

# Nassau County Department of Assessment

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240 Old Country Road, Mineola NY 11501



# Nassau County Assessment Administration System Review

*Analysis and Recommendations*

*May 29, 2009*

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## Executive Summary

On February 2, 2009 I started serving as Nassau County's first appointed Assessor. County Executive Thomas R. Suozzi directed me to provide him with an evaluation of the overall assessment administration system in Nassau County. The primary stakeholders in the County's assessment system are the three departments directly involved in the assessment process - the Department of Assessment, the Assessment Review Commission, and the Certiorari Division of the County Attorney's Office, now known as the Assessment Litigation Bureau. Other stakeholders include the court system that administers judicial appeals, the New York State Office of Real Property Services, the towns, villages, school districts and other taxing jurisdictions, and ultimately the property taxpayers of Nassau County.

There are over 418,000 properties in Nassau County with a market value of \$309 billion. It is the second-largest assessing entity in the State of New York after New York City. The County's assessment roll is used by 320 separate taxing jurisdictions (e.g. towns, villages, school districts, special taxing districts such as fire, sanitation and water) as the basis for apportioning \$5.3 billion in property taxes.

This review is focused on the three departments that administer the assessment process - the Department of Assessment, which produces the annual assessments, the Assessment Review Commission, which hears administrative appeals of assessments, and the Assessment Litigation Bureau of the County Attorney's Office, which defends judicial appeals of assessments.

This report is organized as follows:

### Part 1: Residential Assessments

- Residential Assessment Issues
- Recommendations: Short-term Opportunities
- Recommendations: Long-term Opportunities

### Part 2: Commercial Assessments

- Commercial Assessment Issues
- Recommendations: Short-term Opportunities
- Recommendations: Long-term Opportunities

### Part 3: Assessment Calendar

- Assessment Calendar Issues
- Recommendation

### Part 4: Assessment Operations

- Department of Assessment
- Assessment Review Commission

- County Attorney's Office

### **Primary Issues Involving the Nassau County Assessment Administration System**

We have reviewed the overall assessment administration system in Nassau County and have made a number of recommendations – and identified critical areas for further study. However, a handful of issues represent the most critical challenges and require immediate attention. All of the recommendations in this report are geared towards addressing the four primary issues outlined below:

- 1. Residential assessment appeals - the great majority of which are denied - are undermining the County's ability to further improve assessments and defend commercial valuations.**
- 2. The assessment administration system in Nassau County is one of the most non-transparent in the country. Laws regulating the assessment system make it difficult for property owners to understand the role of assessments. Other stakeholders have seized upon this misunderstanding for financial and political gain.**
- 3. Nassau County is spending \$90 million annually for tax refunds. A full 83% of them for commercial property. Commercial appeals are flooding the court system - and the lengthy process of resolving appeals increases the County's liability.**
- 4. The "silo" structure between the Department of Assessment, the Assessment Review Commission, and the County Attorney's office hinders effective planning and coordination of scarce resources.**

### **Summary of Recommendations**

#### Residential Assessment Recommendations

The public's perception of the assessment system in Nassau County is that it is unfair and inaccurate. This perception is due to four factors. 1) Property taxes are too high for the average homeowner. 2) The complexity of the assessment system makes it almost impossible for the homeowner to understand. 3) Financial and political players have further fueled the perception by taking advantage of the public's mistrust of the assessment system to make money or score political points. 4) The failure of the Department of Assessment to clearly articulate a public understanding of the improvements in the assessment system over the last five years and to properly distinguish between residential assessments – which on the whole are fair and accurate – and commercial assessments which are in need of more improvement.

As this report will clearly demonstrate, the quality of residential assessed values in Nassau County and the public's perception of these values are misaligned. In fact, statistics show that the accuracy of residential values in Nassau County exceeds industry standards set by the International Association of Assessing Officers. Yet

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approximately 110,000 residential assessment appeals are filed each year - even six years after the completion of the historic 2003 revaluation. This phenomenon is unheard of in the field of assessment administration. The County spends millions of dollars reviewing cumbersome, time-consuming appeals, which are too easily filed and most of which are ultimately proven frivolous. At the same time, imperfections in the appeals system have spawned an industry specializing in residential assessment appeals – an industry that files over 80% of these cases every year. This flood of residential appeals has overwhelmed the appeals system and diverted valuable resources from efforts to improve and defend commercial valuations. Meanwhile, the opaque bureaucracy of the current assessment process is complex and difficult to understand for the average homeowner. Each of this report's recommendations about residential assessments is geared towards improving transparency, simplifying the system, and making it more comprehensible. By accomplishing these goals, the number of assessment appeals filed each year should decline as the cloud of confusion lifts.

