Residential Real Property Taxes in New York State's Cities

1990-1991

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Executive Summary

This study examines residential taxes in New York's cities. Included are the taxes levied by the cities themselves for municipal purposes and those levied for school and county purposes. The study's objective is to provide interested parties a means of comparing the tax levied on a typical or representative home in each city. Residential tax payments are used in order to make the results easily interpretable to the average person. This contrasts significantly with other available property tax studies which highlight annual changes in the overall tax burden, total taxes levied in relation to personal income, or other such global statistics.

The tax estimates were prepared in two different ways using 1990–1991 sales data and local tax rates. The first method calculates typical residential tax bills based on the median sale price of the homes sold in each city. It is thus sensitive to whether a city has relatively expensive or inexpensive homes. The second method estimates the taxes on a hypothetical $100,000 home in each city and the results are therefore a function of the effective tax rate applied to residential property in the city in question.

The cities studied vary widely in terms of location, population, number of parcels of real property, taxable real property value, the mix of property classes, the typical selling prices of homes, assessment ratios, and tax rates. These characteristics provide a background against which differences in tax liability can be examined. They also suggest explanations for inter–city tax differences in some cases. However, because of the obvious diversity among cities in terms of the level of municipal services provided and other factors, the study makes no attempt to evaluate the desirability of existing tax levels or to comment on the efficiency with which services are provided.

New York City dominates much of the data, but did not have, in 1990–91, the relatively high residential taxes many might expect. This was due primarily to the tax benefit afforded homeowners by the City's classified assessment system. Despite the fact that its homes are among the most expensive in the State, the City's residential taxes are well below average.

The city with the lowest estimated median tax bill ($670) was Oswego, apparently because various properties in the utility class comprise nearly 60% of the city's total value and over 90% of the school district's. Rye was the city with the highest median tax bill ($7,095) and also has some of the most expensive homes in the State, reflected in a median sale price of $425,000. However, in Rye, as in many of the other cities with high median tax bills and expensive homes, effective full

value tax rates are very low. Those urban communities within commuting distance of NYC typically had the highest estimated median residential tax bills and all six of Westchester County's cities were among the ten cities with the highest tax bills.

Twelve cities used the "homestead" provision of the Real Property Tax Law to reduce taxes on residential property relative to other types of property. However, this preferential treatment did not consistently result in low residential taxes, as "homestead" cities were found in all but the very highest ranges of the tax spectrum.

The association of high property values with low effective tax rates becomes more clear in comparing the taxes which would be levied in each city on a hypothetical home worth $100,000. In this ranking, the cities with the most expensive properties were generally found to tax at the lowest rates. For example, White Plains, which had an estimated median tax bill of $2,918 (the sixth highest), would charge only $1,144 in taxes (the second lowest) on a $100,000 home. Conversely, Ogdensburg would expect to collect $3,625 (third highest) from such a home, but had an estimated median tax bill of only $995 (fifth lowest).

Of course, a comparison based on the tax bills of homes of equal value says nothing about the relative qualities of the actual homes in this price range in each city. Given the wide variation in housing prices across the State, we can be confident that $100,000 would buy more in Ogdensburg, where the median sale price was $27,456, than in White Plains, which had a median price of $255,000. In fact, two cities, Rye and Peekskill, did not have any houses that sold for $100,000 or less during the time period studied.

Thus, at either end of the spectrum, there appears to be a clearly identifiable type of city: one has very expensive properties, but low tax rates, and the other has inexpensive homes and significantly higher tax rates. But the majority of the cities (about 35) fall into a middle range, having median sale prices between $50,000 and $100,000 and tax rates that approximate the overall average.

The wide range of estimated tax bills reflects the great variety of economic and fiscal conditions prevailing today in New York's cities. Residential property taxes are only part of this picture, but an important part. While comparison of tax bills among cities can lead to many additional questions for the homeowner or analyst, it is a significant first step in understanding inter–area differentials in the costs of public services supported by the property tax.

RESIDENTIAL REAL PROPERTY TAXES IN
NEW YORK STATE'S CITIES, 1990–1991

Introduction

There are sixty–two municipalities in New York State that are incorporated as cities. Aside from their shared legal status, however, it is difficult to find descriptors that adequately encompass all of them. The cities vary especially in terms of population, number of parcels of real property, taxable real property value, the mix of property classes (residential, commercial and industrial, utility, etc.), the typical selling prices of homes, assessment ratios, tax rates and the real property tax bills paid by homeowners.

This study focuses on the estimated typical tax bills of homeowners in New York's cities.[1] The New York State Division of Equalization and Assessment (NYSDEA) frequently receives inquiries from taxpayers and organizations concerning the typical property tax paid by a homeowner in a given city. Until now, staff prepared responses to such inquiries on an individual basis. This study not only answers those questions for each city, but also gives the interested parties an opportunity to compare tax levels among the cities. Since the study focuses on "typical" or "representative" homes, the resulting estimated tax bills are easily interpretable by virtually everyone. In contrast, other existing tax comparison studies are ordinarily based on measures such as tax rates or taxes–per–dollar of income and, as such, do not provide as meaningful a statistic to the average person.

Taxes, no matter how they are measured, present only one side of the local government fiscal picture, however. It is almost axiomatic that local governments providing more services will also levy higher taxes. The study, however, makes no attempt to measure the level of services that the residents of specific cities are receiving or the relative efficiency with which these services are provided: data analysis is limited to the residential tax bills only. Though the focus on property taxes ignores many other aspects of city finances and service provision, some additional city characteristics are discussed, especially as they appear to relate to and perhaps influence the residential property tax.

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[1] The tax estimates in this report pertain only to one–, two–, and three–family property, i.e., not including condominiums or cooperative apartments.

The study calculates estimated typical residential property tax bills in two different ways and compares them among the cities. One comparison is based on the estimated tax bills of the median price homes selling in the cities between the filing of the final 1990 and 1991 assessment rolls. This method is, therefore, sensitive to whether a city has relatively expensive or inexpensive homes: other things being equal, cities with more valuable homes tend to have higher median tax bills. The second method holds the value of the home constant by estimating the taxes paid on a hypothetical $100,000 home in each city. The two methods produce widely different rankings of the cities according to size of estimated tax bill.

New York City, Largely Unique

In any discussion of New York's cities, New York City (NYC) must obviously be included, though in so many ways it stands apart in a separate category. In looking at the data that follow, it will be frequently necessary to talk about "THE CITY" as one unit and all other cities as another. For example, in terms of population, New York City, with 7.3 million people (1990 Census) has 75.4% of the total population of all sixty–two of New York State's cities. NYC also contains 57.1% of all the parcels of real property in the State's cities and 80.5% of the total taxable value. NYC's size skews simple statewide averages in many cases, making it necessary to use the median as a measure of central tendency.

Despite its size and dominance in the data, NYC's estimated median residential tax bill of $1,483 per parcel is among the lowest of the cities. Furthermore, NYC would levy only $886 in property taxes on a $100,000 residence, the lowest tax bill in the State for a house of this value. NYC's classified property tax system, by which one–to–three family residential properties are taxed at rates far lower than other property classes, is obviously responsible for this phenomenon. That system and other qualities unique to New York's largest city are discussed later in this report.

How Big (Small) is a City?

Table 1 shows data on population, parcels, property value and exemptions for each city. The smallest city in terms of population in the State is the City of Sherrill in Oneida County (only 2,864 persons), while the largest outside NYC is Buffalo, with 328,123 persons residing within its city limits. For contrast, there are more than 2,500 times as many people in NYC as there are in Sherrill.

The median population of all the cities was 20,650, which is approximately the population of cities like Amsterdam (Montgomery County) and Lackawanna (Erie County).

