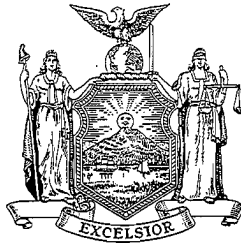


**2001 REPORT ON EFFECTIVENESS OF STATE TECHNICAL  
AND FINANCIAL ASSISTANCE PROGRAMS  
FOR ASSESSMENT ADMINISTRATION**



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Sheridan Hollow Plaza, 16 Sheridan Avenue, Albany, New York 12210-2714

March 2001



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FOR ASSESSMENT ADMINISTRATION**

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## TABLE OF CONTENTS

	Page
<b>I. INTRODUCTION</b> .....	1
<b>II. DESCRIPTION AND EVOLUTION OF PROGRAMS</b> .....	3
A. <u>Financial Assistance Programs</u> .....	3
1. Attainment Aid.....	4
2. Supplemental Attainment Aid.....	6
3. Maintenance Aid.....	6
4. Annual Reassessment Aid and Triennial Aid.....	8
5. Aid for Consolidation, Coordinated and County Assessment Programs.....	10
B. <u>Technical Assistance Programs</u> .....	12
1. Real Property System (RPS).....	12
2. Reassessment Project Support.....	14
3. Advisory Appraisals.....	16
4. Assessment Administrator Training.....	17
5. School Tax Relief (STAR) Program Aid.....	22
6. Other Technical Assistance.....	23
a. Publications.....	23
b. Legal Services.....	24
c. Public Information and Research.....	24
d. Tax Mapping Services.....	24
e. Geographic Information Systems (GIS) Services.....	24
7. Technical Assistance Costs.....	25
<b>III. MEASURING IMPROVEMENTS IN ASSESSMENT ADMINISTRATION</b> .....	27
A. Introduction.....	27
B. Number of Assessing Units and Assessors.....	27
C. Data Updating and Reassessment Activity.....	30
D. Assessment Uniformity.....	31
E. Effects of Local Aid Programs on State Equalization.....	38
<b>IV. CONCLUSIONS AND RECOMMENDATIONS</b> .....	43
A. Achieving Assessment Uniformity.....	43
B. Efficiency of Assessment Administration.....	44
C. Assessor Technical Qualifications.....	45
D. Real Property System.....	45

	<u>Page</u>
<b><u>LIST OF TABLES AND FIGURES</u></b>	
Table 1. Attainment Aid .....	5
Table 2. Maintenance Aid Program: Participation and Expenditures .....	8
Table 3. Availability of State Reassessment Aid, January 1, 2001 .....	10
Table 4. Coordinated Assessment Program Aid .....	11
Table 5. RPS Assistance to Local Reassessment Projects .....	16
Table 6. ORPS Advisory Appraisal Assistance Program .....	17
Table 7. Assessment Training Status, 2000 .....	20
Table 8. Trends in State Reimbursement Expenses for Assessment Training .....	20
Table 9. Summary of ORPS Training Program Activity .....	21
Table 10. Estimate of ORPS Program Costs for Certain Technical Assistance to Local Governments (FY 2000-2001) .....	25
Table 11. Change in Number of Assessing Jurisdictions and Number with Multi-Jurisdictional Assessors, 1983-2000 .....	28
Table 12. The Changing Profile of New York Assessors .....	29
Table 13. Reassessment Project Activity, 1985-2000 .....	31
Table 14. Equalization Rate Lag .....	38
Table 15. 1998 Market Value Survey Approaches .....	40
Table 16. Direct Use of Sales in 1998 Market Value Survey .....	41
Figure 1. Number of County, City and Town Assessing Jurisdictions with Assessment Uniformity .....	33
Figure 2. Number of ORPS-Assisted Reassessment Projects in Prior Four Years .....	34
Figure 3. Number of County, City and Town Assessing Jurisdictions with Assessment Uniformity and Number of these with Median Ratio of 70% or More .....	35
Figure 4. Percent of County, City and Town Assessing Jurisdictions with Assessment Uniformity and Percent with Appointed Assessors .....	36
Figure 5. Percent of County, City and Town Assessing Jurisdictions with Assessment Uniformity and Percent with RPS Usage .....	37
Figure 6. Equalization Rate Lag and Reassessment Activity, 1980-2000 .....	39
Figure 7. Advisory Appraisals in Equalization Program .....	42



# 2001 REPORT ON EFFECTIVENESS OF STATE TECHNICAL AND FINANCIAL ASSISTANCE PROGRAMS FOR ASSESSMENT ADMINISTRATION

## 1. 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 fifth 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.<sup>1</sup> Similarly, ORPS' costs of data handling are reduced when local assessment rolls

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<sup>1</sup> Procedures used for determining equalization rates and the many uses to which the rates are put, are described elsewhere. See Improving New York's Program for Equalizing Local Assessments to Full Market, State Board of Real Property Services, January 1996 and Understanding the Equalization Rate, State Board of Real Property Services, February 1995.

are mechanized and in a uniform format. This was recognized in implementation of improved procedures for measurement of municipal full value for equalization purposes, begun in 1997 and continuing in present and future market value surveys. These changes have placed greater reliance on locally determined reassessment values and inventory which are, in the judgment of the agency, reliable.

Enactment of the School Tax Relief (STAR) program entailed major changes to the technical and financial assistance programs provided to localities over the past few years. The computer software provided to local governments was modified in order to produce the new information needed for STAR exemption calculations, for required taxpayer notification, and for the information disclosure program known as "Taxpayer's Bill of Rights." Further assistance, in the form of review and approval of school district STAR aid payments and assistance to assessors in administering the exemption, has also been required. Finally, financial assistance has been provided to assessing units to help them defray the costs of processing STAR exemption applications.

Part IV of the report contains conclusions and recommendations relative to state assistance programs and monitoring assessment administration and assessment uniformity.

## 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.

There are also benefits to the state. With high-quality, up-to-date assessment rolls, the state's job of equalizing assessments between communities in the same county or school district is simplified. Moreover, when local reassessments are conducted to state standards -- a prerequisite in New York for eligibility for financial assistance -- the resulting common definitions and procedures greatly reduce state equalization costs and improve the results of the equalization program.

Since both local assessment costs and state equalization costs are related to the number and scale of assessing units, the financial aid programs have also sought to address this issue in recent years. This issue is a particularly critical one in New York, as there were 1,135 separate municipal assessing units in 2000, as compared to most other states with their limited number of county-level jurisdictions.

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 twenty-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.<sup>2</sup>

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<sup>2</sup> 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.

## 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)
- 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.

Listed in Table 1 is a schedule of Attainment Aid payments awarded to municipalities between 1978 and 2000.

