not be as important a concern in times of low real estate appreciation, it becomes a major issue when market values are changing significantly, as has been the case for residential property over the past few years, especially in certain metropolitan areas of the state. The reduction from a lag of over four years to no lag at all for municipalities and school districts is thus a significant achievement in equitable allocation of property taxes and education aid.

Elimination of the lag has been made possible largely through improvements in assessment administration, including reassessments, computerization, and better sales reporting and processing. These improvements are, in turn, related to state technical and

[11] A few school districts use assessment rolls completed in the prior year to apportion and levy taxes.

financial assistance programs, although the precise influence of each aid program on the timeliness and accuracy of rate making can not be measured. Nevertheless, a comparison of the amount of ORPS-assisted reassessment activity with the lag in equalization rates (Figure 6) indicates that both measures have shown improvement over time, indicating a close inverse correlation.

Figure 6. Equalization Rate Lag and Reassessment Activity, 1984-2006



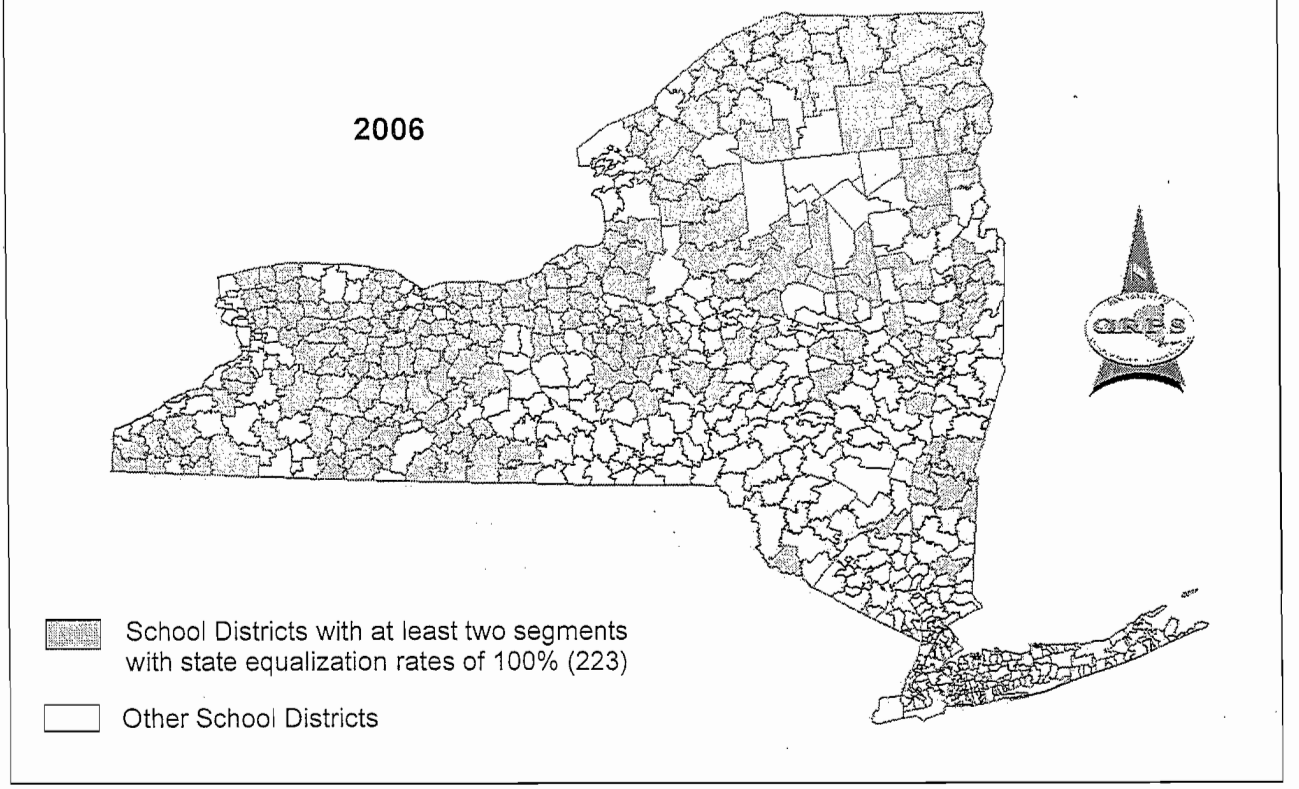
Notes: Equalization Rate Lag is measured as year of roll used to apportion school levies minus valuation year used to determine its full market value. Reassessment Activity is measured as number of ORPS-assisted projects within the past four years.