In terms of total parcels of real estate (all property types), Sherrill is also the smallest city with 1,192 parcels and Buffalo is again the largest outside NYC (97,703 parcels). However, NYC, with more than 930,000 parcels, has over nine and one–half times as many as Buffalo. Sherrill is also the city with the fewest residential parcels (about 900) and Buffalo is the largest outside NYC, with over 75,000. NYC predictably dominates this category as well, with more than 580,000 parcels in the residential class.

The percentage of total parcels in each city that are residential also varies, but the overall range is limited -- from nearly 66% in Jamestown (Chautauqua County) to nearly 87% in Sherrill. Though the percentage of parcels that are residential gives some indication of the character of a city, the property type mix in terms of the values of the four basic property classes (residential; commercial/industrial/apartment; vacant land; and utility) can have an important effect on the property taxes paid by homeowners.

The proportion of total real property value held by the residential class varies widely among New York's cities (see Table 2). In this category, Oswego (Oswego County) has the lowest percentage of value (about 27%) attributable to residences, while the City of Rye in Westchester County, at almost 88%, has the highest percentage. It is no coincidence that these two cities also have the lowest and highest, respectively, estimated median tax bills. Utility properties dominate the Oswego assessment roll and Rye is essentially a commuter suburb of the New York City metropolitan area.

A city's property taxes are obviously dependent on the value of its real property. But not all property is fully taxable because whole and partial exemptions are granted to property owners for a variety of reasons. The value that remains after the value of the exemptions has been subtracted is considered taxable and in this category Mechanicville, with just over $63.5 million of taxable full value, is the smallest city in the State. Outside NYC, Yonkers, at approximately $6 billion of taxable full value, is the largest, but is still outclassed by NYC's $238.5 billion. The median taxable full value among all cities was about $407 million, and the Cities of Auburn (Cayuga County) and Elmira (Chemung County) are good examples of cities with that much taxable value.

TABLE 1. NEW YORK STATE'S CITIES: DATA ON POPULATION, PARCELS, REAL PROPERTY VALUES AND EXEMPTIONS

CITY	1990 POPULATION	1991 TOTAL PARCELS	1986 RESIDNTL PARCELS	PEOPLE PER RESID. PARCEL	FY 1990 MARKET VALUE OF TAXABLE REAL PROPERTY [000]	1986 RESIDENTIAL MKT VALUE [000]	1990 PCT OF TOTAL FULL VALUE EXEMPT	FY 1990 TOTAL FULL VALUE IF NO EXEMPTIONS [000]
Albany	101,082	31,063	19983	5.1	$2,637,901	$1,916,996	72.9	$9,733,952
Amsterdam	20,714	7,170	5002	4.1	$253,840	$285,851	34.6	$388,135
Auburn	31,258	9,349	7171	4.4	$402,723	$391,597	33.7	$607,425
Batavia	16,310	5,564	4263	3.8	$313,047	$266,855	23.8	$410,823
Beacon	13,243	4,431	3175	4.2	$303,651	$402,758	27.5	$418,829
Binghamton	53,008	16,780	11803	4.5	$1,156,459	$880,731	42.6	$2,014,737
Buffalo	328,123	97,703	74667	4.4	$4,475,624	$3,248,002	41.8	$7,692,719
Canandaigua	10,725	3,539	2253	4.8	$256,441	$182,504	27.4	$353,225
Cohoes	16,825	5,233	3412	4.9	$268,865	$276,501	24.0	$353,770
Corning	11,938	4,504	3519	3.4	$244,811	$160,685	25.4	$328,165
Cortland	19,801	5,158	3808	5.2	$231,531	$223,539	49.2	$455,770
Dunkirk	13,989	6,801	4503	3.1	$369,816	$161,776	23.5	$483,420
Elmira	33,724	10,811	7899	4.3	$411,865	$322,516	42.1	$711,339
Fulton	12,929	3,532	3375	3.8	$219,608	$188,925	48.3	$424,774
Geneva	14,143	4,362	3467	4.1	$196,022	$194,657	43.8	$348,794
Glen Cove	24,149	7,403	5969	4.0	$1,736,668	$2,030,488	11.7	$1,966,781
Glens Falls	15,023	5,889	3992	3.8	$353,010	$301,561	40.4	$592,299
Gloversville	16,656	6,241	4606	3.6	$213,320	$213,586	26.3	$289,444
Hornell	9,877	3,976	2937	3.4	$107,086	$87,316	15.5	$126,729
Hudson	8,034	2,429	1430	5.6	$97,399	$90,444	62.7	$261,123
Ithaca	29,541	5,771	3781	7.8	$599,753	$392,590	57.6	$1,414,512
Jamestown	34,681	15,100	9536	3.6	$501,025	$341,802	37.6	$802,925
Johnstown	9,058	3,654	2567	3.5	$158,599	$132,264	28.2	$220,890
Kingston	23,095	8,414	6049	3.8	$608,303	$562,553	37.3	$970,180
Lackawanna	20,585	7,542	4813	4.3	$296,781	$246,986	26.3	$402,688
Little Falls	5,829	2,216	1550	3.8	$78,437	$57,722	43.5	$138,827
Lockport	24,426	8,441	6424	3.8	$444,164	$317,282	20.0	$555,205
Long Beach	35,510	8,994	6667	5.3	$1,857,230	$1,318,638	15.1	$2,187,550
Mechanicville	5,249	1,561	1027	5.1	$63,506	$79,977	22.7	$82,155
Middletown	24,160	8,142	4942	4.9	$525,290	$610,484	40.5	$882,840
Mt. Vernon	67,153	11,156	7998	8.4	$1,767,762	$1,751,838	20.7	$2,229,208
N. Tonawanda	34,989	12,928	9744	3.6	$704,404	$583,353	20.3	$883,819
New Rochelle	67,265	15,452	11489	5.9	$3,371,342	$3,189,495	29.1	$4,755,066
New York City	7,322,564	933,843	600611	12.2	$238,494,083	$132,601,801	31.2	$346,648,376
Newburgh	26,454	7,016	4578	5.8	$361,193	$442,723	26.4	$490,751
Niagara Falls	61,840	23,285	17295	3.6	$1,025,221	$643,275	45.8	$1,891,552
Norwich	7,613	2,550	1966	3.9	$119,352	$109,884	33.7	$180,018
Ogdensburg	13,521	4,200	3264	4.1	$129,794	$117,324	71.7	$458,636
Olean	16,946	6,953	5013	3.4	$267,570	$176,392	37.0	$424,714
Oneida	10,850	4,131	2761	3.9	$203,676	$155,008	25.4	$273,024
Oneonta	13,954	3,535	2596	5.4	$192,889	$173,667	50.4	$388,889
Oswego	19,195	7,247	5244	3.7	$1,012,097	$284,526	28.6	$1,417,503
Peekskill	19,536	5,519	2918	6.7	$555,370	$526,218	46.2	$1,032,286
Plattsburgh	21,255	4,491	2989	7.1	$3,384,874	$227,252	54.2	$7,390,555
Port Jervis	9,060	3,223	2295	3.9	$169,675	$210,489	19.0	$209,475
Poughkeepsie	28,844	8,459	5277	5.5	$698,308	$678,630	42.5	$1,214,449
Rensselaer	8,255	3,089	2049	4.0	$118,671	$138,468	29.9	$169,288
Rochester	231,636	68,727	53380	4.3	$5,127,505	$3,504,351	27.4	$7,062,679
Rome	44,350	13,014	9121	4.9	$686,269	$572,018	66.9	$2,073,320
Rye	14,936	4,840	3628	4.1	$1,713,211	$1,764,953	19.6	$2,130,859
Salamanca	6,566	2,771	1963	3.3	$72,512	$51,185	43.4	$128,113
Saratoga Sprgs	25,001	9,227	5697	4.4	$728,520	$625,662	43.7	$1,293,996
Schenectady	65,566	20,590	15620	4.2	$1,116,261	$1,267,098	38.0	$1,800,421
Sherrill	2,864	1,192	882	3.2	$67,576	$64,412	35.0	$103,963
Syracuse	163,860	41,036	33660	4.9	$2,980,005	$2,242,315	55.3	$6,666,678
Tonawanda	17,284	6,587	5387	3.2	$327,342	$306,686	20.1	$409,690
Troy	54,269	14,370	9609	5.6	$705,238	$704,535	49.0	$1,382,820
Utica	68,637	23,214	16205	4.2	$1,014,627	$916,243	58.4	$2,439,007
Watertown	29,429	9,210	6444	4.6	$418,419	$388,845	40.8	$706,789
Watervliet	11,061	2,906	2270	4.9	$147,854	$167,209	75.9	$613,502
White Plains	48,718	12,742	7249	6.7	$3,145,664	$2,269,359	23.5	$4,111,979
Yonkers	188,082	35,690	23395	8.0	$6,059,031	$5,368,582	29.8	$8,631,098
TOTALS	9,705,238	1,634,966	1,107,187		$296,269,090	$178,111,382		$445,232,547
AVERAGES	156,536	26,370	17,858	4.7	$4,778,534	$2,872,764	36.9	$7,181,170
MEDIANS	20,650	6,985	4914	4.2	$407,294	$319,899	34.8	$610,463