<b>Table 1. Attainment Aid</b>		
<b>Calendar Year</b>	<b>Total State Payments</b>	
	<b>Number of Municipalities</b>	<b>State Aid (\$)</b>
1978	303	1,888,398
1979	268	3,802,997
1980	267	2,117,584
1981	219	1,393,935
1982	123	629,194
1983	182	2,446,690
1984	83	1,593,664
1985	103	529,225
1986	99	753,251
1987	63	696,800
1988	48	557,347
1989	173	1,389,663
1990	239	1,837,544
1991	230	2,300,346
1992	199	1,741,790
1993	169	1,567,469
1994	182	1,747,834
1995	113	1,475,712
1996	79	965,157
1997	73	612,016
1998	40	346,772
1999	39	358,725
2000	4	12,321

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. Annual state outlays over this time ranged from a low of approximately \$12,300 in 2000 to a high of about \$3.8 million in 1979. In recent years, total state Attainment Aid outlays declined dramatically, as the majority of assessing units had already qualified for some or all payments, which were paid in a previous year. In addition to the fact that the number of benefiting assessing units had declined so significantly, another reason for the elimination of this 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).

## 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). This 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 are 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 must meet standards of quality assessment administration, including an acceptable level of assessment uniformity as measured annually by the State Board; implement 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)); publish the uniform percentage of value on the tentative assessment roll; adopt a taxable status date and valuation date pursuant to law; provide a set of supporting valuation documents and files to the State Board; and provide 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 which 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).

Listed in Table 2 are participation levels and expenditures under the Maintenance Aid program, from its inception through the 1999 roll year.

<b>Table 2. Maintenance Aid Program: Participation and Expenditures</b>		
<b>Assessment Roll Year</b>	<b>Number of Municipalities</b>	<b>Expenditures (\$)</b>
1991	143	1,188,148
1992	183	1,317,238
1993	234	1,661,242
1994	216	1,687,032
1995	263	1,955,434
1996	369	4,074,619
1997	377	3,841,905
1998	452	4,691,070
1999	321*	2,575,754*

\* Includes only \$2 per parcel payments to those municipalities which qualified for \$5 per parcel payments for reassessments in 1997 or 1998. Financial assistance for municipalities which reassess in 1999 and thereafter but which do not reassess in the two years subsequent to the year of reassessment is now available through Triennial Aid (see below for this program and also for program payments in 1999).

No payments under the Maintenance Aid program as described above will be made for rolls subsequent to the 2000 assessment roll. The program has been redesigned to provide additional aid to municipalities meeting more flexible criteria for maintaining improved real property tax administration, and is now known as the "Annual Reassessment Aid" and "Triennial Aid" programs.

#### 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 recent reassessment, but which do not meet the requirements for annual aid. As with earlier financial aid programs, this new



program helps to defray the local costs of maintaining up-to-date, equitable, assessment practices. The new program is summarized in Table 3.

Chapter 405 provided special financial assistance to assessing units that annually maintain assessments at a level of 100 percent (or, at other uniform level in each class in Special Assessing Units) under Annual Reassessment Aid. This program allows assessing units to receive up to \$5 per parcel annually through the 2004 assessment roll, and \$2 per eligible parcel thereafter. In determining program eligibility, the State Board must ascertain as to whether the unit has:

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

Applicable standards for receiving this aid will contain indicators of acceptable performance as determined by Board Rules. Under the first year of the Annual Reassessment Aid Program (1999) 15 assessing units received \$1,034,970 in financial assistance.

Chapter 405 also provides for a Triennial Aid program of \$5 per-eligible-parcel payment upon the completion of a reassessment, i.e., this portion of the former Maintenance Aid program was continued, but payments were limited to a triennial basis. Annual reassessment is not required for eligibility and, as before, no municipality may qualify for Triennial Aid within three years after qualifying for Payments 3 and 4 of Attainment Aid. Under the first year of the Triennial Aid program (1999) 71 assessing units received \$660,875 in financial assistance.

Roll Year	Expiring 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	N/A	up to \$5/pcl. once every three years	up to \$5/pcl./yr.
2002	N/A	up to \$5/pcl. once every three years	up to \$5/pcl./yr.
2003	N/A	up to \$5/pcl. once every three years	up to \$5/pcl./yr.
2004	N/A	up to \$5/pcl. once every three years	up to \$5/pcl./yr.
2005 and thereafter	N/A	up to \$5/pcl. once every three years	up to \$2/pcl./yr.

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

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

##### 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, 75 towns in 19 counties have received incentive aid for establishing Coordinated Assessment Programs (1995 through 2000 period). As shown in Table 4, total payments to date have amounted to \$1,167,818 for 32 Coordinated Assessing Units which formerly comprised 75 assessing units.

<b>Year*</b>	<b>Number of New Coordinated Units</b>	<b>Number of Parcels</b>	<b>Number of Prior Assessing Units</b>	<b>State Aid Payments (\$)**</b>
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
<b>TOTAL</b>	<b>32</b>	<b>151,613</b>	<b>75</b>	<b>1,167,818</b>
* 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 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 to \$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 (i.e., Nassau and Tompkins Counties) if they implement a full value reassessment after 1996. With the completion of a reassessment on the 2000 assessment roll, the Tompkins County assessing unit received \$65,736 under this provision. Nassau County is currently working on a reassessment project, with implementation planned for 2003.

As before, constituent municipalities withdrawing from the program within ten years after receiving this aid must remit a prorated share to the state. New rules now require that in order to receive Maintenance 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.

## **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. It offers local governments a uniform means of producing mandated assessment products including assessment rolls, 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 mass appraisal. As a statewide-integrated 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.

In 1974, the prototype system was developed, consisting 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 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 this 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 5 percent of the state's assessing units had MAM capability in 1986.

RPS Version 3 (RPSV3), a DOS-based product which offers 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 the local assessing jurisdiction. By 1999, 58 percent of the state's assessing units were using personal computers. In addition to its application for micro-computers, RPSV3 was distributed to 36 IBM AS400 mini-computer sites, 11 IBM mainframe sites, and 6 Unisys mainframe sites. Most of these sites do 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 is based on the Windows operating system and incorporates a relational database file structure and graphical user interfaces as well as many 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 both phases 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 (GIS), a customized report writer (CRW) and a complete Document Image Management System (DIM). Phase III consisted of programs that generate assessment and tax rolls, and also programs that can change exemptions and update individual data items; it 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 agricultural property is currently being studied for future integration. RPSV4 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.

By July 2001, approximately 275 municipalities are expected to convert to RPSV4, and approximately 170 municipalities are already using it. Over the next four or five years, the remaining assessing units will be converted to RPSV4, and older RPS versions will be phased out. With the new RPSV4 system, assessors will be able to complete a variety of administrative tasks at their desktops, both quickly and accurately.