### **1. Improve public understanding of the residential assessment process**

The Department of Assessment will orchestrate an educational program to inform citizens about the role of assessments in the property taxation process. A carefully planned public outreach program will focus on educating the public about the quality of the County's assessments and how assessments are used. This combined with a proactive outreach program aimed at directly assisting eligible constituent groups (i.e. senior citizens, veterans, volunteer firefighters, etc.) will provide homeowners with personalized information about the Department of Assessment.

### **2. Encourage inspections by the Assessment Review Commission for those properties filing appeals**

The Assessment Review Commission has the authority to deny administrative appeals for those applicants who refuse to allow an inspection of their property. Despite this, tax representatives market their services by assuring clients that the County will not inspect their homes. The County does not have the resources to inspect all 110,000 appeals; however, by sharing and consolidating resources between departments, these inspections can start to happen.

### **3. Improve the current residential appeal system**

The current appeals system needs in-depth review. The vast majority of filings are submitted by residential tax representation firms that simultaneously file thousands of appeals applications electronically, many of which are proven to be without merit. The system is plagued by repeat filers who divert attention from those who may have legitimate appeals.

### **4. Adjust the Level of Assessment for residential properties from .25% to full market value**

The current system of setting assessed values at a fraction of the fair market value in order to comply with the 6% cap creates widespread confusion for taxpayers, and is an unintended consequence of the Coleman court decision that ordered annual reassessments in Nassau County. This past year, virtually all

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residential assessed values declined substantially. As a result, only 4% of Class 1 residential properties are now affected by the 6% cap. In order to move to full market value assessments, legislation should be passed to allow for a one year suspension of the 6% cap to move from .25% to full market value. The law that caps residential assessment increases at 6% annually is regressive, meaning that it causes the owners of lower-value properties to in effect subsidize the much higher-value homes. This 6% cap issue needs further review and discussion as part of a longer term recommendation.

### Commercial Assessment Recommendations

In Nassau County, commercial properties (Class 2, 3, 4) account for more than 80% of the tax certiorari refunds every year, yet they make up fewer than 10% of all parcels in Nassau County. While residential properties get much more attention from public officials and the local media, commercial properties are actually the main source of the tax certiorari refund issue in the County. Reforming this area of the assessment system will have the greatest impact on reducing the County's tax liability, and will be the main focus of the Department of Assessment as it moves forward.

#### **1. Focus the County's appraisal resources on valuing the highest assessed properties annually**

The 500 highest-valued commercial properties in Nassau County make up 34% of the total value of all Class 2 and 4 properties. The combined appraisal resources of the Assessment Review Commission and the Department of Assessment will be used to make sure that these properties are valued as accurately as possible for the 2011/2012 tax year.

#### **2. Cooperate more closely with the tax certiorari industry**

The commercial Tax Certiorari industry in Nassau County needs to start cooperating more fully with the Assessment Review Commission to help manage the case flow of appeals. Closer and better cooperation between the industry and the County will help both the property owner and the County make sure the most meritorious cases are addressed, and that resources are not wasted on reviewing frivolous appeals filed merely to protect and/or retain a client.

#### **3. Make sure that key valuation criteria (capitalization rates, expense ratios, etc.) are standardized between the Department of Assessment, the Assessment Review Commission, and the County Attorney**

#### **4. Adjust the Level of Assessment for commercial properties from 1% to full market value**

Full-value assessments will make individual assessments more transparent and understandable.

#### **5. Eliminate "transitional" assessments on commercial properties**

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The complexity of transitional assessments confuses both those administering transitional assessments and commercial property owners and their representatives as well.

### **6. Create a special “tax court” to deal with commercial appeals**

Many states have special “tax courts” that specialize in real estate law and valuation to hear commercial property tax certiorari cases. This model should be studied further as a possible long-term improvement to the system.