Data Sources: Population from U.S. Dept of Commerce; Market Value of Taxable Property from NY State Office of the Comptroller; all other data from NYSDEA.

The percentage of total value exempt, shown on Table 1, also ranges widely from city to city. The City of Glen Cove (Nassau County) has the lowest exempt percentage (11.7%), while Watervliet (Albany County) at 75.9% has the highest percentage. The average for all cities is 36.9%, which is noticeably higher than the average percentage exempt (approximately 26%) among all the State's municipalities. This higher incidence reflects the fact that much exempt government and community service property is concentrated in cities.

Exemptions obviously diminish a city's potential tax base and, other things being equal, increase the tax burden on non–exempt property, including houses. It should be noted, however, that the assessments on wholly exempt property are frequently questionable because they do not generate tax revenue. Assessors may not spend much time valuing a wholly exempt parcel or may find it to be uniquely difficult to value (e.g., a large government building). Similarly, owners of wholly exempt property are not motivated to question their assessments. The exempt levels and values in this report thus reflect whatever the assessor records in annual reports to NYSDEA.

The final column of Table 1 shows the total amount of value that would be taxable if there were no exemptions deducted, i.e., if all property was fully taxable. Mechanicville still ranks lowest of the cities with $82.2 million of total full value, but Albany, with its large amounts of wholly exempt government properties, vaults to the top of the outside–NYC list with $9.7 billion in value. At nearly 73% exempt, Albany only levies taxes on $2.6 billion of that total value. Of course, NYC again rises above the rest with $346.6 billion of value, or 36 times more than Albany. The median total value before exemptions for all cities was only $610.5 million, which made Auburn and Watervliet typical cities in this respect.

Estimated Median Residential Property Tax Bills

Estimated median residential property tax bills were calculated for each city using sales data collected by NYSDEA from sales occurring between the 1990 and 1991 final assessment roll dates. The final roll dates varied from city to city, with the earliest being February 1 and the latest being October 1. Fully 48 of the cities used roll dates occurring on or between June 1 and October 1, however. Sales were checked for validity through NYSDEA's screening process, through the assessor correction process, and through a separate, study–specific selection process. The sales used in this study thus include only arms–length transactions occurring within the specified period and having a 1990 roll assessment.

Two cities, Hudson (Columbia County) and Sherrill (Oneida County) were eliminated due to an insufficient number of valid sales; it was determined that their small number of transactions was unlikely to produce a representative median property. Data from a third city, Salamanca, was deemed incompatible because the land on which the city is built is owned by an American Indian tribe, which rents the lots to the individual owners of the houses. The recorded sales prices in Salamanca therefore reflect only the price of the buildings, exclusive of land, and would be artificially low relative to the prices in other cities.

The valid sales from the remaining fifty–nine cities were sorted to determine both a median sale price and a median assessment–to–sale–price ratio for each city. Interestingly, but not unexpectedly, the individual home sale that produced the median price was not, in any of the cities, also the sale that produced the median assessment–to–price ratio (such a perfect alignment would only have occurred in a city that had perfect uniformity of assessments -- a circumstance which is theoretically possible but very unlikely). The median price was multiplied by the median ratio to get a median estimated assessment and local tax rates were then applied to produce an estimated median tax bill.[2]

In all but six cities, just one school district comprised at least 99% of the total value of the city, making tax bill computations simple. For the other six cities, the rate from the district having the largest percentage of the total city value was used. In only two of the six (Glens Falls and Troy) was this percentage less than 89% (81% and 74%, respectively). Also, homestead class rates were used in those cities (twelve in 1990–91) that had exercised the two–tax–rate option available under Article 19 of the Real Property Tax Law. Tax rates did not, however, include those for special district or other specialized purposes. Finally, it was assumed that the median sale price property was not entitled to any of the partial exemptions often applied to residential property, e.g., senior citizen, veteran's, etc.

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[2] The tax rates used include those for city, school and county purposes. However, cities have no control over the county tax rates or levies. Thus, differences in median residential tax bills among cities are not wholly attributable to fiscal conditions within the cities themselves or to decisions of the city governments.