## 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 use these data to reassess the entire roll. To facilitate reassessment projects, guidance is provided to local municipalities by ORPS regional staff throughout the duration of the project. Staff operate from regional offices located in Batavia, Syracuse, Albany, Saranac Lake, Newburgh, and Melville.

Project support is provided throughout each of the following stages: preliminary planning and analysis; data collection; valuation; field review; and impact estimation/disclosure. In the preliminary planning stage, ORPS staff 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.

In the data collection phase, staff 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 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 informational meetings.

In addition to an initial reassessment, most assessing units follow up with subsequent periodic reassessments which 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 by keeping assessments current.

ORPS staff now encourages assessing units to undertake annual reassessment, for which added financial assistance has recently become 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 and adjustment, when appropriate, of certain properties by application of trend factors; (b) review of all properties and complete re-inspection and reappraisal of all parcels; or (c) some combination of both. While review and adjustment of individual assessments must occur annually, re-inspection and reappraisal of each parcel must only occur at least once every six years. Technical assistance for annual reassessment programs will be provided to ensure their adoption and success.<sup>3</sup>

Table 5 indicates the number of ORPS-assisted reassessments in selected years since the early 1980s. In 2000, ORPS regional staff assisted in 193 projects, 41 of which involved assessing units that had also conducted a project in the preceding year. This contrasts with the 87 projects for which assistance was given one year earlier (1999), and the 43 projects assisted in 1981. Overall, the number of reassessments supported annually has increased significantly over the years, although the number in a given year may be influenced by real estate market conditions and other cyclical factors. However, with the advent of Annual Reassessment Aid, it

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<sup>3</sup> Publications entitled Guidelines for Annual Reassessment (State Board of Real Property Services, November 1999) and Guidelines for Effective Administration in New York State: A Self-Review Guide for Assessing Units (New York State Office of Real Property Services, June 1, 1999) are available.

is expected that there will be less fluctuation in the level of project activity, and that it will increase significantly. In 2001, the number of ORPS-assisted reassessment projects is expected to increase to about 300. Of these, about half will involve municipalities reassessing in 2000, and which thus may be eligible for Annual Reassessment Aid.

<b>Year</b>	<b>Number of Reassessment Projects</b>
1981	43 (2)
1986	78 (1)
1991	110 (1)
1996	105 (1)
1997	91 (1)
1998	140 (7)
1999	87 (3)
2000	193 (41)

Numbers in parentheses indicate projects which also took place in same municipalities 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 2000, ORPS staff conducted 1,369 utility advisory appraisals, and 40 industrial 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 number of advisory appraisals increased dramatically in 2000, particularly for utility properties. This increase reflects not only the widespread participation by municipalities in the Annual Reassessment program as indicated above, but also the increased assistance by ORPS staff to local assessors for appraising utility property, especially generating stations, following price-



deregulation of electricity generation in New York. The ORPS advisory appraisals for divested plants use the income and market value approaches to valuation as well as the cost approach that was the sole method of valuation in the pre-deregulation era.<sup>4</sup> It is expected that the demand for advisory appraisal assistance will remain strong, and will likely increase in 2001. The number of ORPS advisory appraisals provided in a sampling of years since 1981 is listed below (Table 6).

Year	Number of Advisory Appraisals		
	Utility	Industrial/ Commercial	Total
1981	670	19	689
1986	402	133	535
1991	375	15	390
1996	583	23	606
1998	702	32	734
1999	576	16	592
2000	1,369	40	1,409

#### 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 3,800 Board of Assessment Review (BAR) members attend a course in assessment practices at the beginning of their term in office. The latest statutory change (1997) authorized the state to reimburse elected assessors for costs incurred when they complete continuing education training programs (RPTL §318(4)). (Nassau and Tompkins Counties and the counties within the

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<sup>4</sup> See Divestiture of Electricity Generating Plants: Property Tax Implications, NYS Board of Real Property Services, December 31, 1999.

City of New York, along with five other cities and all villages, are excluded from some or all of these standards.) State payments cover tuition, lodging, and travel costs.

During 2000, 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 77 percent have sole, appointed assessors. Most of the remaining 23 percent have three-member boards of elected assessors, thus imposing a proportionately greater training burden. This is especially demonstrated by the fact that the turnover rate for elected assessors is dramatically higher than the rate for appointed assessors.

ORPS rules currently provide for two levels in the training process 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. Seven of the 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 for those 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 an assessing unit.

In 2000, the State Board approved the expanded basic course of training described above for assessors beginning a term of office on January 1, 2001. Changes include an increased emphasis on agricultural property appraisal. The rules require that assessors in approximately 82 percent of the State's municipalities complete farm appraisal training. Prior to this change, assessors were required to take farm appraisal training in approximately 25 percent of municipalities. Also, the elective course was eliminated, and all assessors are now required to take mass appraisal and fundamentals of exemption administration training.

The second level -- continuing education -- is required only of sole elected and appointed assessors. An average of 24 continuing education credits are required to be

completed each 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 annual reassessment training, statistical analysis, commercial data collection, computer courses in valuation and various assessment administration seminars. Supplemental training on topics requested by assessors is also offered, if resources permit.

In 2000, the State Board approved a new basic course of training for all county real property tax directors beginning a new term of office as of January 1, 2001. Required training for county directors includes an initial orientation seminar and completion of 11 additional courses over a four-year period. These include eight components 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). Also included 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.

There are several training settings 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. Alternately, for those who can not attend the classroom sessions, a web-based training program was introduced in 1999 and is expected to grow significantly in coming years. Web courses in assessment administration and fundamentals of equalization were available in 2000, and a mass appraisal course is planned for release in 2001. A second alternative is the 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 director 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 2000.

Position Held	Total Number of Positions	Basic Certification	
		Number Certified	Number Uncertified
County Director	55	45*	10
County Assessor	2	1	1
Appointed Assessor	755	730*	25
Elected Assessor	639	450	189
Real Property Appraiser**	82	61	21
Assessor Candidate	80	31	49
<b>TOTAL</b>	<b>1,613</b>	<b>1,318</b>	<b>295</b>
* 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.

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
1998-99	35,500	214,500	23,600	273,600
1999-00	40,200	259,300	48,500	348,000

In compliance with legal requirements, ORPS staff carry out the function of reviewing 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 are grounds for removal from office. In 2000, four elected assessors 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 an opportunity to avoid a compliance hearing and extended time periods in which to take the necessary training. To date, 148 assessors have signed consent orders in lieu of such a hearing: 21 assessors in 1996, 56 assessors in 1997, 21 assessors in 1998, 35 assessors in 1999, and 15 assessors in 2000.

Table 9 shows a summary of the results of courses attended and course outcomes for a sample of years between 1980 and 2000. The data include all courses administered by ORPS, taught either on-site and 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 (commenced in 2000). As shown in the table, up to one-third of the participants elected to take courses on a self-study basis in some years, but only about 9 percent did so in 2000. 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.