### Assessment Calendar Recommendations

The assessment calendar in Nassau County is lengthy. Shortening the time between the issuance of the tentative assessment roll and when tax bills are issued by the various taxing jurisdictions would greatly reduce the system’s complexity and make it easier for property owners to understand. There are various models that merit consideration but given the number of stakeholders who would be affected by such a change – e.g. school boards, towns, and other taxing jurisdictions, the issue requires much more study and thoughtful deliberation.

#### **1. Revise the assessment calendar to shorten the amount of time between the tentative assessment notice and the first tax bill**

### Operational Recommendations

This report contains many operational recommendations for each of the three departments involved in the assessment system in Nassau County. Those listed below represent the most important for improving operations.

#### Department of Assessment

- 1. Reorganize the Department of Assessment**
- 2. Shift resources within the Department of Assessment more effectively to manage peak periods of activity**
- 3. Increase the number of staff who collect and analyze commercial property data**

#### Assessment Review Commission

- 1. Improve the Assessment Review Commission’s coordination with the Department of Assessment and the County Attorney’s Office**
- 2. Institute a case management system within the Assessment Review Commission and update the methodology for estimating refund liability**

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- 3. Strengthen 523-b of the New York State Real Property Tax Law to give the Assessment Review Commission the right to dismiss an application and preclude judicial review due to a failure to provide adequate documentation**

### County Attorney's Office

- 1. Closely coordinate resources between the County Attorney's Office, the Department of Assessment and the Assessment Review Commission to prepare, manage and defend the current appeal caseload**
- 2. Develop an interdepartmental defense team to track the largest cases that represent the largest liability. This will include using in-house appraisers to try cases as well as involving an appraiser/assessor in settlement decisions**
- 3. Work with the Office of Court Administration to better manage the court calendar in order to encourage final settlements with the Assessment Review Commission**

### Introduction

This report is a preliminary review of the assessment administration system in Nassau County.

On February 2, 2009, I started serving as the first appointed Assessor in Nassau County. County Executive Thomas R. Suozzi directed me to provide him with an evaluation of the County's overall assessment system. In Nassau County, the three departments directly involved in the process are the Department of Assessment, which produces the annual assessments, the Assessment Review Commission, which hears appeals of assessments, and the Assessment Litigation Bureau of the County Attorney's Office, which defends appeals of assessments.

*...changing the Department of Assessment from an independent department run by an elected official to a department within the County system has already greatly facilitated communication, coordination, and planning.*

Over the course of this review, I have consulted with key staff-members of all three departments, County legislators and other elected officials, the heads of the Finance Department and the Tax Commission of New York City, the State of New York Office of Real Property Services, the Office of the Nassau County Comptroller, national experts, and countless other stakeholders. Additionally, the Department of Assessment, the Assessment Review Commission, and the County Attorney's Office have been meeting weekly and have already taken some key steps to more closely coordinate resources and efforts. All three departments have noted that changing the Department of Assessment from an independent department run by an elected official to a department within the County system has already greatly facilitated communication,

coordination, and planning.

This report offers observations and recommendations about the current system as it stands today. Due to the sheer complexities of the Nassau County assessment system, analyzing its structure and evaluating its strengths and weaknesses - just to this point - has been a massive undertaking. In effect, this review should in many ways be regarded as part of a long-term work plan for continuous improvement to the overall assessment system.

In March of 2000, New York State Supreme Court judge, the Honorable F. Dana Winslow ordered Nassau County to perform its first reassessment since 1938 as the result of a settlement of a class action suit (Coleman v. County of Nassau) brought against the County. The court decision ordered a progressive system of annual valuation updates which the County continues to perform today. The reassessment process was initiated in 2000 and completed in 2003. This major change eliminated an unfair and inequitable system which the Court ruled had allowed large groups of taxpayers to pay much less than their fair and proportionate share of property taxes, while many others were forced to pay far more. Additionally, tax certiorari refunds (i.e. the money paid back to property owners for over assessments) had cost the County over \$826 million in the decade before its first reassessment in 2003 and brought the County to the brink of bankruptcy.

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In May 2000, the Board of Assessors formally issued a Request for Proposal (RFP) to select a vendor to help the County and lead the effort to reassess all real property for Classes 1, 2 and 4. Two bidders responded to the RFP. The Board of Assessors awarded the \$34.3 million dollar contract to the Cole-Layer-Trumble Company (CLT) of Dayton, Ohio, on August 17, 2000. Cole-Layer-Trumble's contract was finalized and approved by the County Legislature's Rules Committee on a vote of 5-4 on August 28, 2000.