As discussed earlier, the sharp rise in reassessment activity in recent years is most likely attributable to increasing participation in the relatively new Annual Reassessment Aid Program. Increasing numbers of municipalities appear to be realizing the advantages of participating in that program: in developing and sustaining equity in their respective jurisdictions, they not only obtain financial assistance in the process but also have the results of their efforts, without any lag, fully reflected in the current equalization rate used for apportionment of school and county tax levies.

Yet another indication of the success of the Annual Reassessment Aid Program is the dramatic increase in the number of school districts in which at least two municipalities can apportion school taxes using equalization rates of 100 percent. This allows them to avoid the confusing and sometimes inequitable apportionment results that occur when the rates are at fractional levels and differences in tax rates are very difficult to explain to taxpayers. One

district could do this type of apportionment in 1997, but approximately half of the school districts that apportion taxes could do so in 2006 (Figure 7).

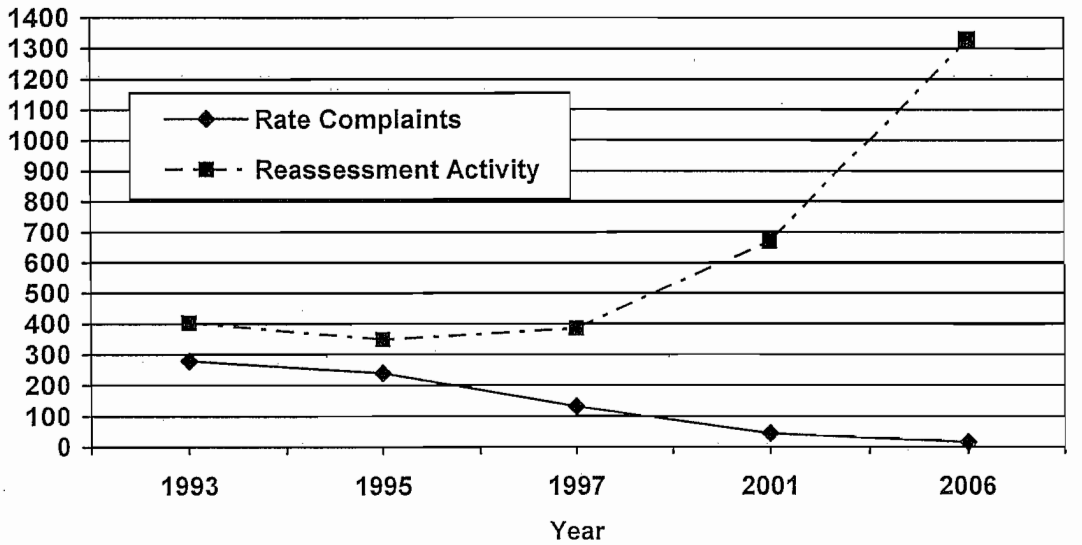
Figure 7. School Districts with at Least Two Segments with State Equalization Rates of 100



Another apparent benefit from participating in programs of assessment improvement is the decreasing propensity for municipalities to file complaints on preliminary state equalization rates, as shown in Figure 8. Reassessment activity hovered at the 350-400 level before rising sharply after 1999, while the number of rate complaints continued to fall over this period. In 2005, the locally-declared assessment ratios supplied by 86 percent of assessing units[12] were adopted without change as final equalization rates. The reduction in the number of complaints filed over this period has enabled ORPS to direct its time, resources and personnel away from costly and time-consuming rate complaint hearings, concentrating instead on providing assistance to localities for improved assessing practices.

[12] Under the Property Taxpayer's Bill of Rights assessors are required to state the uniform percentage of value at which parcels are assessed. Such information must be placed on the assessment roll and on the property owner's tax bill or tax receipt.

Figure 8. Equalization Rate Complaints and Reassessment Activity, 1993-2006



Note: Reassessment Activity is measured as the number of ORPS-assisted projects within the past four years.

