

Chappaqua School District  
Equalization Rate – Assessment – Tax Rate Discussion  
April 7, 2010

Prepared by  
Jim Timmings IAO  
Assessor Town of Mt. Pleasant  
One Townhall Plaza  
Valhalla, NY 10595  
914-742-2345

## Table of Contents

Equalization rate –

- Discussion
- Calculation
- Working with
- Effect of equalization rate on apportionment & tax rates

Pertinent Data

Descriptive charts – 2001 to date

Taxable Assessments

Equalization Rates

Full Market Values

Share of Levy

Chappaqua School District  
Equalization Rate – Assessment – Tax Rate Discussion  
April 7, 2010

Equalization Rate is –

Used by School Districts to apportion their Budgets

Calculated by the State

Reason – Communities throughout New York State assess at varying rates. In order to fairly distribute school aid and indeed in order to fairly apportion local budgets disparate assessment rolls must be equalized.

Equalization calculation method –

Communities are split and analyzed by property type.

Residential properties are analyzed by sampling the population of residential properties sold relative to their respective assessed values. This creates a ratio for each sale, the state then takes essentially a weighted average of those ratios. That weighted average is the residential assessment ratio.

Commercial properties are sorted by assessed value, and samples are chosen and analyzed in four value ranges, for example \$1- 10,000; \$10,001 to 50,000; \$50,001 to \$100,000; and \$100,001 and up.

The state appraises some of these properties and surveys of market income and expense information to arrive at values for each segment. Like residential properties these “appraised” values are compared to their respective assessments and a ratio is arrived at. A weighted average is taken and this becomes the commercial property piece of the equalization rate.

There is also a similar analysis done for Utility properties and farm and vacant land if there is enough of that property type in the community. These do not apply in town of Mt Pleasant.

The two parts that affect the Town of Mt Pleasant, residential and commercial ratios are weighted by their pro rata share of the assessment roll and a final equalization rate is arrived at.

## Dealing with the equalization rate –

Each community is responsible to monitor and deal with the State regarding their individual equalization rates. No community can challenge another community's equalization rate.

If it can be shown that there is sufficiently disparate effect of a particular town's equalization rate on a particular school district a segmented rate (for that district only) may be ordered by the State. This is a particularly difficult threshold to pass.

Town of Mt Pleasant has contested their equalization rates this year and in the past. In my tenure here I would say we have contested our equalization rate four times. We have had changes (wins) twice.

We contested the States rate for 2009 and lost.

## Effect of equalization rates on apportionment and tax rates –

Different communities appreciate/depreciate at different rates.

The relative size of communities can greatly affect tax rates in those communities if they are significantly different in size (assessed value).

The Chappaqua School District is according to the assessment data I have, made up of portions of the Town of Mt. Pleasant (roughly 10%) and the Town of New Castle (roughly 90%). Because the portion of the school district in Mt Pleasant is so relatively small any significant change in assessments or equalization rates has a heavy impact on the Mt. Pleasant tax rate.

The equalization rates for Mt. Pleasant and New Castle have roughly tracked each other since 2001 (range of data reviewed). New Castles rate has started to diverge from Mt. Pleasant's rate in 2008, and continued in 2009. This is probably due to a decline in market values of residential real estate beginning at an earlier date in New Castle than in Mt Pleasant.

As New Castles values decline and Mt Pleasants values either, increase or decline at a slower rate or remain unchanged, the Mt. Pleasant portion of the school tax will increase.

Pertinent data --

Mt. Pleasant has ~450 taxable parcels, almost entirely residential, in the school district. New Castle has ~5550 taxable parcels, representing the majority of the town, so a blend of residential and commercial properties.

The Mt. Pleasant share of the school budget has been steadily increasing since 2001, as Real estate values have relative to New Castle.