***The property taxes paid by homeowners today are far more fair and equitable than they were before the first revaluation back in 2003.***

The revaluation placed certain restrictions on what the County could and could not do during the reassessment process. For example, no interior inspections of properties were permitted, exterior inspections had to be performed from the sidewalk, and the County was forced to utilize property data that had been collected in 1938 (and subsequently updated via building permits) to revalue residential property and 1986 data for commercial property. The

process was completed, certified by New York State's Office of Real Property Services, and approved by Judge F. Dana Winslow. In concurrence with the Coleman decision, the Department of Assessment updated the new valuations for 2004, 2005, and 2006, and has continued to update assessments annually.

Since that initial reassessment, a great deal of progress has been made towards achieving needed reforms to Nassau County's assessment administration system and improving the quality of assessments. The property taxes paid by homeowners today are far more fair and equitable than they were before the first court-ordered revaluation back in 2003.

In 2003, a new department, the Assessment Review Commission, was legislatively created to oversee a new administrative appeals process and give property owners wanting to challenge their assessments a chance to do so before filing an appeal in court. The new Commission was modeled after New York City's Tax Commission, with the key exception that Nassau County's Assessment Review Commission was given a lengthy fourteen-month period to review administrative appeals compared to six months in New York City or a similar time in other jurisdictions. The reason for the extended period was to give the Assessment Review Commission enough time to review all the appeals, and make any adjustments to the tentative roll before it became final. This would allow the County to avoid a tax refund liability. The Assessment Review Commission was essentially designed to resolve appeals administratively before assessments are finalized, thus sparing the County the need to pay future tax refunds.

In November 2008, the citizens of Nassau County voted for a Charter change calling for the elimination of their elected assessor in favor of a professionally-qualified assessor appointed to the post by the County Executive with the Legislature's approval. This was another major step towards reforming Nassau County's assessment system. For the first time, all three departments – the Department of Assessment, the Assessment Review Commission, and the County Attorney's Office – now operate under the aegis of the County Executive's Office, and the Department of Assessment is no longer an independent agency under an elected official. This change provides a unique opportunity to foster new and unprecedented levels of communication, coordination,

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and sharing of resources between all three departments. Many of these opportunities will be discussed in this report.

Yet even with these improvements, Nassau County's assessment system remains mired in public controversy. The County spends millions of dollars reviewing cumbersome, time-consuming appeals, which are too easily filed and many of which are ultimately proven frivolous. The three government agencies involved in the assessment administration process often duplicate functions and historically have not efficiently shared resources. At the same time, the sheer complexity of the appeals system has inadvertently spawned a minor industry specializing in lucrative assessment appeals cases, and while this industry understandably seized the financial opportunity, the resulting lengthy appeals cases, high-dollar refund settlements and accrued interest

***Suffering the most from all this is the average property taxpayer – shown by research to be the clear loser in the current appeals system***

over time have had the effect of diverting hard-earned property tax dollars away from services that should really benefit property owners. Facilitating it all is a byzantine bureaucracy, its parts grafted together often for well-meaning reasons. Like layer upon layer of cobwebs, the resulting non-transparent system of intertwined and overlapping bureaucracy that has grown up over time obscures the cost, especially to small homeowners.

As a result, six years after the completion of the historic 2003 revaluation, the assessment system in Nassau County is still overwhelmed by one of the highest levels of appeals in the entire country. The County pays out almost \$90 million a year in property tax refunds, most of which (83%) go to commercial property owners and their tax representatives. Also unparalleled is the extraordinary level of annual residential appeals – averaging about 110,000 a year over the last six years – compared to fewer than 1,000 a year on average in New York City.