TABLE 2. DISTRIBUTION OF PROPERTY VALUE AMONG PROPERTY CLASSES IN NEW YORK'S CITIES

CITY	FISCAL YR 1990 MARKET VALUE OF ALL TAXABLE REAL PROPERTY [000]	PERCENT OF VALUE CLASS A*	PERCENT OF VALUE CLASS B*	PERCENT OF VALUE CLASS C*	PERCENT OF VALUE CLASS D*	AVERAGE RESIDENTIAL VALUE
Albany	$2,637,901	58.8%	32.1%	2.9%	6.2%	$95,931
Amsterdam	$253,840	77.2%	17.8%	3.2%	1.8%	$57,147
Auburn	$402,723	72.0%	23.6%	1.7%	2.8%	$54,608
Batavia	$313,047	67.2%	29.6%	0.9%	2.3%	$62,598
Beacon	$303,651	77.1%	19.0%	3.1%	0.8%	$126,853
Binghamton	$1,156,459	63.3%	32.3%	1.9%	2.5%	$74,619
Buffalo	$4,475,624	62.2%	32.4%	0.9%	4.5%	$43,500
Canandaigua	$256,441	56.3%	38.6%	3.3%	1.9%	$81,005
Cohoes	$268,865	69.9%	25.2%	1.7%	3.3%	$81,038
Corning	$244,811	59.0%	36.1%	1.8%	3.0%	$45,662
Cortland	$231,531	63.0%	34.2%	1.0%	1.8%	$58,702
Dunkirk	$369,816	41.4%	18.5%	1.5%	38.6%	$35,926
Elmira	$411,865	64.7%	30.2%	1.5%	3.6%	$40,830
Fulton	$219,608	63.6%	23.5%	2.6%	10.3%	$55,978
Geneva	$196,022	69.6%	27.1%	1.4%	1.9%	$56,146
Glen Cove	$1,736,668	81.8%	15.5%	2.2%	0.5%	$342,698
Glens Falls	$353,010	63.7%	31.3%	2.1%	3.0%	$75,541
Gloversville	$213,320	76.2%	18.4%	3.5%	1.9%	$46,371
Hornell	$107,086	76.5%	18.1%	1.4%	4.0%	$29,730
Hudson	$97,399	62.0%	34.1%	1.7%	2.2%	$63,248
Ithaca	$599,753	47.5%	48.5%	2.6%	1.5%	$103,832
Jamestown	$501,025	64.2%	30.0%	2.6%	3.2%	$35,843
Johnstown	$158,599	70.3%	23.3%	2.8%	3.7%	$51,525
Kingston	$608,303	67.2%	30.1%	1.6%	1.1%	$92,999
Lackawanna	$296,781	63.5%	32.8%	1.5%	2.2%	$51,316
Little Falls	$78,437	65.5%	30.1%	2.8%	1.7%	$37,240
Lockport	$444,164	65.4%	28.1%	1.5%	5.0%	$49,390
Long Beach	$1,857,230	67.7%	29.1%	2.4%	0.7%	$198,381
Mechanicville	$63,506	71.2%	25.4%	1.9%	1.5%	$77,874
Middletown	$525,290	69.8%	22.8%	5.8%	1.6%	$123,530
Mt. Vernon	$1,767,762	69.0%	27.1%	2.4%	1.5%	$219,035
N. Tonawanda	$704,404	78.8%	17.1%	2.0%	2.1%	$59,868
New Rochelle	$3,371,342	76.0%	20.3%	2.6%	1.1%	$277,613
New York City	$238,494,083	36.5%	23.2%	2.6%	37.7%	$220,778
Newburgh	$361,193	67.0%	26.4%	3.4%	3.1%	$96,707
Niagara Falls	$1,025,221	62.3%	32.2%	1.2%	4.3%	$37,194
Norwich	$119,352	68.9%	24.8%	1.5%	4.9%	$55,892
Ogdensburg	$129,794	72.3%	21.2%	3.4%	3.2%	$35,945
Olean	$267,570	59.1%	33.3%	2.2%	5.4%	$35,187
Oneida	$203,676	67.7%	23.0%	6.6%	2.6%	$56,142
Oneonta	$192,889	66.4%	28.4%	1.7%	3.5%	$66,898
Oswego	$1,012,097	26.8%	12.6%	1.9%	58.7%	$54,257
Peekskill	$555,370	67.5%	28.2%	3.0%	1.3%	$180,335
Plattsburgh	$3,384,874	54.7%	42.2%	2.2%	1.0%	$76,029
Port Jervis	$169,675	73.7%	23.7%	1.4%	1.2%	$91,716
Poughkeepsie	$698,308	60.5%	33.1%	2.2%	4.2%	$128,601
Rensselaer	$118,671	67.2%	27.7%	3.9%	1.2%	$67,578
Rochester	$5,127,505	57.9%	36.4%	0.9%	4.8%	$65,649
Rome	$686,269	65.8%	22.0%	9.5%	2.8%	$62,714
Rye	$1,713,211	87.6%	10.0%	1.8%	0.6%	$486,481
Salamanca	$72,512	71.7%	22.3%	1.5%	4.6%	$26,075
Saratoga Sprgs	$728,520	67.2%	24.7%	6.6%	1.5%	$109,823
Schenectady	$1,116,261	69.5%	27.7%	1.1%	1.7%	$81,120
Sherrill	$67,576	79.0%	18.7%	2.1%	0.2%	$73,029
Syracuse	$2,980,005	58.7%	33.2%	3.1%	5.1%	$66,617
Tonawanda	$327,342	77.0%	20.6%	1.2%	1.2%	$56,931
Troy	$705,238	67.3%	29.1%	2.1%	1.5%	$73,320
Utica	$1,014,627	66.2%	28.8%	3.1%	1.9%	$56,541
Watertown	$418,419	62.8%	32.2%	2.5%	2.5%	$60,342
Watervliet	$147,854	74.7%	22.8%	1.8%	0.7%	$73,660
White Plains	$3,145,664	53.1%	40.4%	2.2%	4.2%	$313,058
Yonkers	$6,059,031	33.0%	14.5%	1.9%	50.6%	$229,476
AVERAGE	$4,778,534	65.2%	26.9%	2.4%	5.5%	$96,863
MEDIAN	$407,294	65.1%	24.8%	1.9%	1.9%	$66,133

* For all except NYC: CLASS A = Primarily residential; CLASS B = Primarily commercial & industrial; CLASS C = Vacant, agricultural & forest; CLASS D = Utilities
For New York City: Class A = All one, two & three family residences;
Class B = All other residential property; Class C = Utilities; Class D: All other property

Table 3 details the data and calculations that went into the estimated median residential tax bills. Also, carried over from Table 1 is the column showing the market value of taxable property.

The City of Oswego (Oswego County) had the lowest estimated median residential tax bill ($670) of all the cities. However, apart from the very low tax bill, Oswego in other ways closely matches the profile of the typical New York State city. For example, it is very close to the State median in terms of population and number of parcels. But Oswego greatly exceeds the State median in terms of market value of taxable property (43rd largest) and has a relatively low percent of value exempt (28.6). Oswego also has the lowest percentage (27%) of total value in the residential class and the largest percentage of value (59%) in the utility property class. By contrast, the statewide average percentage for value in the utility class is 5.5%. A large oil–fired steam generation station within the city limits and nuclear power plants within its school district allow Oswego to keep taxes on homes extremely low. It is not surprising then to see that its residential full value tax rate (1.2%) is among the lowest in the State, approximately half of the overall median and average.