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
1999	12	690	113	N/A	803	98.8	65.5	N/A	94.1
2000	15	912	97	60	1,069	98.9	90.7	98.3	98.1

The overall percentage of participants passing courses has improved somewhat over time, with nearly 100 percent of the classroom participants passing in 2000 as contrasted with only 80 percent passing fifteen 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 in the first year of implementation (2000) was very high at 98.3, approximately the rate for classroom training.

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 on Grievance Day to hear complaints. The same legislation authorized the State Board to delegate BAR training to the county tax directors, including conducting the sessions. ORPS staff annually work with county directors to update course content to reflect any changes affecting BAR matters. About one-third of the more than 3,800 BAR members in New York take the training each year.

#### 5. School Tax Relief (STAR) Program Aid

In 1997, legislation was enacted which 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 provided \$50,000 exemptions (full value) to income-eligible senior citizens beginning with the 1998-99 school tax bills, and \$10,000 exemptions to other homeowners beginning with the 1999-2000 school tax bills. The non-senior exemption increased to \$20,000 in 2000-2001, and will increase to \$30,000 in 2001-2002.<sup>5</sup> As of December 2000, approximately \$2.9 billion has 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:

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<sup>5</sup> Exemption amounts are adjusted upward in counties where median housing prices exceed the state median.

- 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
- 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 was released in September 1999 which creates computer files used in producing pre-printed application forms for both the STAR and Senior Citizens' exemptions. The 2000-2001 state budget also provided \$10.4 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. About 160 publications are currently available, half of which are accessible on the Internet at the ORPS Web page ([www.orps.state.ny.us](http://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 two years in each of the state's 12 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 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. Capacity for receiving inquiries and transmitting information over the Internet has been developed in recent years, and much relevant information is now available on the ORPS Web page. Board staff also prepares 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 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 January 2001, 981 assessing units were in compliance with State Board rules. The remaining 2 units (located in Westchester County) are proceeding toward compliance. In addition, 20 counties have converted to digital tax maps and 23 others are currently in the process of converting.

e. Geographic Information Systems (GIS) Services. Various GIS services are provided to localities in conjunction with reassessment projects and other activities. They include:



- display of sale parcels in property value ranges to assist in sales analysis and neighborhood delineation;
- land use maps with color-coded views of a county or town using the property class code on the local RPS file;
- mapping of reassessment impacts on tax bills;
- display of school districts 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 which 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 ORPS technical assistance programs in the 2000-2001 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.

<b>Table 10. Estimate of ORPS Program Costs for Certain Technical Assistance to Local Governments (FY 2000-2001)*</b>	
<b>Program</b>	<b>Total State Cost</b>
Real Property System (RPS) Support	\$2,843,000
Assessment Administrator Training	1,000,000
Reassessment Assistance	3,750,000
Advisory Appraisals	1,450,000
<b>TOTAL</b>	<b>\$9,043,000</b>
*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 75 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 25 percent of total technical assistance expenditures.



### 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 1980 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 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. In reality, many other external factors were operative during the period in which the 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. Therefore, any comparisons made or relationships observed between indicators of assessing quality/performance and levels of effort/resources expended in state assistance programs should not be understood as necessarily postulating a direct quantitative relationship between provision of state aid and assessment improvements.

#### 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 ten more discontinuing it in the past year. By January 1, 2001, 359 of the 554 villages had terminated their status as assessing units, with responsibilities of assessing for village purposes being shifted to the respective town assessing units (RPTL §1402(3)).

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 its school districts for many decades (the two cities in Nassau County and several of its villages still assess for their own taxing purposes). Very recently, the Coordinated Assessment Aid program has effectively combined an additional 75 municipalities into 32 assessing units. As a result of all these changes, the total number of assessing jurisdictions in New York now stands at 1,135, having been reduced by 27 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.

<b>Table 11. Change in Number of Assessing Jurisdictions and Number with Multi-Jurisdictional Assessors, 1983-2000</b>			
<b>Year</b>	<b>Total Number of Assessing Jurisdictions*</b>	<b>Jurisdictions with Multi-Jurisdictional Assessors</b>	
		<b>Number of Jurisdictions</b>	<b>Number of Assessors</b>
1983	1,546	N/A	N/A
1987	1,435	144	59
1992	1,294	190	74
1997	1,177	361	133
1998	1,164	368	132
2000	1,135	408	146

\* For purposes of this table, coordinating assessing units are counted as a single assessing unit.

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 408, an increase of 183 percent since 1987 (Table 11). The number of multi-

jurisdictional assessors operating in these localities increased by 148 percent, to 146. As a result, there are now 262 fewer assessors in New York than there would have been had no assessing units engaged in the practice of multi-jurisdictional assessing.

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 2000. The data indicate that, during this time period, there has been a notable shift to 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-quarter by 2000.

<b>Year</b>	<b>Percent of Municipalities With</b>	
	<b>Appointed Assessors</b>	<b>Elected Assessors</b>
1983	48%	52%
1986	54%	46%
1990	59%	41%
1994	67%	33%
1996	72%	28%
1998	75%	25%
2000	77%	23%

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 aid 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 may also pay additional dividends in future years, such as a reduction in the level of state support required for reassessment projects.

### **C. Data Updating and Reassessment Activity**

New York's assessing units are not required by law to conduct reassessments on a periodic basis, as they are in many other states. Nevertheless, many New York assessing units are now reassessing every few years, and some are now beginning to reassess annually in order to take advantage of the new financial incentives available under the Annual Reassessment Aid program (as discussed earlier in this report). 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.<sup>6</sup> The proportion that were not ORPS-assisted has fallen significantly over the years, as more municipalities convert their rolls to RPS computer software, 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 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 1985 and 2000, 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 2000 (193) establishes an all-time record that far exceeds the number supported in any previous year.

Of the 732 reassessment projects conducted over a 6-year period between 1995 and 2000, approximately one-third involved municipalities that reassessed more than once during this period. An increasing number of municipalities are realizing that reassessment is not a one-time occurrence, but rather an effort that needs continuous application. Such increased maintenance of current assessments is likely to become more evident in future years with the availability of Annual Reassessment Aid. For example, in 2001, approximately 300

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<sup>6</sup> In these early years some projects completed without ORPS involvement may not have achieved today's standards for an adequate reassessment program.

municipalities have plans to reassess, and nearly half of these municipalities reassessed in 2000.

Year	ORPS-Assisted Reassessments	Non-ORPS Assisted Reassessments	Total
1985	41	15	56
1986	78	21	99
1987	49	28	77
1988	58	15	73
1989	68	24	92
1990	132	19	151
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	87	2	89
2000	193	3	196

Overall, 192 assessing units (or about one-fifth of the state) have failed to conduct any reassessment activity during this 16-year period, although 17 of these plan to reassess in 2001. Undoubtedly, a variety of factors explains their reluctance to reassess, and there is no conclusive information regarding the extent to which the aid programs might influence the local decision-making processes in each of these cases.