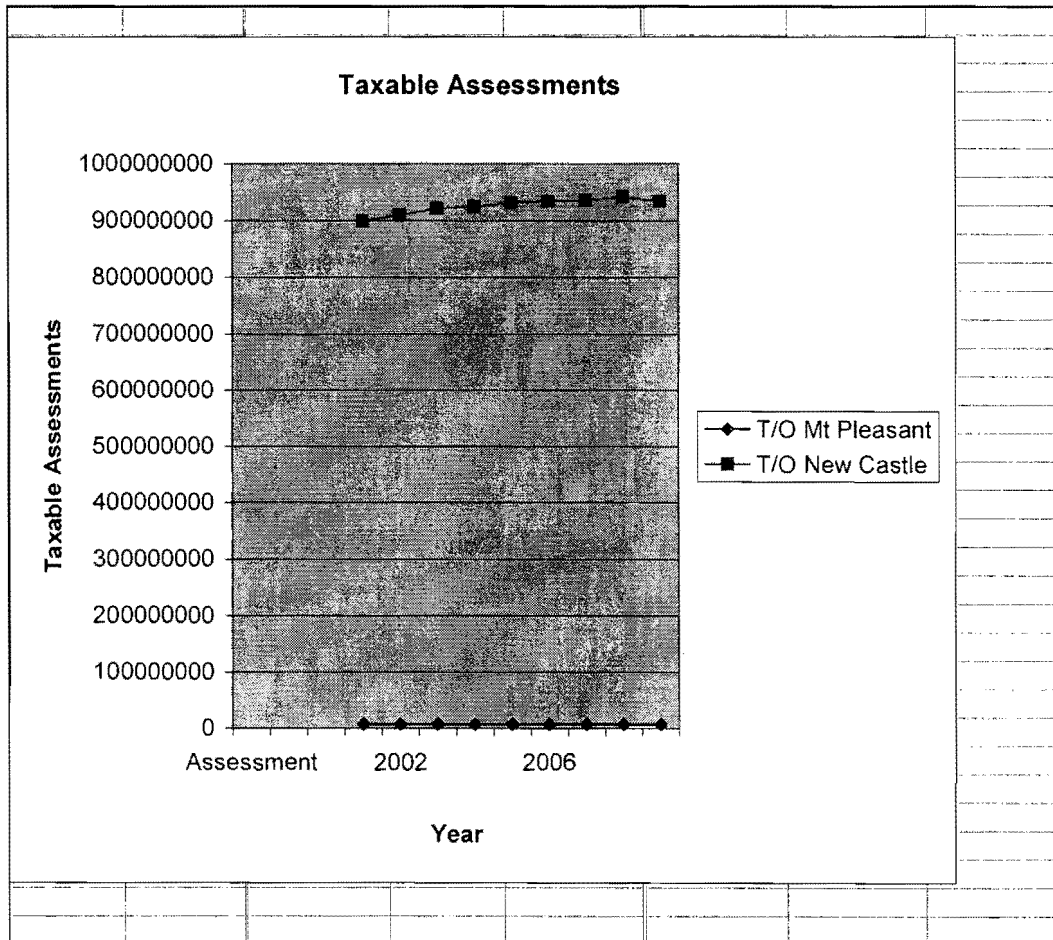
For the 2002/3 school levy Mt. Pleasants share of the school levy was 7.4% to New Castles' 92.6%.

In the proposed 2010/11 school levy Mt Pleasant share has increased to 9.1% versus 90.9% for New Castle.