As mentioned earlier, where a community has a recent reassessment roll, and the values can be verified as having been calculated based on current market levels, the roll can be used directly to determine market values and equalization rates. This "review" or "procedure audit" eliminates the need to recalculate the total market value of the roll based on sample appraisals and sales. Use of local reassessment rolls directly in establishing market value began with the 1996 survey, and has continued with every survey since then. The total assessed values derived from reassessments of some or all of the four major property classes are separately reviewed and audited. Also reviewed are the procedures used locally in completing the reassessment projects, i.e., inventory compilation, sales screening, computer-assisted valuation, appraisal review, etc. In 2006, this approach was used to determine the equalization rate in over 55 percent of the assessing units (Table 15). As more communities conduct reassessment projects in future years, the number of equalization rates prepared utilizing a procedure audit may increase proportionately. Thus, the various technical and financial incentives and assistance provided to localities by the state are producing an additional benefit in terms of reduced equalization effort and associated costs.

Table 15. Market Value Survey Approaches (for 2006 Equalization Rates)	
Approach	**Number of Assessing Units**
Review of Local Reassessment	540
Other Independent Ratio Estimation	443

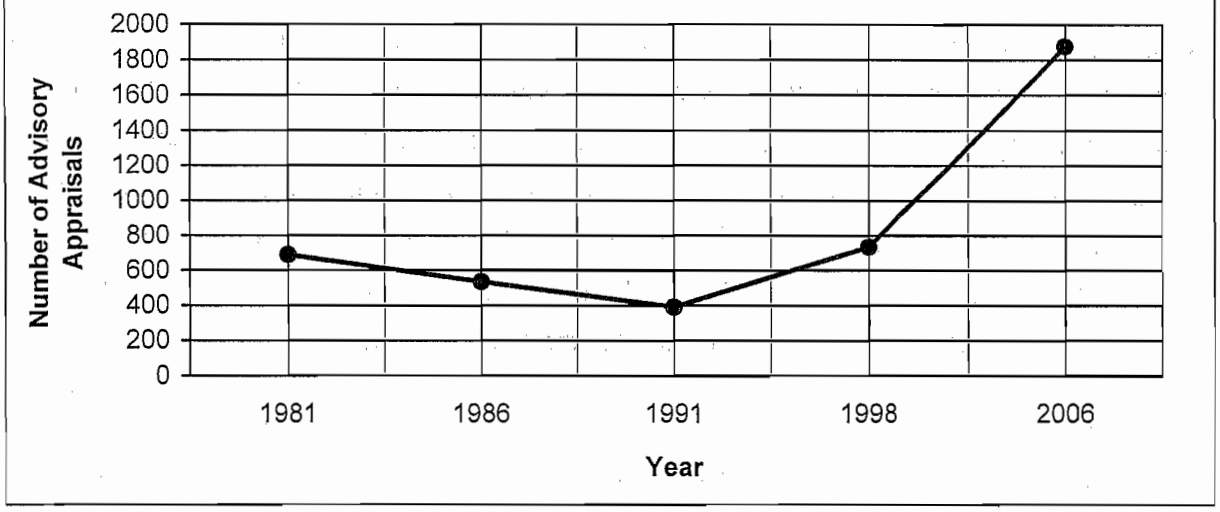
Before 1976, sales at "arm's length" and otherwise valid for analysis had been used directly in rate calculations. However, this practice was discontinued, with sales then used only indirectly -- in applying the comparable sales approach to valuation of individual appraisal parcels. Beginning with the 1996 market value survey, residential sales ratios were once again used directly in the equalization rate calculations. For other property classes, direct use of sales is currently prohibitive due to the cost of extensive data verification, since many non-residential property transfers are complex. The substitution of residential sales for appraisals is made primarily in assessing units which have not conducted recent reassessments. Utilization of sales data (both directly and indirectly) replaced approximately 16,400 appraisals that otherwise would have been required in ratemaking in 2006. All told, the number of appraisals required for the market value survey was reduced to approximately 10,500 in 2006. This compares to the over 70,000 appraisals required in the 1994 survey, over 28,000 appraisals required in the 1996 survey, and over 20,000 appraisals required in the 1998 survey.

One reason that use of sales has been possible is that considerable progress has been made on improving the sales data processing and correction process. Technical advances have resulted in more accurate and complete sales data, fewer appraisal hours, and a reduction in paper-handling and mailing costs at both state and local levels.

