

Reassessment Fact Sheet

For the past two years, the town of Rotterdam contracted with a company (GAR Associates) in order to assess properties and bring them up to full market value. In fact, this is the first time that the town has been reassessed in more than 50 years.

Although the Mohonasen and Schalmont school districts played no role in the reassessment process, we know it can cause frustration, anxiety and confusion among our residents.

This is partly because there are several myths out there about how reassessment works. Understanding also is complicated by the Rotterdam Town Board’s recent decision to establish a homestead tax option — one rate for residential property owners (homestead) and another for non-residential property owners (non-homestead). The following information is intended to help clear some of the confusion.

One common mistake

When trying to estimate the impact of your new assessment, you cannot simply multiply the NEW assessment by the OLD tax rate.

The fact that property values have increased does not have an impact on the amount of money that the school district collects (i.e. the school tax levy). The chart at right shows how the hypothetical town of “Anytown’s” taxes are redistributed after a reassessment, while the Anytown School District tax levy remains the same. In Mohonasen and Schalmont, reassessment does NOT have an impact on the school tax levy. Please keep in mind that the figures in this example are NOT based on actual Schalmont and Mohonasen figures.

Hypothetical example of how taxes are redistributed after a reassessment

The **hypothetical** town of Anytown has only three properties, each with a current assessed value of \$5,000. Properties there have not been reassessed for many years. The total amount of taxes collected by the Anytown School District is \$7,500 (i.e. the school tax levy).

If Anytown is *not* reassessed, how will the \$7,500 school tax levy be shared by property owners?

| | Assessed Value | Tax Rate per \$1,000 Assessed Value | School Tax Levy |
|------------------|-----------------|-------------------------------------|-----------------|
| Property A | \$5,000 | \$500 | \$2,500 |
| Property B | \$5,000 | \$500 | \$2,500 |
| Property C | \$5,000 | \$500 | \$2,500 |
| Total | \$15,000 | | \$7,500 |

If Anytown is reassessed, how will the \$7,500 school tax levy be redistributed?

| | Assessed Value | Tax Rate per \$1,000 Assessed Value | School Tax Levy |
|------------------|------------------|-------------------------------------|-----------------|
| Property A | \$100,000 | \$15 | \$1,500 |
| Property B | \$166,667 | \$15 | \$2,500 |
| Property C | \$233,333 | \$15 | \$3,500 |
| Total | \$500,000 | | \$7,500 |

Homestead Tax Option: Who Decides What and When?

Some of the information below was taken from a Homestead Tax Option flyer produced for the Town of Rotterdam by the New York State Office of Real Property Services (ORPS). You can visit the town’s Web site at www.rotterdamny.org to download a copy.

The Rotterdam Town Board recently passed a law that gives the town and local school districts the option to create a dual tax rate, which means homeowners (residential properties) could be taxed at a different, lower rate than other properties. This is called a homestead tax option.

Because the town board approved the use of a homestead tax option, each school district – being unique – now must decide whether to accept or reject the proposal (by April 1). The consideration of this tax option will be separately decided by Mohonasen and Schalmont, which could mean that the school tax rate for each district’s residential property owners (homestead) would be

less than the school tax rate for all other property owners (non-homestead).

It is possible that one district decides to go with the Homestead tax option, and the other does not.

Each district will consider the impact of this proposal on taxpayers and will independently hold a public hearing prior to making a decision.

How are Mohonasen and Schalmont School Tax Bills Determined?

An overview of the steps in this annual process

School Decision

1. The Mohonasen and Schalmont boards of education decide on a **TAX LEVY** for the coming school year. This is the total amount of money that each board determines will be needed to balance the applicable district's school budget after state aid and other revenue sources are taken into account.

This is done before the school budget vote in **May**, but the school board can amend the school tax levy if state aid figures come in late due to a late state budget.

Town Decisions

2. Both school districts contain parts of other towns: Mohonasen encompasses Rotterdam, Guilderland and Colonie; and Schalmont encompasses Rotterdam, Guilderland, Duanesburg, Florida, and Princetown. In the spring, each town prepares an **ASSESSMENT ROLL** for that year listing all parcels of property and the assessed value of each. Information from these rolls is shared with the school district every **June**.

Note: After a town-wide reassessment, nearly every parcel of land will have a new assessment value attached to it. In other years, usually only a few properties have new assessment values. This is typically because they have been sold, subdivided or are the site of new construction.

NYS ORPS Decision

3. The New York State Office of Real Property Services (ORPS) attempts to "equalize" property assessments. It compares properties in each town, looks at how they are currently assessed and calculates an **EQUALIZATION RATE** for each town. The equalization rate represents the state's judgement of how closely assessed values in that town match true market values of the properties.

Equalization rates are sent to the school district by late **August**.

Calculations

4. In **late August**, the school district uses the total assessed value of properties in each town (#2) and the state equalization rates (#3) to calculate the percentage of the school tax levy (#1) that must be paid by property owners in that town that year. In other words, the district calculates each town's portion of the overall school tax burden.

5. Each town's portion of the school tax levy is then divided by the total assessed value of properties in that town to determine the school **TAX RATE** — per one thousand dollars of assessed value — for that town.

Printing & Mailing

6. By **September 1**, individual school tax bills are printed and mailed to property owners in each town. School tax bills are calculated using:

- The assessed value of each property,
- Any applicable exemptions (e.g. STAR), and
- That year's school tax rate for the town in which the property owner resides.

Helpful Definitions

Base proportions: Base proportions determine how the tax burden is distributed between residential and commercial properties in the town. Changes in the base proportion do not change the overall tax levy, but instead change how much of the tax levy is paid by homeowners and how much is paid by owners of commercial properties.

Equalization rate: An equalization rate represents the average level of assessment in each community. For example, an equalization rate of 80 means that, on average, the property in a community is being assessed at 80% of its full market value. The town of Rotterdam is currently assessed at 3% of its full market value.

Homestead: Residential properties.

Non-homestead: Non-residential properties, as determined by the Town Assessor.

Tax base: Assessed value of local real estate that a school district may tax for yearly operational monies.

Tax levy: Total dollars to be collected by a school district after subtracting out all other revenues, including state aid. The school tax levy is used to determine the school tax rate for property owners in each of the cities, towns or villages that make up a school district.

Tax rate: The school tax rate is the amount of school tax paid for each \$1,000 of assessed value of property.