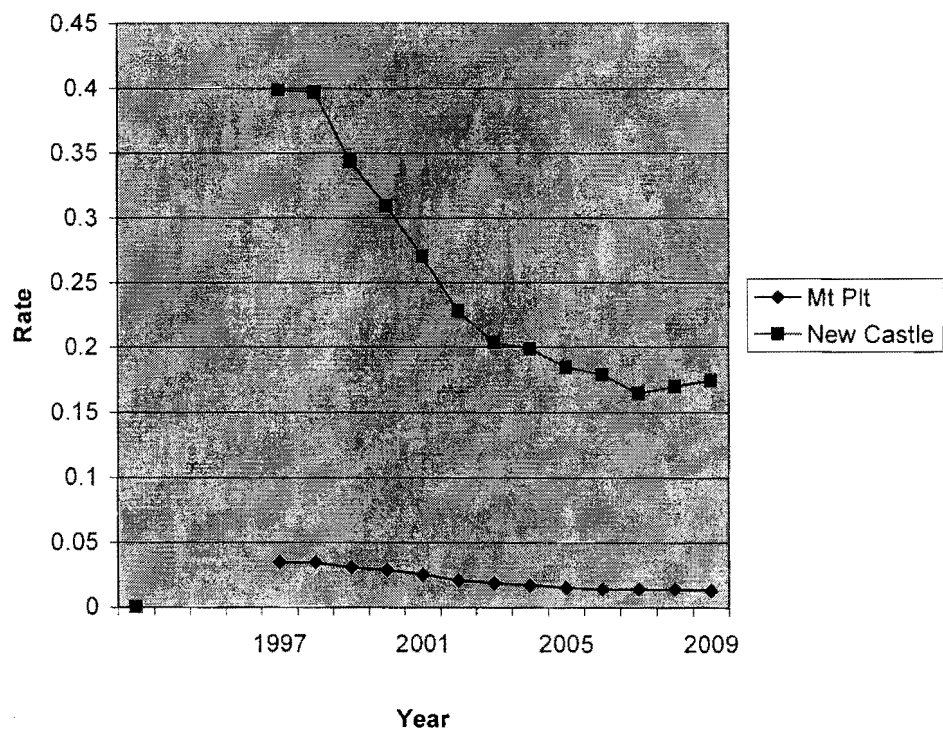
The school levy in 2001 was \$60,950,643; in the proposed 10/11 levy it is \$98,133,505, a 61% increase.

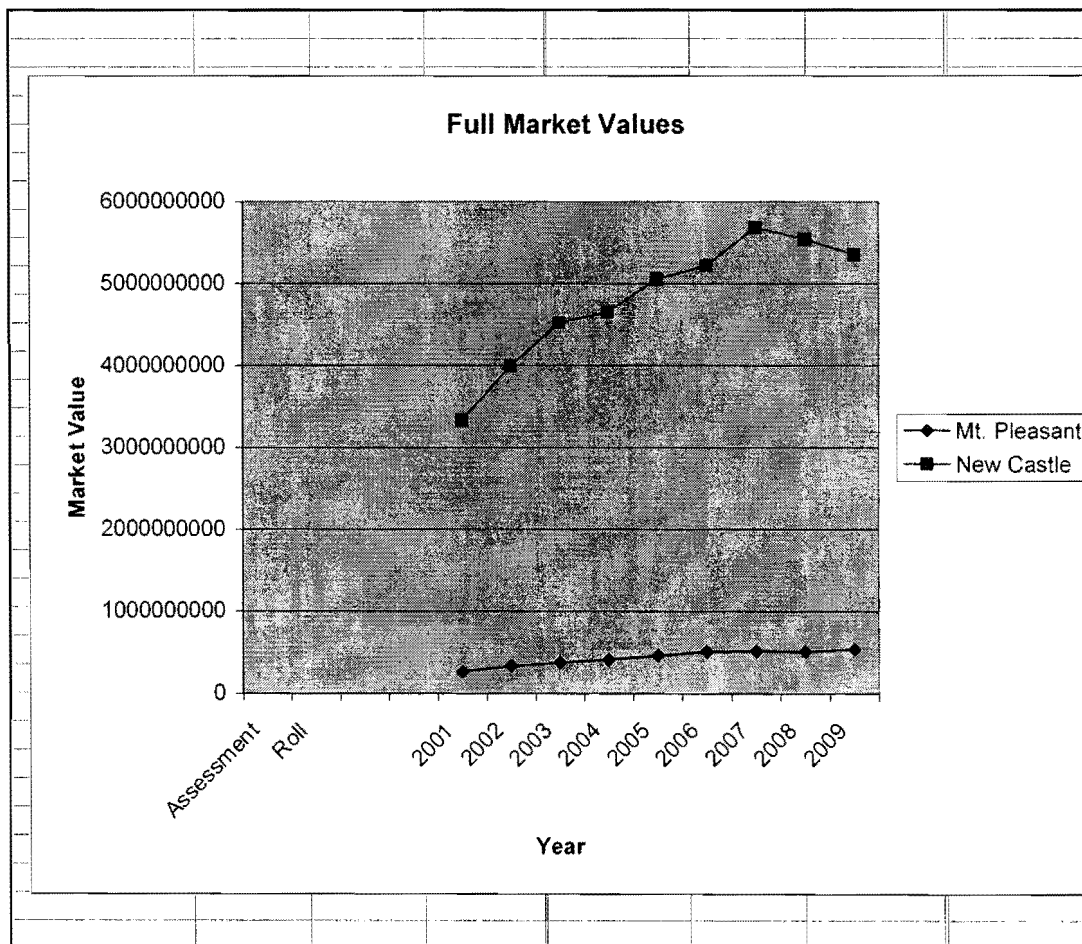
Over that same period property values have increased in total, 64%. Mt. Pleasant has increased 104%, New Castle has increased 61%.