Despite this unprecedented flood of residential appeals in Nassau County, statistical analyses undertaken for this report demonstrates that the accuracy of residential values in the County far exceeds industry standards set by the International Association of Assessing Officers. In spite of the facts, our research has also found that the growth in the residential appeals industry is actually fostered by the current system. Misinformation is spread by the appeals industry's incessant marketing and further aided, often inadvertently, by a variety of well-intentioned but misinformed public officials - who in essence should be stakeholders in upholding Nassau County's assessment system. Public confusion is also made possible in large part by the system's very opacity. Meanwhile, the facts show that the flood of residential appeals is diverting scarce public resources from the County's vitally important mission of providing defensible values for commercial property to reduce its tax refund liability. Suffering the most from all this is the average property taxpayer – shown by research to be the clear loser in the current appeals system – even for homeowners who do file successful appeals. Too many property owners' precious tax dollars are being spent defending frivolous appeals. For too long, other stakeholders outside the assessment system have been allowed to shape public perception, while the Department of Assessment has responded ineffectively to misinformation. It is time to stop the financial hemorrhage, and start reshaping the public's opinion and understanding of just what assessments are all about, and who really benefits from the system as it currently stands.

### Primary Stakeholders

The assessment process in Nassau County consists primarily of three components. The first is the Department of Assessment which sets the values on all properties in Nassau County. The second is the Assessment Review Commission which reviews all assessment appeals filed by property owners in an attempt to adjust values prior to the assessment roll becoming final. The third component is the court system which handles assessment appeals that could not be settled administratively by the Assessment Review Commission. Residential cases are managed through the Small Claims Assessment Review Division of the Department of Assessment and commercial cases are managed by the County Attorney's office.

The Department of Assessment is charged with developing fair and equitable assessments for all residential and commercial properties in Nassau County on an annual basis using a four-property class system comprised of Class 1 (Residential), Class 2 (Co-ops and Condos over three stories), Class 3 (Public Utilities) and Class 4 (Commercial).

The department has a staff of approximately 250 employees and a budget of \$16.3 million. It collects and records relevant residential, commercial and industrial property information and reviews over 20,000 building permits each year, confirming all new construction and updating the resulting new value on the next assessment roll. The department maintains property records, tax maps, answers public inquiries, assists the public through its outreach program, and processes applications for property tax exemptions and the Basic and Enhanced STAR programs for qualifying Nassau County homeowners.

The Assessment Review Commission is an independent agency, separate from the Department of Assessment. Created in 1998, this commission is responsible for annually reviewing all applications for correction of assessment filed in Nassau County. The commission operates with a staff of 43 and a budget of \$5.6 million. Its staff includes 25 real estate appraisers who, on average, have 20 years experience each appraising both residential and commercial properties.

The Assessment Review Commission has the authority to review current assessment appeal applications and any open challenges for the three previous tax years. Its overall mission is to review every assessment challenge and attempt to resolve the backlog of outstanding cases.

As mentioned above, if property owners do not agree with the Assessment Review Commission's decision, they have the right to appeal that determination in the court system. All residential and commercial appeals are filed in New York State Supreme Court. The Small Claims Assessment Review division handles residential appeals and the Certiorari division of the Supreme Court manages the commercial appeals.

The Department of Assessment's Small Claims Assessment Review division was established in 2005 to defend residential appeals at hearings conducted in New York State Supreme Court. Small Claims Assessment Review cases are handled by a court appointed hearing officer who analyzes evidence submitted by the property owner and the County and issues a decision within 30 days of the hearing. The division is staffed

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with over 50 employees (appraisers, real estate brokers, tax certiorari paralegals and attorneys).

The Office of the County Attorney maintains an Assessment Litigation Bureau that handles real property tax review cases known as Article 7 proceedings (i.e. court cases involving commercial property assessments) for commercial properties. The Bureau has 21 employees and represents the County in Supreme Court on all Article 7 proceedings. The Bureau also defends and litigates issues involving tax exemptions, restoration of taxes and corrections of errors.

Together, the Department of Assessment, the Assessment Review Commission and the County Attorney's Office have all played key roles in Nassau County's assessment system since the County began to update its method of assessing properties in the spring of 2000. The three departments have made great strides over the last six years to improve the quality of the assessment system in Nassau County. The County's tax refund liability of the County remains about the same as it was when annual reassessments began and while that amount remains unacceptably high, the tax refund amount is not increasing. The Assessment Review Commission has been a major factor in preventing the County's liability from increasing and protecting property owners from over-assessments. The County Attorney's office has become much more actively involved in the tax certiorari process and is increasingly coordinating efforts with the Assessment Review Commission and the Department of Assessment. Further cooperation and coordination will continue to yield positive results and improve the assessment system.