TABLE 3. ESTIMATED MEDIAN RESIDENTIAL PROPERTY TAX BILLS IN NEW YORK'S CITIES: 1990 ASSESSMENT ROLL

TAX BILL RANK	CITY	FISCAL YR 1990 MARKET VALUE OF ALL TAXABLE REAL PROPERTY [000]	RESID. SALES USED	RESID. MEDIAN SALE PRICE	RESID. MEDIAN ASSESSMNT RATIO	RESID. ESTIMATED ASSESSMNT	ESTIMATED RESID. TAX BILL USING MED RATIO	RESID FULL VALUE TAX RATE AS PCT.
1	Oswego	$1,012,097	114	$57,375	0.0410	$2,352	$670	1.2%
2	Buffalo *	$4,475,624	3173	$44,000	0.5770	$25,388	$856	1.9%
3	Hornell	$107,086	93	$31,000	0.5880	$18,228	$954	3.1%
4	Little Falls	$78,437	26	$37,000	0.2775	$10,268	$991	2.7%
5	Ogdensburg	$129,794	85	$27,456	0.9280	$25,479	$995	3.6%
6	Fulton	$219,608	99	$50,000	0.0480	$2,400	$1,058	2.1%
7	Olean	$267,570	170	$36,000	0.1310	$4,716	$1,146	3.2%
8	Lackawanna *	$296,781	108	$61,250	0.5790	$35,464	$1,203	2.0%
9	Gloversville *	$213,320	111	$37,500	0.8730	$32,738	$1,204	3.2%
10	Rensselaer	$118,671	57	$62,500	0.3690	$23,063	$1,268	2.0%
11	Dunkirk	$369,816	89	$35,000	0.3300	$11,550	$1,282	3.7%
12	Rochester *	$5,127,505	2664	$59,900	1.0325	$61,847	$1,295	2.2%
13	Niagara Falls *	$1,025,221	446	$45,000	0.6895	$31,028	$1,305	2.9%
14	Jamestown	$501,025	333	$37,500	0.3330	$12,488	$1,335	3.6%
15	Corning	$244,811	102	$56,000	0.6935	$38,836	$1,339	2.4%
16	Elmira	$411,865	200	$36,250	0.1295	$4,694	$1,362	3.8%
17	Syracuse	$2,980,005	498	$60,427	0.0840	$5,076	$1,385	2.3%
18	Utica	$1,014,627	172	$50,125	0.0985	$4,937	$1,407	2.8%
19	Johnstown *	$158,599	58	$45,500	0.8760	$39,858	$1,418	3.1%
20	New York City	$238,494,083	4023	$167,310	0.0882	$14,757	$1,483	0.9%
21	Glens Falls	$353,010	119	$77,500	0.1690	$13,098	$1,508	1.9%
22	Mechanicville	$63,506	16	$70,000	0.4235	$29,645	$1,531	2.2%
23	Watervliet	$147,854	35	$75,000	0.0570	$4,275	$1,546	2.1%
24	Geneva	$196,022	109	$56,850	0.9210	$52,359	$1,560	2.7%
25	Lockport	$444,164	307	$58,000	0.8130	$47,154	$1,575	2.7%
26	Amsterdam	$253,840	82	$59,250	0.1175	$6,962	$1,611	2.7%
27	Oneonta	$192,889	61	$66,000	0.3410	$22,506	$1,622	2.5%
28	Albany	$2,637,901	738	$94,400	0.0660	$6,230	$1,629	1.7%
29	Schenectady	$1,116,261	350	$76,500	0.0710	$5,432	$1,643	2.1%
30	Watertown	$418,419	169	$58,000	0.7230	$41,934	$1,647	2.8%
31	Saratoga Sprgs	$728,520	138	$109,250	0.0530	$5,790	$1,672	1.5%
32	Cortland	$231,531	154	$65,000	0.4200	$27,300	$1,707	2.6%
33	Canandaigua *	$256,441	91	$80,000	0.8590	$68,720	$1,745	2.2%
34	Port Jervis *	$169,675	32	$78,000	0.5690	$44,382	$1,750	2.2%
35	Binghamton	$1,156,459	160	$62,000	0.0775	$4,805	$1,758	2.8%
36	N. Tonawanda *	$704,404	302	$70,450	0.6780	$47,765	$1,785	2.5%
37	Tonawanda	$327,342	211	$65,000	0.8780	$57,070	$1,788	2.8%
38	Auburn	$402,723	253	$52,900	0.8160	$43,166	$1,833	3.5%
39	Kingston *	$608,303	145	$86,000	0.5270	$45,322	$1,841	2.1%
40	Newburgh *	$361,193	123	$86,900	0.4450	$38,671	$1,846	2.1%
41	Middletown	$525,290	158	$101,163	0.2285	$23,116	$1,892	1.9%
42	Troy	$705,238	199	$78,300	0.2140	$16,713	$1,913	2.4%
43	Cohoes	$268,865	62	$80,000	0.0560	$4,480	$1,932	2.4%
44	Norwich	$119,352	59	$70,000	0.7010	$49,070	$1,981	2.8%
45	Batavia	$313,047	156	$63,100	0.9530	$60,134	$1,983	3.1%
46	Rome	$686,269	124	$70,000	0.1480	$10,360	$2,071	3.0%
47	Oneida	$203,676	60	$63,000	0.9615	$60,575	$2,078	3.3%
48	Beacon *	$303,651	82	$111,450	0.6160	$68,653	$2,154	1.9%
49	Plattsburgh	$3,384,874	93	$81,500	0.9760	$79,544	$2,184	2.7%
50	Poughkeepsie	$698,308	109	$115,000	0.2140	$24,610	$2,202	1.9%
51	Ithaca	$599,753	131	$94,000	1.0010	$94,094	$2,224	2.4%
52	Long Beach	$1,857,230	117	$170,000	0.0330	$5,610	$2,251	1.3%
53	Peekskill	$555,370	38	$140,187	0.0620	$8,692	$2,539	1.8%
54	White Plains	$3,145,664	182	$255,000	0.0490	$12,495	$2,918	1.1%
55	Mt. Vernon	$1,767,762	98	$197,500	0.0480	$9,480	$3,161	1.6%
56	Yonkers	$6,059,031	470	$210,000	0.0600	$12,600	$3,194	1.5%
57	Glen Cove	$1,736,668	60	$205,000	0.0360	$7,380	$3,591	1.8%
58	New Rochelle	$3,371,342	158	$264,500	0.0650	$17,193	$4,543	1.7%
59	Rye	$1,713,211	75	$425,000	0.0520	$22,100	$7,095	1.7%
NA	Salamanca	$72,512	Incompatible data (land not included in sale price)					
NA	Sherrill	$67,576	Insufficient data					
NA	Hudson	$97,399	Insufficient data					
	AVERAGES	$4,778,534	316	$89,468	0.4113		$1,855	2.4%
	MEDIANS	$407,294	119	$66,000	0.3330		$1,745	2.4%

* Cities with homestead class tax rates

Table 4 shows the ten cities with the lowest estimated median residential tax bills and the ten cities with the highest estimated tax bills. After Oswego, the other cities of the ten with the lowest tax bills, (with the exception of Buffalo) tend to be relatively small in terms of parcel and population size and in total taxable market value. Otherwise, in terms of percent of value in the residential class, they are largely within the expected ranges. However, in all of the ten, median sale prices of individual homes are below both the State median and average. Their low estimated median tax bills appear therefore to be primarily due to low residential values, generally reflective of lower income levels and a lesser ability to pay for services than is found in some of the larger cities.

Table 4a. The Ten Cities with the LOWEST Estimated Median Residential Tax Bills

	City	County	Estimated Median Tax Bill	FY 1990 Market Value of Taxable Property ($000)	Residential Parcels (as Percent)	Residential Value (as Percent)	1990–91 Median Sale Price
1	Oswego	Oswego	$ 670	$1,012,097	76.9%	26.8%	$57,375
2	Buffalo*	Erie	856	4,475,624	81.0%	62.2%	44,000
3	Hornell	Steuben	954	107,086	81.8%	76.5%	31,000
4	Little Falls	Herkimer	991	78,437	75.9%	65.5%	37,000
5	Ogdensburg	St Lawrence	995	129,794	80.9%	72.3%	27,456
6	Fulton	Oswego	1,058	219,608	78.6%	63.6%	50,000
7	Olean	Cattaraugus	1,146	267,570	72.8%	59.1%	36,000
8	Lackawanna*	Erie	1,203	296,781	70.1%	63.5%	61,250
9	Gloversville*	Fulton	1,204	213,320	75.3%	76.2%	37,500
10	Rensselaer	Rensselaer	1,268	118,671	72.3%	67.2%	62,500
	Group Average		1,035	691,899	76.6%	63.3%	44,408
	State Average		1,907		75.4%	65.2%	89,468

* Cities with homestead class tax rates.

Table 4b. The Ten Cities with the HIGHEST Estimated Median Residential Tax Bills

	City	County	Estimated Median Tax Bill	FY 1990 Market Value of Taxable Property ($000)	Residential Parcels (as Percent)	Residential Value (as Percent)	1990–91 Median Sale Price
1	Poughkeepsie	Dutchess	$ 2,202	$ 698,308	69.0%	60.5%	$115,000
2	Ithaca	Tompkins	2,224	599,753	70.4%	47.5%	94,000
3	Long Beach	Nassau	2,251	1,857,230	67.7%	82.5%	170,000
4	Peekskill	Westchester	2,539	555,370	70.3%	67.5%	140,187
5	White Plains	Westchester	2,918	3,145,664	74.6%	53.1%	255,000
6	Mt. Vernon	Westchester	3,161	1,767,762	75.3%	69.0%	197,500
7	Yonkers	Westchester	3,194	6,059,031	70.5%	33.0%	210,000
8	Glen Cove	Nassau	3,591	1,736,668	85.5%	81.8%	205,000
9	New Rochelle	Westchester	4,543	3,371,342	79.6%	76.0%	264,500
10	Rye	Westchester	7,095	1,713,211	83.4%	87.6%	425,000
	Group Average		3,372	2,150,434	74.6%	65.9%	207,619
	State Average		1,907		75.4%	65.2%	89,468

Buffalo is unique among the bottom ten, being the only "big" city (over $1 billion in taxable full value) in this group. Its median residential value is among the lowest, however, and it has experienced a serious loss of industry and jobs in the past two decades. Despite its economic woes, Buffalo still has a commercial/industrial base that accounts for more than 32% of its total value, somewhat above the statewide average of approximately 27%. Having this business sector to carry more of the tax burden may also help the city keep residential taxes low.