#### 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. The main method used to monitor equity levels is 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. Market value is determined from appraisals and sales data.

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.

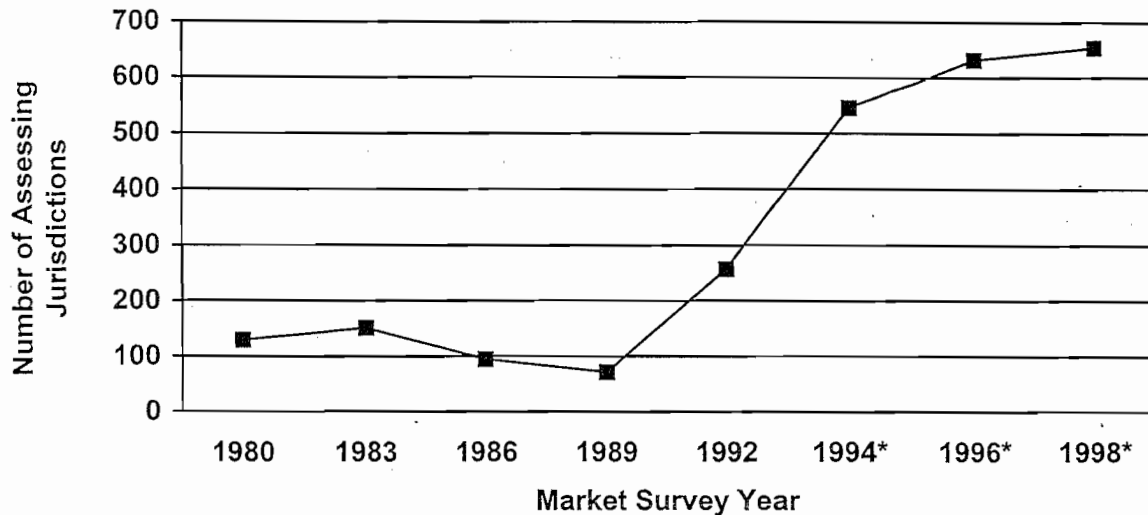
The level of assessment uniformity is a "bottom line" type of indicator in that it measures directly the level of equity achieved in distributing a given property tax burden in a given community. In addition to indicators based on the COD, there is considerable evidence to suggest that recent reassessment activity significantly improves assessment uniformity and thus increases equity in property taxation.<sup>7</sup> In recognition of this fact, the State Board introduced in its 1996 market value survey a procedure for verifying recent reassessment projects as indicative of market value in lieu of the assessment roll sampling procedure previously used in all assessing units. 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 recent reassessment (1996 and 1998 surveys).

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<sup>7</sup> See Assessment Equity in New York: Results from the 1998 Market Value Survey, New York State Board of Real Property Services, December 2000.



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

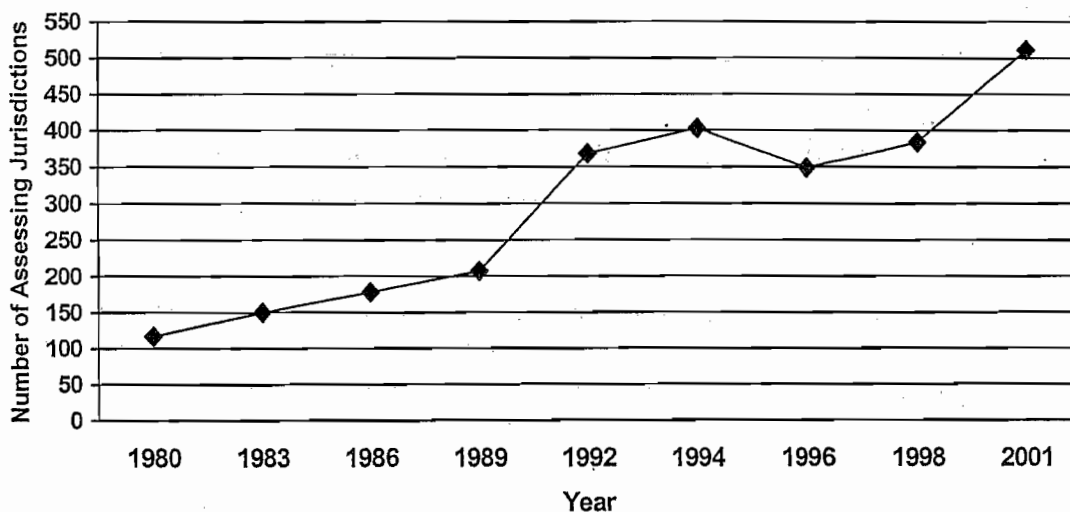


\*For survey years 1994, 1996, and 1998, acceptable levels of the coefficient of dispersion (COD) statistic were increased for the more rural assessing units in recognition of relative lack of market data and the heterogeneity of properties.

Between the 1980 and 1992 surveys the number of assessing units indicated as having equitable assessment more than 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 1998 survey data indicate that the number of uniform assessing units increased to 654, of which 386 were very recent reassessment programs that successfully passed State Board review, and the remaining 268 had acceptable CODs when sampled in the traditional manner.

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 the previous four years grew more than fourfold from 1980 to 2000. This pattern of growth closely resembles 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.

