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On November 13, 2008, I had the privilege to address the New York State Board of Real Property Services regarding a proposed change to the state equalization rate procedures. Below is a text of those comments:

Good Morning, Chairman Herren and fellow board members Bachellor, Joseph and King.

I am here to address the proposed changes to equalization rate procedures. But more specifically, the proposal requiring different levels of tolerance for municipalities that perform annual reassessment versus those that do not.

I have been in the property assessment profession for almost 25 years, and have historically worked in an annual reassessment environment albeit in a special assessment district. I say that to you because I have no personal bias to annual reassessment.

During the past year as a board member of the New York State Assessors' Association (NYSAA), I have worked on occasion with the Office of Real Property Services (ORPS) Executive Director; Lee Kyriacou at RPTAC meetings. During these meetings, he has emphasized uniformed standards. In fact, we met in mid-September and we were not presented with the proposal.

The Equalization Sub-Committee met again on October 1, 2008, in which the proposal was briefly discussed, but not as an official policy statement from ORPS.

I wish I could say that we were surprised to hear, a little more than a week later, that this would be presented to the State Board as a proposal. I can say, however, that we are more than disappointed. What is apparent is this type of action is quickly becoming ORPS modus operandi.

Why should we continue to meet if we cannot have an open and candid dialogue with the states' oversight agency? We are a professional organization; therefore, we need to be respected as one. We are not here to be reactionary but we are prepared to defend against the proposal.

I would like to bring to your attention ORPS' publication Understanding the Equalization Rate...A Guide for Property Owners (March 2008).

“Equalization rates are the state’s measure of each municipality’s LOA. Each local assessor is required by law to state the municipal LOA on each year assessment roll...In accordance with national standards, ORPS reviews the work of the assessor and determines whether the stated LOA is within adequate tolerances to be used as the equalization rate. If certain criteria are met, the LOA becomes the rate.”

The International Association of Assessing Officers (IAAO), in its Standards on Ratio Studies-2007, recommends a tolerance between 95-105 percent of the level of assessment for indirect equalization. Indirect Equalization is what we practice for the most part in the State of New York.

If ORPS intends to remain in accord with national standards then there should be a single tolerance level for all.

Assessors who perform reassessment and those who do not have met this standard and assessors have also met the standard of appraisal uniformity.

The most common method of appraisal uniformity performance is the Coefficient of Dispersion (COD). The International Association of Assessing Officers (IAAO) uses the COD despite the level of assessment or equalization rate to determine appraisal performance. The IAAO ratio study uniformity standards are indicated in the table.

(Table 2.3) IAAO Standard on Ratio Studies-2007 p.33

Table 2-3. Ratio study uniformity standards indicating acceptable general quality*

General Property Class	Jurisdiction Size /Profile /Market Activity	Max COD
Residential improved (single family dwellings, condominiums, manuf. housing, 2-4 family units)	Very large jurisdictions / densely populated / newer properties / active markets	10.0
	Large to mid-sized jurisdictions / older & newer properties / less active markets	15.0
	Rural or small jurisdictions / older properties / depressed market areas	20.0
Income-producing properties (commercial, industrial, apartments,)	Very large jurisdictions / densely populated / newer properties / active markets	15.0
	Large to mid-sized jurisdictions / older & newer properties / less active markets	20.0
	Rural or small jurisdictions / older properties / depressed market areas	25.0
Residential vacant land	Very large jurisdictions / rapid development / active markets	15.0
	Large to mid-sized jurisdictions / slower development / less active markets	20.0
	Rural or small jurisdictions/ little development / depressed markets	25.0
Other (non-agricultural) vacant land	Very large jurisdictions / rapid development / active markets	20.0
	Large to mid-sized jurisdictions / slower development / less active markets	25.0
	Rural or small jurisdictions/ little development / depressed markets	30.0

Assessment municipalities have to meet this criterion whether they perform an annual reassessment (revaluation) or not. In New York State, there is no percentage of market value in which properties must be assessed nor do all assessment municipalities have to assess properties at the same percentage of market value. IAAO Standard on Ratio Studies – 2007, in discussing Measures of Reliability, states “. . . when the interval includes a maximum allowable COD (see Table 2-3), reappraisal or other action to correct poor uniformity is not warranted.”

In the scenario that ORPS is proposing, an assessment municipality that performs a reassessment is receiving a greater tolerance from their level of assessment (5%) than assessment municipalities that do not perform a revaluation (3%). This two-tier tolerance proposal is oxymoronic as the purpose of reassessment is to improve on uniformity and equalization. One would think that a reassessment municipality should have a lower level of tolerance (better performance level) than a municipality that has not performed a reassessment but despite the hype of reassessment that has not always been the case and is well documented. This proposal is designed to divide reassessment municipalities against non- reassessment municipalities and the NYSAA is going to do all within our power to prevent that from happening.

In this current environment, when a number of assessment municipalities are now dealing with an unprecedented number of foreclosures, and a downward market after years of record gains in market value, a five-percent (5%) tolerance level is going to be difficult to achieve for reassessment and non-reassessment municipalities.

If ORPS' goal is to achieve annual reassessment then their appeal should be to (state and local) legislators, but not by carrying out punitive measures against the assessor. Most municipal reassessment occurs because of public policy of that particular municipality. Executive Director Kyriacou is well aware of the sentiments of a few local legislators in Nassau County to freeze assessments or abandon annual reassessment altogether. And this is after Nassau County went to court and a reassessment was ordered.

The New York State Assessors' Association is in favor of an Assessment Cycle Bill befitting our membership. In fact, a request for a Cycle Bill is on our Legislative Agenda. For many years, an Assessment Cycle Bill has been on our Legislative Agenda.

We have been rebuffed by State Legislators yet we try, try again because we know the importance of a Cycle Bill to all assessors.

In closing, I am requesting the State Board of Real Property Services vote no to the proposal as its intent is purely punitive and ultimately will not achieve the goal of annual reassessment for all . . . or an Assessment Cycle Bill.