The average estimated median residential tax bill for this lowest group of ten is only $1,035, compared to an average of $3,372 for the top ten cities. The lowest tax group had average sale prices and residential values in the low forty thousand dollar range, while in the highest tax group values averaged over $200,000.

Rye, a city of only about 15,000 people, easily has the largest estimated median residential tax bill of all the cities in the State. At $7,095 per residence, Rye's taxes are approximately $2,500 more per year than taxes in New Rochelle, which is also in Westchester County and has an estimated residential median tax bill of about $4,500. Rye, although it only has about 4,800 total parcels, is the most "residential" city in the State with 83% of its parcels and 88% of its property value in the residential class. Rye also has some of the most expensive homes in New York, reflected in a median value of $425,000. With such expensive properties making up the tax base, Rye can afford to have one of the lowest full value tax rates (1.7%) in the State.

The remaining cities in the top ten also have highly valued residential properties compared to the cities in general. This can be misleading, however, as they tend to, like Rye, also have full value tax rates that are generally among the lowest in the State. In fact, they have eight of the twelve lowest rates. This means that homeowners in these cities may pay more taxes in an absolute sense, but are actually paying quite a bit less relative to the full value of their property.

Another reason for the low tax rates is that the services that depend on the property tax levy do not necessarily increase proportionately in cost as the size and value of the homes in a city increase. In fact, a city composed of numerous, smaller, less expensive homes, and with a larger population, may require more in the way of police, fire fighting, waste disposal, etc. services than a city of larger homes and fewer people. The school budget also may be higher in a city of less expensive homes due to a greater number of pupils and because some parents in wealthier cities may opt to send their children to private schools.

All six of Westchester County's cities are in the top ten in terms of median tax bills, helping reinforce that county's reputation of being one of the wealthiest in the State.

It should be noted that two of the top ten cities, White Plains and Yonkers, have unusual combinations of property value mix and taxes. They both have relatively low proportions of value in the residential class, but the concentration of value in the other classes does not result in lower taxes on homes, as it does elsewhere. White Plains has 40% of its value in the commercial and industrial class (statewide norm is about 25%) and only 53% in the residential class. Yonkers has 51% of its value in the utility class (usually less than 5% elsewhere) and a very low (rivaling Oswego) 33% in residential properties. Nevertheless, apparently because these cities have such high priced homes, the estimated median tax bills are also large.

It is noteworthy that New York City, the city with the eighth highest median residential value, is not among the ten cities with the highest median tax bills. In fact, it ranks sixteenth lowest in Table 3. Moreover, the twelve cities that give preferential tax treatment to properties in a "homestead" class were, surprisingly, found in all but the very highest ranges of the tax spectrum.

Taxes on a $100,000 Home

Table 5 illustrates the second way of calculating and comparing residential property tax bills by showing how much a hypothetical home valued at $100,000 would be assessed and taxed in each city. As mentioned, this method of generating comparative tax bills is not influenced by a city's wealth (as reflected in the median price of homes). But it is qualified by the fact that $100,000 will buy you very different houses among the cities. The size, quality and location characteristics of a house that sold for $100,000 in a given city can, in fact, be dramatically different from one equally priced in another city. However, examining the ranking of New York's cities by this method produces observations which are worth comment.

For example, New York City, the largest city in the State, with an estimated bill of $886, would collect less tax from a $100,000 home than any other city. As mentioned previously, NYC also has a unique classified property tax system (Nassau County is the only other assessing unit in the State with this classified system). Under this system, all properties within the City are placed in one of four property type classes. Class One is composed primarily of one, two or three family homes, along with certain condominiums and certain vacant land parcels. These properties enjoy a significantly lower level of assessment than properties in the other classes. New York City's classified system, which also limits the percentage by which assessments in Class One can be

increased, is thus designed to protect the homeowner. In effect, some of the tax burden is shifted to the other three classes and residential tax bills are kept low by statewide standards. Other cities that are roughly comparable to NYC in terms of average and median residential values (Long Beach, Mt. Vernon, and Yonkers) all would levy significantly higher taxes (from $1100 to $1500) on a home worth $100,000.

The second lowest tax bill for a $100,000 home would be levied in the City of White Plains, though it ranked 55th highest in terms of median tax bills (see Table 4). As mentioned earlier, White Plains has an unusually high percentage of total value (40.4%), in commercial and industrial properties. Such a disproportionately high incidence of commercial/industrial property permits low tax rates, resulting in a lower full value tax rate for residential properties in White Plains. The nearby City of Yonkers, which was also in the top 10 cities when ranked by estimated median tax bill, but has 51% of its value in the utility class, has the 5th lowest tax bill ($1,521) for a $100,000 home.

It is noteworthy that nine of the top ten cities ranked by median tax bill in Table 4 (White Plains, Long Beach, Yonkers, Mount Vernon, Rye, New Rochelle, Glen Cove, Peekskill, and Poughkeepsie) are in the lowest taxed fifteen cities in Table 5. Here again, the reason is low full value tax rates in these expensive municipalities. Of course, the obvious question is what kind of property could one buy for $100,000 in a city where the median values are in the $400,000 range? A review of the sales data from these nine cities (a total of 1,307 sales) produced only 98 homes (approximately 7.5%) that sold for $100,000 or less. The City of Poughkeepsie had 38 of these lower-priced sales (out of 107 sales in that city), meaning that the other eight cities had only 60 of the inexpensive properties among them. In fact, the Cities of Rye and Peekskill had no homes at all that sold in that price range and Glen Cove and New Rochelle had only three each.

When we compare, in Table 5, the two estimated tax bill rankings, we find some interesting differences. As mentioned, the estimated tax bills calculated on median sale prices and median assessment ratios tended to be dependent on the value of the houses sold, while the estimated taxes on a $100,000 home tend to be more dependent on the residential full value tax rate. Not surprisingly, very few cities had nearly the same rank for both types of tax bills. And, only one city, Norwich in Chenango County, ranked the same (44) for both estimates. A few other cities had rank changes of less than 5: North Tonawanda (from 36 to 35, Oswego (from 1 to 3), Rome (from 46 to 48), Watervliet (from 23 to 20), Glens Falls (from 21 to 17), Cortland (from 32 to 36), Schenectady (from 29 to 24), and Mechanicville (from 22 to 27). The average absolute rank change for all cities was 22 positions.