**Figure 2. Number of ORPS-Assisted Reassessment Projects in Prior Four Years**

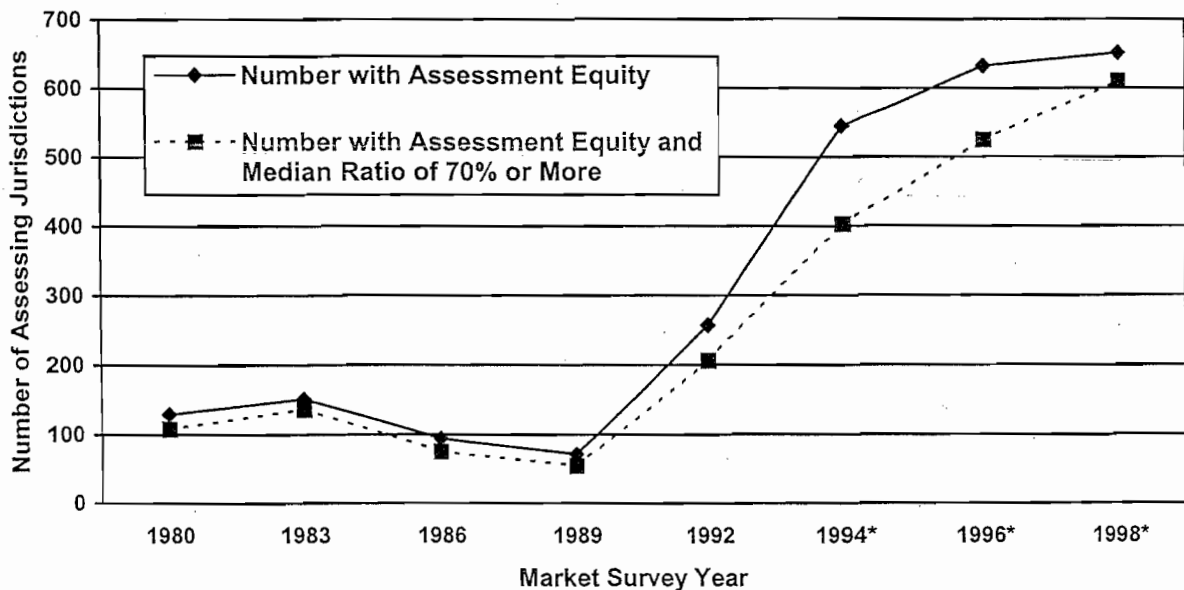


While it would obviously be better to have all assessing units meeting uniformity standards and conducting frequent or even annual reassessments, the substantial gains evident in these figures are still very apparent. During the late 1980s and early 1990s, the number of jurisdictions meeting standards 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. However, by the mid-1990s, relatively stable market conditions had returned contributing to a rise in the number of municipalities exhibiting uniformity (Figure 1).

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 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 and 1998 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 less than 100 percent (or even greater than 100 percent) in just a few years, 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 1980 through 1998 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.

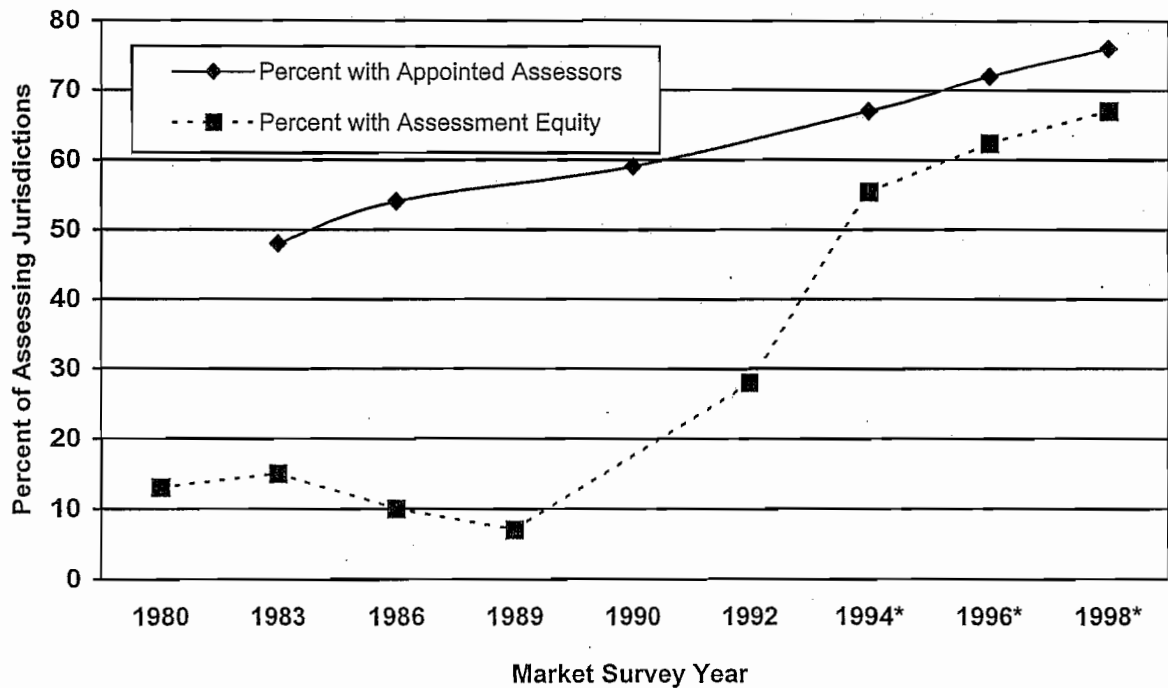
**Figure 3. Number of County, City and Town Assessing Jurisdictions with Assessment Equity and Number of these with Median Ratio of 70% or More**



\*In measuring assessment equity for survey years 1994, 1996 and 1998, 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 1980 through 1998 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 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.

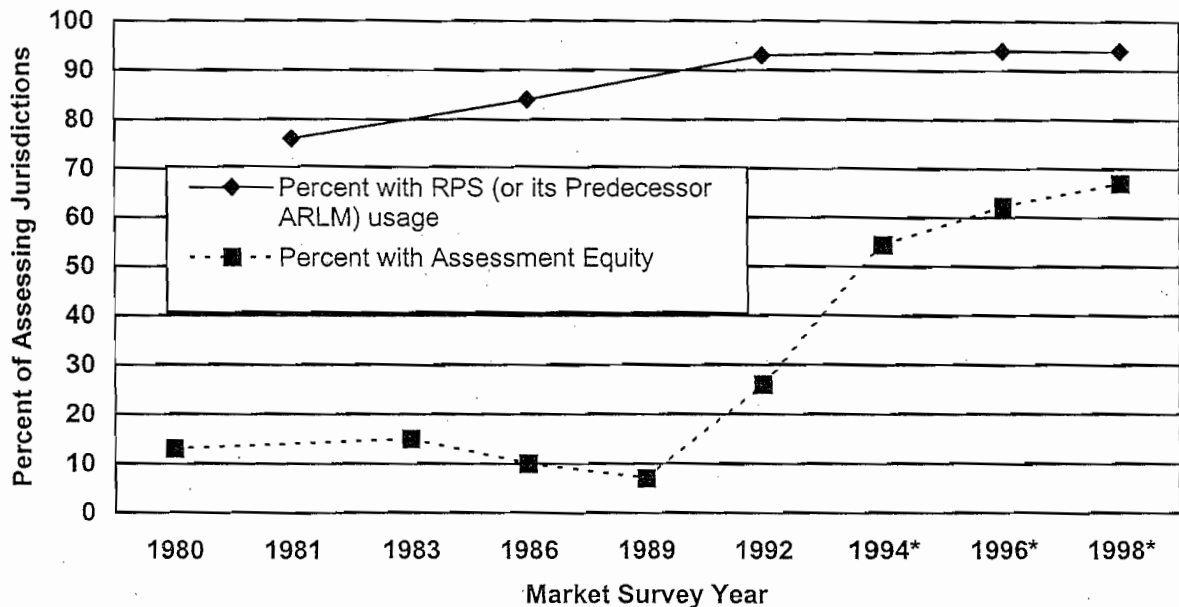
**Figure 4. Percent of County, City and Town Assessing Jurisdictions with Assessment Uniformity and Percent with Appointed Assessors.**



\*In measuring assessment equity for survey years 1994, 1996 and 1998 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 94 percent in the mid-1990s. 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.

