

Impact of Guilderland Equalization Rates

September 11, 2017

What is an equalization rate?

“The New York State Office of Real Property Tax Services (ORPTS) is statutorily obligated to administer an equalization program in order to assure equitable property tax allocation among nearly 4,000 taxing jurisdictions in New York State.

Equalization seeks to measure the relationship of locally assessed values to an ever-changing real estate market.

Each year, ORPTS calculates equalization rates for each of the state’s more than 1,200 assessing units.”

- *From “Understanding the Equalization Rate, A Property Guide for Owners,” New York State Department of Taxation and Finance*

What is an equalization rate?

An equalization rate is New York State's measure of a municipality's level of assessment.

Total Assessed Value of Municipality (determined by the town)

----- = equalization rate

Total Market Value of Municipality (determined by the state)

How do equalization rates impact school taxes?

The equalization rate is one of 3 factors used in determining school tax rates.

Tax Levy - the amount of money that the school district will collect in taxes. This amount is *proposed by the district and Board of Education and approved by the voters at the May budget vote.*

Total Assessed Value - this is simply to the total of the assessments of each individual property within each town. *Assessments of individual properties are conducted by the respective towns with “grievance day” typically in May.*

Equalization Rate - municipality’s level of assessment. *This factor is determined by the state, specifically by the Office of Real Property Tax Services and is finalized in August.*

School Tax Distribution - Sample

School District AB has a tax levy of \$1 million

The district contains Town A and Town B, each with a total assessed of \$10 million

If the total levy were allocated by assessed value only (or if the town's equalization rates are the same), the taxpayers in each town would would pay \$500,000, or 50% of the levy.

However, if the two towns have different equalization rates their share of the levy will change. In this example, Town A has an equalization rate of 33.33% and Town B has an equalization rate of 50.00%.

School Tax Distribution - Sample Calculation

Town A	Town B		Town A	Town B
\$10 Million	\$10 Million	Assessed Value (AV)	\$10 Million	\$10 Million
50.00%	50.00%	Equalization Rate	33.33%	50.00%
\$20 Million	\$20 Million	Full Value/Market Value	\$30 Million	\$20 Million
\$40 Million		Total Full Value	\$50 Million	
50%	50%	Percent of Full Value, and Levy	60%	40%
\$500,000	\$500,000	Tax Levy to be Raised (Share of Levy)	\$600,000	\$400,000
\$1 Million		Total Levy Raised	\$1 Million	
\$50.00	\$50.00	Tax Rate (Levy/Assessed Value) x 1000	\$60.00	\$40.00

Guilderland Equalization Rate Change and Impact

The equalization rate decrease from 88% in 2016 to 75.58% in 2017

This equates to an increase in the “full value” of a home in the Town of Guilderland of 16.4% For example, the “full value” of a home assessed at \$200,000 increased from \$227,272 to \$264,620, ***an increase of \$37,347.***

This increase in full value means that residents of the Town of Guilderland will be responsible for a larger portion of their school district’s tax levy relative to other towns, regardless of the district.

Impact on Rotterdam-Mohonasen Tax Rates

Rotterdam-Mohonasen CSD - estimated tax rate change of 2.83%

<u>Town</u>	<u>Share of Levy</u>	<u>Tax Rate Change</u>
Rotterdam	91.09%	1.98%
Guilderland	5.04%	18.75%
Colonie	3.87%	3.78%

Impact on other districts

Schalmont CSD - estimated tax rate change of 1.46%

<u>Town</u>	<u>Share of Levy</u>	<u>Tax Rate Change*</u>
Duanesburg	7.57%	2.18%
Florida	0.79%	2.86%
Guilderland	3.53%	16.77%
Princetown	12.85%	2.13%
Rotterdam	75.26%	0.42%

**average increase of homestead and non-homestead rates*

Impacts on other districts

South Colonie CSD - estimated tax rate change of **-1.54%**

<u>Town</u>	<u>Share of Levy</u>	<u>Tax Rate Change</u>
Colonie	89.81%	- 2.10%
Niskyuana	10.12%	- 3.59%
Guilderland	0.07%	12.26%

Impacts on other districts

Voorheesville CSD - estimated tax rate change of 2.00%

<u>Town</u>	<u>Share of Levy</u>	<u>Tax Rate Change</u>
New Scotland	73.9%	- 2.03%
Guilderland	24.8%	11.78%
Berne	1.3%	- 3.99%

Impacts on other districts

Guilderland CSD - estimated tax rate change of 0.74%

<u>Town</u>	<u>Share of Levy</u>	<u>Initial Tax Rate Change</u>	<u>Updated* Tax Rate Change</u>
Bethlehem	6.20%	- 12.36%	-12.73%
Guilderland	92.85%	2.05%	1.61%
Knox	0.58%	- 9.43%	- 9.82%
New Scotland	0.38%	- 10.57%	- 10.95%

**After applying \$305,000 of Fund Balance*

Mohonasen Tax Rate Change Scenarios, 2017-18

All in relation to 2016-17 Tax Rates

Town	Actual	If No Change in Equalization Rates	If No Increase in Levy	If Rotterdam Equalization Rate Dropped 12.42%
Rotterdam	1.98%	2.77%	-0.82%	3.83%
Guilderland	18.75%	2.77%	15.49%	-9.05%
Colonie	3.78%	3.03%	0.93%	-8.83%

Moving Forward - What Can You Do Now?

Who to contact with questions/concerns about the equalization rate:

Department of Taxation and Finance
Office of Real Property Tax Services
Building 9 W A Harriman Campus
Albany, NY 12227

Residents who wish to challenge their assessment can do so as follows:

Informal Review: You can do immediately with the form in your packet. It is due by April 1, 2018

Grievance Day: Typically the fourth Tuesday in May, it is the more formal process to challenge your assessment if you miss the informal period.