### Residential Assessments

Residential properties (Class 1) in Nassau County make up more than 90% of all parcels in Nassau County. However, they account for less than 20% of the tax certiorari refunds every year. Residential property assessments receive much more attention from public officials and the local media; but the concern focuses mainly on high property taxes, not tax certiorari refunds. It is important to note that high property taxes have been a serious issue in Nassau County for years – well before the initial revaluation. High property taxes in Nassau County are not caused by assessments. Essentially, the more government spends, the more the taxpayer will have to pay.

### Public Understanding

*Compared to other assessing entities, Nassau County's assessment system is easily one of the most complex, opaque and confusing in the country, particularly for taxpayers.*

The 2010/2011 tentative assessment roll released this past January 2 represented the sixth annual valuation updates of Nassau County properties since the first one for the 2004/2005 tax year. It was widely expected that this first court-ordered revaluation (the first one in over 60 years) would result in a large number of homeowners filing an assessment appeal due to the significant change in their assessed property values. In most other jurisdictions the number of assessment appeals drops over time as property owners get used to annual valuation updates on their properties. Unfortunately, in Nassau County over 100,000 residential assessment appeals have been filed every year since the 2004/2005 tax year. This section will attempt to explain why such a large volume of appeals is filed in the county each year.

Compared to other assessing entities, Nassau County's assessment system is easily one of the most complex, opaque and confusing in the country, particularly for taxpayers. New York is one of only three states that do not have a statewide assessing standard and it is one of twelve states that do not mandate a reassessment cycle on a statewide basis. This lack of statewide standards and policies has left assessment practices in the hands of local assessing entities and has resulted in a complex patchwork of laws and regulations. Due to of the obscure nature of the system that has evolved over time, various stakeholders throughout Nassau County have taken advantage of this for their own purposes adding yet another layer of confusion to the assessment system in the process.

Many elected officials at every level of government in Nassau County have blamed assessments for high property-taxes and led homeowners to believe that the Department of Assessment is responsible for these high property taxes. But the truth is much more complex and difficult to explain to taxpayers. The argument that higher assessments automatically equal higher property taxes is patently false.

Residential tax representation firms have also blamed the Department of Assessment for high property taxes. These firms have sent out hundreds of thousands of mailings using language such as "*County to homeowners filing tax appeals: DROP DEAD*" and making other misleading claims that fan misconceptions about the assessment system. The outcome of all this posturing has led to a public perception that conveniently

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caricatures the assessment system in Nassau County as flawed to the core with taxpayers suffering as a result.

While residential property owners who receive reductions in their assessment may see a drop in their individual tax bill, an analysis of the data indicates that reductions in assessments cause all homeowners to actually wind up paying more in taxes on average. The reason for this is quite straightforward. The tax rate for each of the 320 taxing jurisdictions in Nassau County is calculated by using two numbers. The first is the taxable assessed value (i.e. the total assessed value of properties within a taxing jurisdiction after reductions for exemptions) set by the Department of Assessment and the second is the tax levy (i.e. the amount of money to be raised through property taxes) which is determined by the taxing jurisdiction such as a school district, a town, or a sanitation district. As shown in the table below, if all the property in school district X has a total taxable assessed value of \$80,000,000 and the school district tax levy is \$5,000,000, the tax rate is \$6.25. **If values decline by 5%** and the total taxable assessed value of property in school district X drops to \$76,000,000 (from \$80,000,000), the tax rate will increase proportionately to \$6.58. **If values go up 5%** and the taxable assessed value of school district X increases to \$84,000,000 (from \$80,000,000), the tax rate will decrease proportionately to \$5.95.

Taxable Assessed Value	Tax Levy	Tax Rate
\$ 84,000,000	\$ 5,000,000	\$ 5.95
\$ 80,000,000	\$ 5,000,000	\$ 6.25
\$ 76,000,000	\$ 5,000,000	\$ 6.58

*The tax rate is calculated as follows: (tax levy ÷ taxable assessed value) X 100*

It is important to note that once a taxing jurisdiction has determined the amount of property tax revenue to be budgeted in a fiscal year and sets its tax levy, it is obligated to raise that amount in property taxes, regardless of what the taxable assessed value is. In other words, school district X will receive its \$5,000,000 in property taxes (the tax levy), whether the total taxable assessed value is \$84,000,000, \$80,000,000, or \$76,000,000. A homeowner's assessment only determines his or her proportionate share of that \$5,000,000. Reductions in assessments shift a portion of the tax burden off the shoulders of one homeowner onto those of another, and as a result, everyone pays more on average in almost every case. Contrary to widespread belief, overall assessment reductions have a negative net result on the average taxpayer.