As discussed in Part II, the advisory appraisal program assists localities in valuing large or complex properties, such as manufacturing facilities and utility installations that are usually beyond the technical expertise of local assessors. The assistance is generally provided in the context of a local reassessment project. However, it must also be recognized that these same appraisals contribute significantly to the equalization program. The properties in question, being large facilities, often comprise a substantial share of the local tax base. As a result, their values contribute significantly to local real property wealth. Because of their disproportionate importance, they must be explicitly incorporated into equalization rates. Advisory valuations of these properties can therefore be said to accomplish two mutually reinforcing objectives: preparation of equitable assessment rolls, and calculation of accurate equalization rates and municipal market values.

The number of advisory appraisals has risen markedly in recent years, especially since the inception of the Annual Reassessment Program. In 2006, municipalities requested over 1,877 advisory appraisals, in conjunction with the reassessment projects they undertook in that year (Figure 9). Over 99 percent of these appraisals involved utility class property. Demand for advisory appraisals is now three to four times greater than it was in the 1980s and 1990s, and it is likely to remain strong in the foreseeable future due to the rapid pace of reassessment activity. Utility class property, previously appraised only periodically, is appraised continually and, since it is difficult for many local assessors to appraise such parcels on their own, advisory appraisals will be needed. This is especially true for electrical generating stations.

Figure 9. Advisory Appraisals in Equalization Program



IV. CONCLUSIONS AND RECOMMENDATIONS

Based on the data and other information presented earlier in this report, the following summary observations are made regarding program progress as well as changes currently being made to meet Agency goals and future directions.

A. Achieving Assessment Uniformity

Major improvement in the quality of assessment has occurred, particularly since the middle to late 1980s. Data regarding the number of reassessment projects conducted, and the State Board's COD statistics, together support the conclusion that assessment rolls have been made dramatically more equitable since that period, and local governments are putting substantially greater effort into the maintenance of equity.

In 2006, ORPS staff supported over 325 projects, marking the fifth consecutive year of projects greater than 300. Many municipalities are availing themselves of financial incentives to reassess, especially through Annual Reassessment Aid. With more reassessment projects, and better local data, greater efficiency and economy has been achieved in the state, and the assessment ratios declared by 86 percent of the local assessing units were adopted without change as 2004 state equalization rates. Further evidence of the pace of reassessment activity is the fact that ORPS staff provided 1,877 advisory appraisals in 2006, primarily for utility property.

The nearly universal adoption of the state-provided RPS system for assessment administration is a very encouraging sign that continued progress will be made in attainment of equity/uniformity. Having the proper tools to keep assessments current is a prerequisite to maintaining an equitable roll, and virtually all communities now have access to such tools.

These developments are noteworthy in that New York assessing units, unlike those of virtually all the other states, are not required to maintain assessments at a specified statewide percentage of market value. It is significant that the more than 75 percent of localities that have reasonably current, equitable assessments in 2005 and 2006 have achieved their status voluntarily, without the compulsion of state mandates or sanctions.

In the absence of state mandates for updating assessments, the state aid programs assume greater importance, for they are the primary tools employed by the state to influence the quality of assessing. While it is impossible to establish a direct tie between the assessment progress observed and the existence of these programs, it is safe to conclude that the state's objective of greater assessment equity -- without state enforced, mandated reassessment -- is being achieved rapidly.

Much still remains to be done, however, for many of New York's municipalities have not reassessed in recent history. This situation is especially prevalent in some of the suburban counties in the New York City metropolitan area, although the two largest assessing units in this area, New York City and Nassau County, reassess property every year. To date, most of the remaining communities in the downstate area have not been induced to reassess by the availability of state aid, and it is not known if the availability of aid will be a determining factor for them in future years. Nevertheless, since they are generally densely populated communities involving very large numbers of properties, the total potential equity gain from their undertaking reassessment would be great indeed. Every effort should therefore be made to induce these assessing units to develop current, equitable rolls.

B. Efficiency of Assessment Administration

The outcome of the consolidation aid program has been moderately encouraging to date, with 108 non-village assessing units, or about one-tenth of the state, now practice coordinated assessing.