TABLE 5. COMPARISON OF TAX BILL ON A $100,000 HOME

RANK	CITY	RESIDNTL VALUE	MEDIAN ASSESSMNT RATIO	ESTIMATED ASSESSMNT	ESTIMATED TAX BILL	MEDIAN TAX BILL RANK (from Table 3)
1	New York City	$100,000	0.0882	$8,820	$886	20
2	White Plains	$100,000	0.0490	$4,900	$1,144	54
3	Oswego	$100,000	0.0410	$4,100	$1,168	1
4	Long Beach	$100,000	0.0330	$3,300	$1,324	52
5	Yonkers	$100,000	0.0600	$6,000	$1,521	56
6	Saratoga Sprgs	$100,000	0.0530	$5,300	$1,530	31
7	Mt. Vernon	$100,000	0.0480	$4,800	$1,600	55
8	Rye *	$100,000	0.0520	$5,200	$1,669	59
9	New Rochelle	$100,000	0.0650	$6,500	$1,717	58
10	Albany	$100,000	0.0660	$6,600	$1,726	28
11	Glen Cove	$100,000	0.0360	$3,600	$1,752	57
12	Peekskill *	$100,000	0.0620	$6,200	$1,811	53
13	Middletown	$100,000	0.2285	$22,850	$1,870	41
14	Poughkeepsie	$100,000	0.2140	$21,400	$1,914	50
15	Beacon **	$100,000	0.6160	$61,600	$1,932	48
16	Buffalo **	$100,000	0.5770	$57,700	$1,946	2
17	Glens Falls	$100,000	0.1690	$16,900	$1,946	21
18	Lackawanna **	$100,000	0.5790	$57,900	$1,963	8
19	Rensselaer	$100,000	0.3690	$36,900	$2,029	10
20	Watervliet	$100,000	0.0570	$5,700	$2,061	23
21	Fulton	$100,000	0.0480	$4,800	$2,116	6
22	Newburgh **	$100,000	0.4450	$44,500	$2,124	40
23	Kingston **	$100,000	0.5270	$52,700	$2,140	39
24	Schenectady	$100,000	0.0710	$7,100	$2,148	29
25	Rochester **	$100,000	1.0325	$103,250	$2,162	12
26	Canandaigua **	$100,000	0.8590	$85,900	$2,182	33
27	Mechanicville	$100,000	0.4235	$42,350	$2,188	22
28	Port Jervis **	$100,000	0.5690	$56,900	$2,244	34
29	Syracuse	$100,000	0.0840	$8,400	$2,292	17
30	Ithaca	$100,000	1.0010	$100,100	$2,366	51
31	Corning	$100,000	0.6935	$69,350	$2,390	15
32	Cohoes	$100,000	0.0560	$5,600	$2,415	43
33	Troy	$100,000	0.2140	$21,400	$2,450	42
34	Oneonta	$100,000	0.3410	$34,100	$2,457	27
35	N. Tonawanda **	$100,000	0.6780	$67,800	$2,534	36
36	Cortland	$100,000	0.4200	$42,000	$2,626	32
37	Little Falls	$100,000	0.2775	$27,750	$2,680	4
38	Plattsburgh	$100,000	0.9760	$97,600	$2,680	49
39	Lockport	$100,000	0.8130	$81,300	$2,715	25
40	Amsterdam	$100,000	0.1175	$11,750	$2,718	26
41	Geneva	$100,000	0.9210	$92,100	$2,745	24
42	Tonawanda	$100,000	0.8780	$87,800	$2,751	37
43	Utica	$100,000	0.0985	$9,850	$2,806	18
44	Norwich	$100,000	0.7010	$70,100	$2,830	44
45	Binghamton	$100,000	0.0775	$7,750	$2,835	35
46	Watertown	$100,000	0.7230	$72,300	$2,839	30
47	Niagara Falls **	$100,000	0.6895	$68,950	$2,899	13
48	Rome	$100,000	0.1480	$14,800	$2,958	46
49	Hornell	$100,000	0.5880	$58,800	$3,078	3
50	Johnstown **	$100,000	0.8760	$87,600	$3,117	19
51	Batavia	$100,000	0.9530	$95,300	$3,143	45
52	Olean	$100,000	0.1310	$13,100	$3,185	7
53	Gloversville **	$100,000	0.8730	$87,300	$3,212	9
54	Oneida	$100,000	0.9615	$96,150	$3,299	47
55	Auburn	$100,000	0.8160	$81,600	$3,466	38
56	Jamestown	$100,000	0.3330	$33,300	$3,559	14
57	Ogdensburg	$100,000	0.9280	$92,800	$3,625	5
58	Dunkirk	$100,000	0.3300	$33,000	$3,663	11
59	Elmira	$100,000	0.1295	$12,950	$3,756	16
60	Salamanca	Incompatible Data (land not included in sale price)				
61	Hudson	Insufficient Data				
62	Sherrill	Insufficient Data				

| | AVERAGES | | 0.4113 | | $2,388 | |

*   All residential sales reviewed indicated a sale price exceeding $100,000 in these cities.
** Cities with homestead class tax rates.

Several cities had dramatic changes in their ranking -- from very high in terms of estimated median tax bill to quite low in terms of taxes on the hypothetical $100,000 residence. Such cities, discussed earlier, typically tend toward very expensive homes, but low tax rates. Other cities had dramatic ranking changes in the other direction -- low estimated median bills, but high taxes on the hypothetical $100,000 property. Three such cities were Ogdensburg (from 5 to 57), Dunkirk (from 11 to 58) and Hornell (from 3 to 49). All three of these cities have inexpensive median priced houses, from the high $20 thousand to the mid $30 thousand range. All three also have lower than average percentages of value in the commercial/industrial class, although Dunkirk has an extremely high percentage (38.6%) in the utility class. In effect, a $100,000 home in any of these cities would be among the most expensive houses available.

At either end of the value spectrum there appears to be a clearly identifiable type of city. One type has very expensive residential properties, but low tax rates. The other type has much less expensive homes, but high tax rates. Figure 1 shows this relationship between property value and tax rates by graphing the relationship between median sale price and the tax on a $100,000 home in all cities. If property is viewed as a measure of wealth (obviously, there are many other types of wealth), then Figure 1 can be said to illustrate a negative relationship between wealth and real property taxes. Homeowners in poorer cities face higher tax rates, paying tax bills which are a larger percentage of personal wealth than is the case for homeowners in cities with expensive homes. Consideration of types of wealth other than real property, while not included in this report, would undoubtedly widen the gap still further. These findings tend to support the common criticism of the property tax as being least fair to those taxpayers at the lower end of the wealth spectrum.

Between the extremes of low-price cities with high tax rates and high-price cities with low tax rates are the more numerous cities which are neither extremely wealthy nor tax at the highest rates. Figure 2 shows the relationship between median sale price and the tax on a $100,000 home for the 35 cities that had median sale prices between $50,000 and $100,000. It essentially enlarges the most concentrated group of cities in Figure 1 to show clearly that, for those cities as a group, there is little, if any, directional relationship between property value and the effective tax rate. Therefore, while there is evidence that taxes generally fall as a percentage of value from the least prosperous to the most prosperous of New York's cities, tax rates were quite similar for the clear majority of cities which fall in the moderate range of home values.