**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, 1996 and 1998, acceptable levels of the coefficient of dispersion (COD) statistic were increased for the more rural assessing (see Figure 1).

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.

### 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 the education aid formula. If the value basis used in ratemaking is not fully current, taxes and education aid will not be distributed with maximum equity.

In the 1980s, there was a substantial lag between the year of the assessment rolls for which equalization rates were established and the market value year from which those rates were derived (Table 14). On the 1985 rolls, the lag had reached four and one-half years, as equalization rates were based on a July 1, 1980 valuation date. However, by 1999 the lag had been eliminated.

<b>Assessment Roll Year</b>	<b>Valuation Date</b>	<b>Lag (in years)</b>	<b>Assessment Roll Year</b>	<b>Valuation Date</b>	<b>Lag (in years)</b>
1985	7/80	4.50	1993	1/92	1.00
1986	1/82	4.00	1994	1/93	1.00
1987	7/83	3.50	1995	1/94	1.00
1988	10/84	3.20	1996	1/94	2.00
1989	1/86	3.00	1997	1/96	1.00
1990	1/87	3.00	1998	1/97	1.00
1991	1/89	2.00	1999	1/99	0.00
1992	1/90	2.00	2000	1/00	0.00

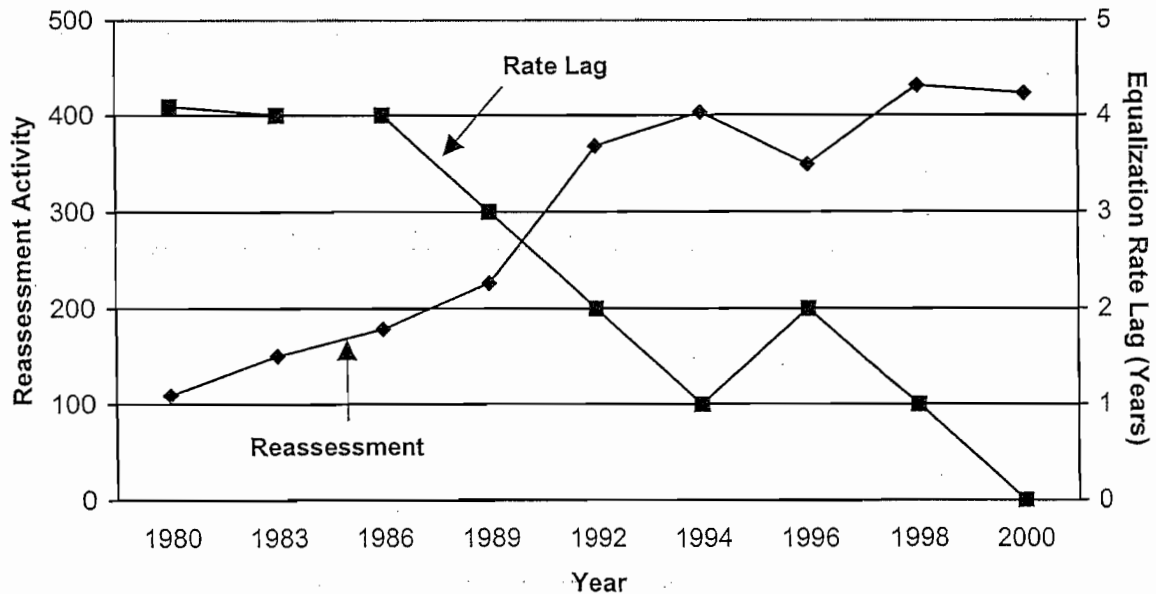
Although a lag may not be as important a concern in times of low real estate appreciation, it can become a major issue when market values are increasing substantially. The

reduction from a lag of five years to no lag at all 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 financial assistance programs, although the precise influence of each program on the timeliness and accuracy of rate making can not be measured.

Even though it is not possible to establish a direct causal link between provision of state aid and improvements in equalization, one can gain an appreciation of how relevant measures behave over time from Figure 6. This chart shows the amount of ORPS-assisted reassessment activity in relation to the lag in equalization rates. Both variables show substantial progress since 1980: the number of reassessment projects conducted in the four years prior to each market survey has nearly quadrupled, and as of 1999 the equalization rate lag had been completely eliminated.

**Figure 6. Equalization Rate Lag and Reassessment Activity, 1980-2000**



Notes: Equalization Rate Lag is measured as year of roll on which ratio is based minus valuation year used to determine its full market value. Reassessment Activity is measured as number of ORPS-assisted projects in prior 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 was continued in the 1998 survey (Table 15). The total assessed values derived from reassessments of some or all of the four major property classes were separately reviewed and audited. Also reviewed were the procedures used locally in completing the reassessment projects, i.e., inventory compilation, sales screening, computer-assisted valuation, appraisal review, etc. For the 1998 market value survey, this approach reduced by almost half the number of municipalities in which samples of appraisals and sales were required to determine value for producing 2000 equalization rates. (This contrasts with a one-third reduction in the number of municipalities for the 1999 rate year). 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.

<b>Approach</b>	<b>Number of Assessing Units</b>
Sample of Appraisals/Sales	535
Review of Reassessment	448

Approximately 300,000 sales of real property occur each year, with about half of them being "arm's length" transfers and otherwise usable in market value surveys. Since 1976, sales had been used in the market survey process only for applying the comparable sales approach to valuation of individual appraisal parcels. However, beginning with the 1996 market value survey, residential sales ratios were once again included in the equalization program. 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, as those that have done so are instead subject to state review of the reassessment roll, as described above.



Over 57,000 sales which met the criteria for use in the 1998 market value survey study for 2000 equalization rates were utilized for those communities in which rates were established through a combined appraisal/sales approach (Table 16). Sales comprised nearly three-fourths of all properties that were sampled. Of this number, 19,945 replaced appraisals that would otherwise have been required, reducing the number of necessary appraisals by nearly 50 percent. The remainder was used to enhance the number of observations available, i.e., to increase the sample size in order to improve the overall value estimate. Sales thus contributed to 535 city and town equalization rate determinations, representing about 55 percent of the state.