However, no non-village assessing units have yet elected to take more fundamental steps toward consolidation, either through the Consolidated Assessing Unit option or in becoming part of a county assessing unit. This apparent reluctance to cede greater autonomy to supra-municipal organizations reflects a strong tradition of "home rule" in New York, with many officials and citizens alike remaining skeptical about consolidating local governments or even their major functions. Indeed, past attempts in a few counties to convert from sub-county to countywide assessing failed when the issue was submitted to the electorate.[13] Nevertheless, efficiency and optimization of available resources must continue to be a major focus of state aid programs and program emphasis is probably best directed toward the most moderate approaches, such as the Coordinated Assessing Unit option, intergovernmental management of property tax administration function (especially the recently broadened County Services Program), and use of specialized consultant services. It is likely that local interest in qualifying for the Annual Reassessment Aid program will stimulate additional efforts to achieve more efficient scale in assessing, as annual maintenance of assessments at current market levels requires considerable technical expertise.

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[13] In the latest of such attempts (November 2005), voters in Fulton County defeated a proposal that would consolidate assessing into one new county department of assessment. Such a consolidation would have eliminated ten town and two city assessing units.

It is further apparent that the aid programs designed to promote local equity and efficiency also foster more equitable and more cost-effective equalization of tax rolls in counties and school districts. While these indirect effects have been difficult to measure in prior years, several indicators are now clearly demonstrating equalization improvements occurring in the same time frame as local assessment improvements. The existence of these important indirect effects suggests that any future changes in aid programs should give consideration to direct or indirect effects on the equalization program. There is clearly a state interest in availability of quality local data, and this interest should continue to be reflected in appropriate state-local cost sharing to finance assessment administration.

C. Assessor Technical Qualifications

The overall level of assessor qualifications and expertise is related to the success of training programs and to the rate of assessor turnover. With high turnover, as occurs with elected assessors, it is both difficult and costly to achieve and maintain high levels of expertise on a statewide basis. This reality, as well as the relationship found between assessment equity and appointed status, indicate that state efforts should continue to promote the appointed assessor alternative. The trends found in terms of movement toward appointed and multi-jurisdictional assessors should contribute significantly to raising the overall level of expertise and equity in future years. The high pass rates for both classroom-training courses and the newer web-based alternative (99 percent) also suggest a trend toward greater expertise. Communities wishing to take advantage of the Annual Reassessment Aid program will clearly need highly qualified assessors to do so, and future training should include substantial coverage of relevant analytical methods for keeping assessments current on an annual basis. "Raising the bar" through incorporation of high-level analytical procedures into the training program is likely to increase consolidation through multi-jurisdictional assessing, use of county services, and Coordinated Assessment Programs.

D. Real Property System

Rapid change in the computer hardware and software industries, including the availability of many new types of software products and services from private vendors, has necessitated continuing study of development and support of the RPS system. An RPS Governance Group was created in late 1999, and charged with determining the overall direction of development and future vision of the RPS system, including how development fund monies will be spent. The group consists of four representatives each from the New York State Association of County Real Property Directors, the New York State Assessor's Association, the

New York State Information Technology Directors Association, and the Office of Real Property Services. The group meets quarterly to discuss RPS development and implementation issues, and it is expected to be a primary source of information and recommendations concerning any problems encountered in RPS and its future direction.

In 2002 the RPS Governance Group created the RPS Change Control Board (CCB). This group is composed of eight ORPS staff and eight local officials and deals with the basic operation and maintenance of RPS. It is charged with the task of determining the actions to be taken with respect to adding enhancements and making other changes to RPS. Because the number of user requests far exceeds the current capacity of staff to deliver solutions for these requests, this group assigns priority to each request and determines which ones will be moved forward and which ones will not. This mechanism provides local officials with the ability to influence the content and overall direction of the RPS system.

RPS is the software used by 95 percent of the cities and towns in New York State as a primary tool for administration of the Real Property Tax. Given the widespread usage of the software, one might expect that such a high level of subscription can be maintained without extraordinary efforts. However, information technology is highly subject to obsolescence, and the life cycle of a given version of software is shortening. Furthermore, the next planned generation of RPS (RPSV5) will most likely be web-based, and is likely to be very costly. Municipalities face tight budgets, much of which stems from federal- or state-mandated programs. The challenge for the future is sustaining continuous development of RPS software that facilitates real property assessment and tax administration at a cost affordable to municipalities across the state.

An important issue at the present time is updating the data used in the RPS cost valuation system. Due to changes in the industry that supplies the cost data, a significant effort will be needed over the next few years to incorporate current cost information into RPS. To this end, ORPS has contracted with a major industry vendor, Marshall and Swift Inc., to make the changes needed to update the system over a five-year period.