I would expect that Mt. Pleasants equalization rate will increase next year reflecting the recent decline in values. I cannot say, because I have no way of knowing what New Castles rate will do.



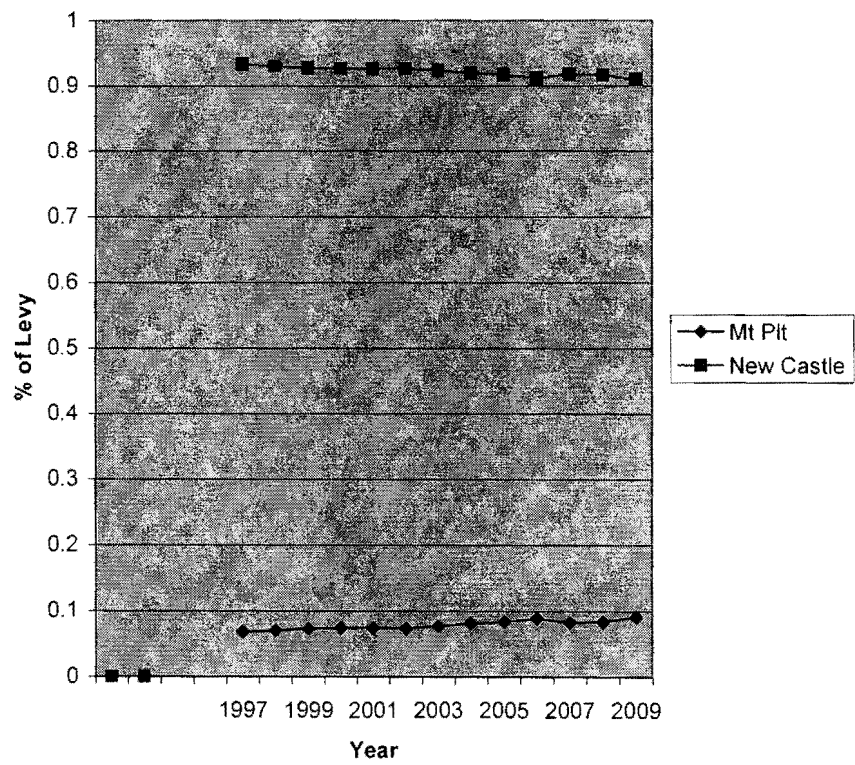
Equalization Rates







Share of Levy



## **Office of Real Property Services**

[www.orps.state.ny.us/pamphlet/under\\_eqrates.htm](http://www.orps.state.ny.us/pamphlet/under_eqrates.htm)