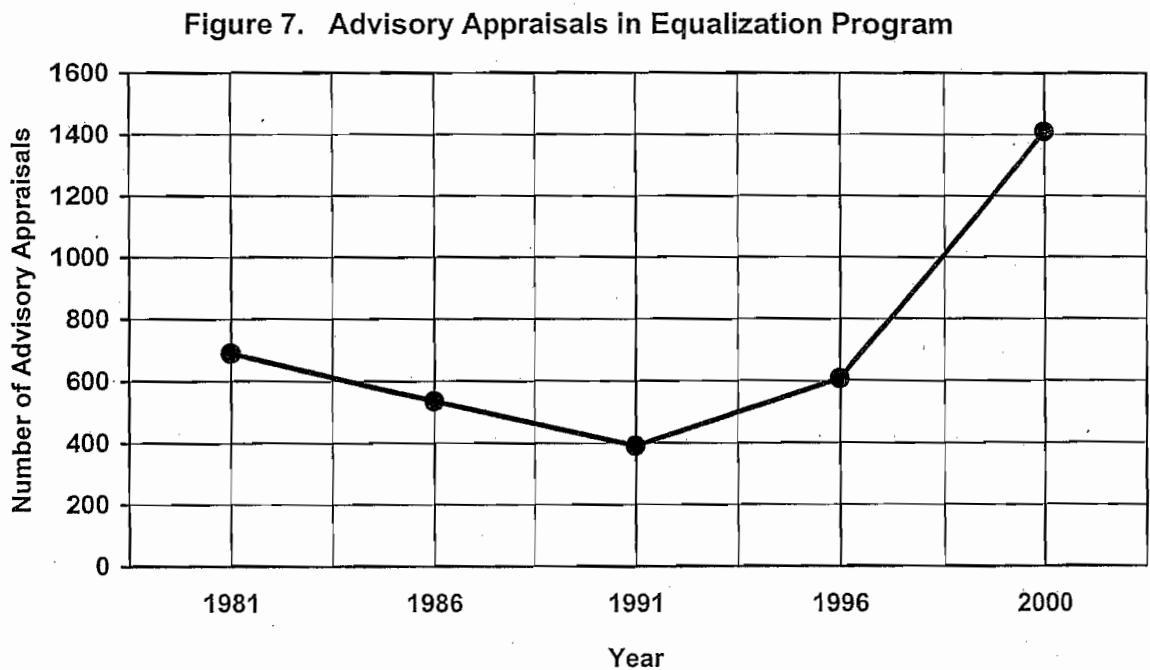
<b>Number of Sampled Units</b>	<b>Number of Appraisals</b>	<b>Number of Sales</b>
535	20,492	57,964

One reason that reintroduction of sales has been possible is that, in the 1990s, considerable progress was made on improving the sales data processing and correction process. A major achievement in this program was the introduction of computerized data correction methods, including recent implementation of a new Internet application that permits direct entry of data by parties to a sales transaction. Supported by state technical assistance to localities, computerization has 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 the equalization process. 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. Since 1981, some 400 to 700 advisory appraisals were

done annually by state staff, with the resulting valuations incorporated into the relevant market value surveys (Figure 7).

Advisory appraisals rose markedly in 2000, to over 1,400, as many municipalities sought this technical assistance in conjunction with the reassessment projects they undertook in that year. Over 97 percent of these appraisals involved utility class property. Demand for advisory appraisals is likely to remain strong in the foreseeable future, since many municipalities are likely to maintain assessment uniformity by participating in the Annual Reassessment program. Utility class property, previously appraised only periodically, will in future years be 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.



#### 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.

##### 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 are significantly more equitable than they were ten years ago, and local governments are putting substantially greater effort into maintenance of equity.

In 2000, ORPS staff supported over twice as many projects as in the prior year, partially because municipalities were availing themselves of financial incentives to reassess, through Annual Reassessment Aid. With more reassessment projects, and better local data, greater efficiency and economy has been achieved in the state, allowing a reduction of over 49 percent in the number of appraisals required for market value surveys. Furthermore, ORPS staff assisted in twice as many advisory appraisals as in the prior year, especially for utility property.

The nearly universal adoption of the state-provided system for assessment administration (RPS) 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 these tools.

These developments are significant in that New York assessing units, unlike those of virtually all the other states, are not required to satisfy any legal standards regarding frequency of reassessment, maintenance of assessments at a certain percentage of market value, or other such criteria. It is significant that the more than 650 localities that now have current, equitable assessments have achieved their status voluntarily, without the compulsion of state requirements.

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 mandated reassessment -- is being achieved in significant part.

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 several larger assessing units in this area are expected to reassess in the near future (e.g., Nassau County in 2003; Rockland County municipalities in 2002). To date, most 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 taxpayer gains from their undertaking reassessment would be great indeed. Every effort should therefore be made to induce these assessing units to develop current, equitable rolls.

Building on the statewide progress seen under prior aid programs, ORPS now provides a program of increased state financial aid to municipalities that reassess annually as well as periodically. It is anticipated that this new financial aid program will also increase demand for technical assistance, especially on the part of those municipalities desiring to keep their rolls current on an annual basis.

#### **B. Efficiency of Assessment Administration**

The outcome of the consolidation aid program has been moderately encouraging to date, with 75 assessing units having opted to coordinate their assessing (into 32 Coordinated Assessing Programs) since 1995.

However, to date no assessing units have 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. 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. It is likely that local interest in qualifying for the new 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.

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 are difficult to measure, several indicators demonstrate 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.

### **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 record high pass rates for both classroom training courses and the newly inaugurated web-based courses (over 98 percent) also suggest a trend toward greater expertise. Furthermore, communities wishing to take advantage of the new Annual Reassessment Aid program will need highly qualified assessors to do so.

### **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, necessitated a recent study of the state's future role in the development and support of the RPS system. A study group consisting of assessors, county directors of real property tax services, county information technology directors and ORPS staff was formed in 1997 to gather and review the needs of local government RPS users and the system's capabilities in relation to alternative products. The overwhelming consensus was that there is need for a centralized, standardized computer system such as RPS for use in real property tax administration in New York. The complexity of the RPS computer system is a direct result of the complex nature of the state's real property tax system, including frequent changes in law which affect some or all

of the state's large number of assessing jurisdictions. In light of the clear benefits of RPS standardization to both the state and local governments, the study also found that there is a strong need for the state to continue making RPS available and to modernize the system on a frequent basis.

Based on the outcome of this review, the State Board in August 1998 authorized ORPS to continue development of the planned Version 4 of its RPS system, which is oriented toward current computer technology and the latest operating systems. The Board also resolved that the costs of RPS should be shared by state and local governments, and directed staff to consult local government representatives and to develop a funding structure in which approximately two-thirds of the cost for maintaining and developing RPS would be paid by the state and one-third would be paid by local governments. This allocation of costs reflected the belief of both state and local officials that such an arrangement would create a heightened sense of responsibility in terms of system use and demand for enhancements. This new fee structure was put into place commencing in the 2000-01 fiscal year.

An RPS Governance Group was created in late 1999, and charged with determining the 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.