FIGURE 1. Median Sale Prices and Average Taxes on $100,000 Homes
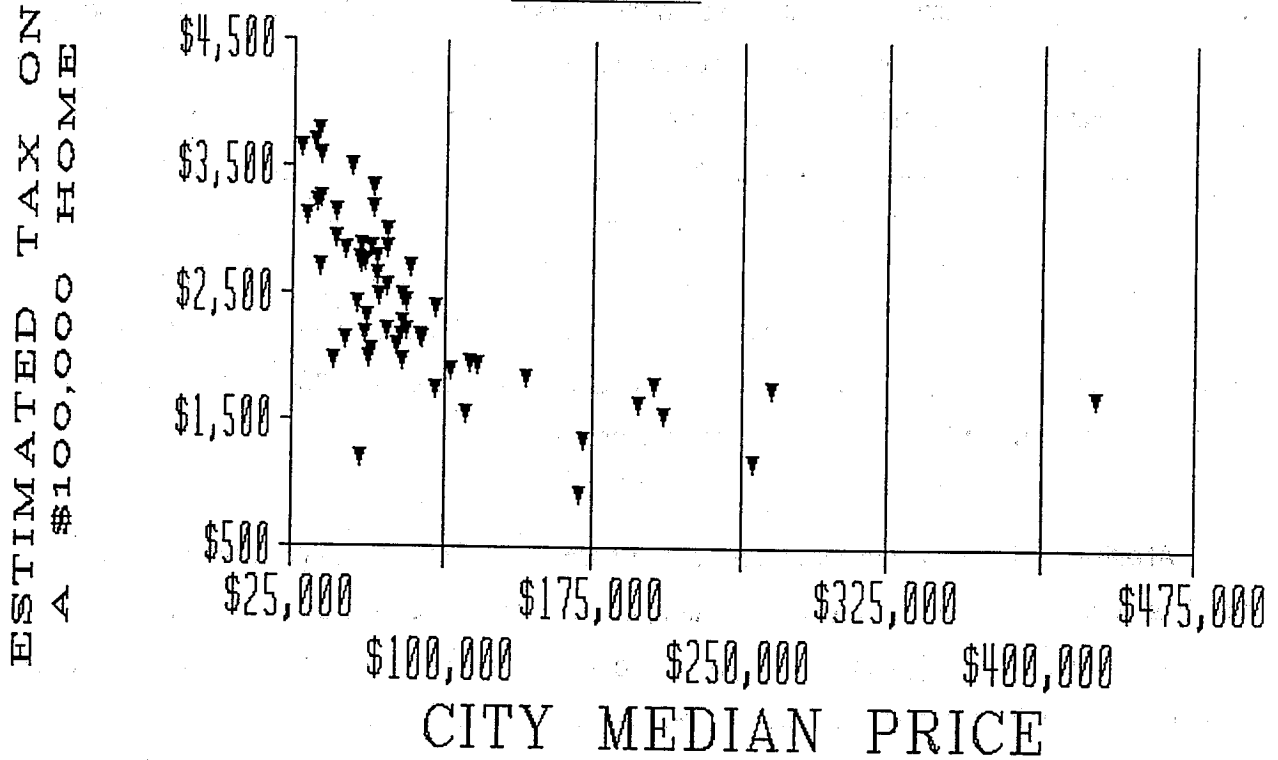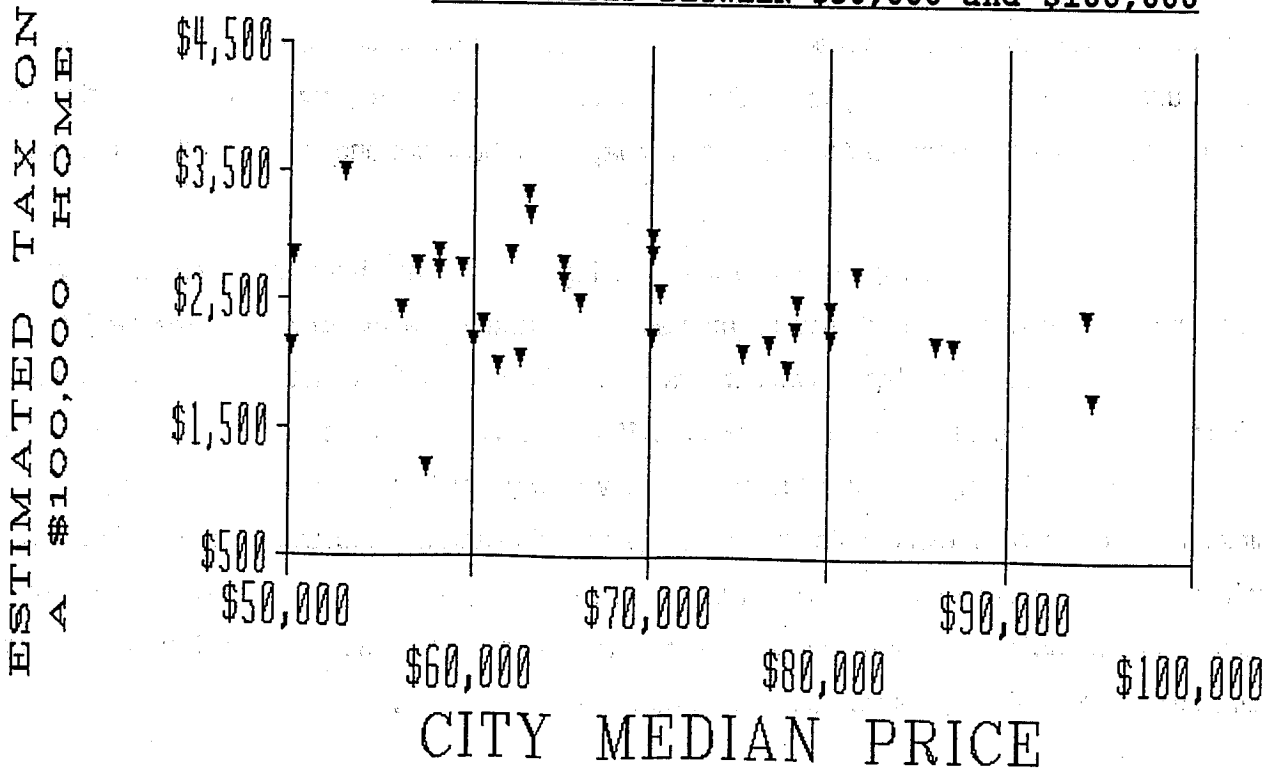<u>**ALL CITIES**</u>

FIGURE 2. Median Sale Prices and Estimated Taxes on $100,000 Homes
<u>**SALE PRICES BETWEEN $50,000 and $100,000**</u>

Conclusion

There can be no doubt that cities in New York State are an extremely diverse group, ranging from places that are smaller in all respects than many towns, to the megalopolis of New York City. That city's unique status, both in terms of its size and its property tax system, has been repeatedly emphasized in this study. Perhaps a surprise to many, its residential property tax bills are quite low, especially considering the fact that it is the State's largest city and its typical home is among the most valuable of any city.

The data also show that the typical residential tax bill in a given city is influenced by a variety of factors, only some of which are included in this study. With the notable exception of New York City, the cities with high median home prices also had high estimated median tax bills. This is not surprising, since it might be expected that owners of expensive homes would demand more and better municipal services, and the lower densities usually associated with high-priced neighborhoods would mean fewer homes to spread the service costs over.

However, despite having higher tax bills, homeowners in such cities pay at relatively low tax rates: their median tax bill represents a significantly lower percentage of the median home value than the tax-to-value percentage in cities with lower median values. And, the low tax rates also mean that owners of the least expensive homes in these high-value cities actually pay less in taxes than do owners of comparably valued homes located in cities with moderate or low value real estate. Clearly, though, houses of equal value in different cities are likely to be quite different in terms of size, location, quality of construction, etc.

New York City has instituted a taxation policy which heavily favors one-, two-, and three-family homeowners (Class One property). The size of the benefit afforded makes NYC unique among the State's cities. While twelve of the other sixty-one have adopted the two-rate homestead/non-homestead system available under Article 19 of the Real Property Tax Law, the residential tax benefit they have thus created is small compared to that granted in NYC and these cities are spread over the entire tax spectrum. It is important to note that the favorable residential tax treatment granted by NYC does not apply to cooperative apartments and most condominiums: these properties are placed in Class Two, which is assessed at a level several times higher than Class One.

The wide range of estimated median tax bills reflects the great variety of economic and fiscal conditions prevailing today in New York's cities. Property taxes are only a part of this picture, but an

important part. While comparison of tax bills among cities can lead to many additional questions for the homeowner or analyst, it is a significant first step in understanding the costs of public services supported by the property tax.

Too often, an individual's interest is limited to her/his own assessment and tax bill. The real property tax administration system actually reinforces this focus, for by law one can only challenge one's own assessment and not that of a neighboring property which is under–assessed. And, although the information could be easily produced, no summary figures are available at the local level which would help taxpayers compare their bills to those of others in the same city or in neighboring cities. This is in marked contrast to income or sales taxes, where tax rates are explicit, are widely known, and are relatively uniform. The present report partially remedies this situation by providing data for all cities in an easily understood format, which should help citizens and policy–makers alike in their efforts to evaluate the reasonableness of local tax bills.