***The argument that higher assessments automatically equal higher property taxes is patently false.***

As the table below shows, if no assessment appeals had been filed for the 2008/2009 tax year, 96% of school districts in Nassau County would have had a lower school tax rate and homeowners in 78% of Nassau County's school districts would have seen a lower average school tax bill.

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## COMPARISON OF TENTATIVE TO FINAL 2008/09 CLASS ONE SCHOOL TAX RATES

DISTRICT	2008/09 TENTATIVE TAX RATE	2008/09 FINAL TAX RATE	TENT. AVG. ASSESSED VALUE	FINAL AVG. ASSESSED VALUE	TENT. AVG. BILL	FINAL AVG. BILL	AVG. BILL DIFFERENCE
Amityville (Jt.)	\$ 520.950	\$ 511.434	892	819	\$ 4,646.87	\$ 4,188.64	\$ (458.23)
Baldwin	\$ 648.865	\$ 659.872	1105	1093	\$ 7,169.96	\$ 7,212.40	\$ 42.44
Bellmore	\$ 566.090	\$ 577.474	1393	1371	\$ 7,885.63	\$ 7,917.17	\$ 31.53
Bethpage	\$ 471.369	\$ 476.773	1235	1227	\$ 5,821.41	\$ 5,850.00	\$ 28.60
Carle Place	\$ 466.115	\$ 471.968	1269	1263	\$ 5,915.00	\$ 5,960.96	\$ 45.96
Cold Spring Harbor (Jt.)	\$ 399.964	\$ 407.499	4487	4398	\$ 17,946.38	\$ 17,921.81	\$ (24.58)
East Meadow	\$ 560.463	\$ 570.674	1168	1155	\$ 6,546.21	\$ 6,591.28	\$ 45.08
East Rockaway	\$ 550.162	\$ 557.445	1086	1078	\$ 5,974.76	\$ 6,009.26	\$ 34.50
East Williston	\$ 503.187	\$ 509.943	2876	2835	\$ 14,471.66	\$ 14,456.88	\$ (14.77)
Elmont	\$ 503.230	\$ 508.271	1054	1050	\$ 5,304.04	\$ 5,336.85	\$ 32.80
Farmingdale (Jt.)	\$ 612.413	\$ 621.954	1112	1101	\$ 6,810.03	\$ 6,847.71	\$ 37.68
Floral Pk-Bellerose (Jt.)	\$ 426.633	\$ 432.652	1323	1310	\$ 5,644.35	\$ 5,667.74	\$ 23.39
Franklin Square	\$ 454.006	\$ 463.572	1222	1204	\$ 5,547.95	\$ 5,581.41	\$ 33.45
Freeport	\$ 604.735	\$ 610.106	957	954	\$ 5,787.31	\$ 5,820.41	\$ 33.10
Garden City	\$ 365.200	\$ 371.185	2361	2325	\$ 8,622.37	\$ 8,630.05	\$ 7.68
Great Neck	\$ 324.203	\$ 327.188	3026	3000	\$ 9,810.38	\$ 9,815.64	\$ 5.26
Hempstead	\$ 594.636	\$ 597.513	879	876	\$ 5,226.85	\$ 5,234.21	\$ 7.36
Herricks	\$ 485.200	\$ 492.333	1852	1830	\$ 8,985.90	\$ 9,009.69	\$ 23.79
Hewlett-Woodmere	\$ 697.970	\$ 721.330	1790	1743	\$ 12,493.66	\$ 12,572.78	\$ 79.12
Hicksville	\$ 395.120	\$ 398.573	1103	1100	\$ 4,358.17	\$ 4,384.30	\$ 26.13
Island Park	\$ 362.357	\$ 366.048	1086	1079	\$ 3,935.20	\$ 3,949.66	\$ 14.46
Island Trees	\$ 519.730	\$ 524.731	1047	1042	\$ 5,441.57	\$ 5,467.70	\$ 26.12
Jericho (Jt.)	\$ 504.279	\$ 506.275	2654	2643	\$ 13,383.56	\$ 13,380.85	\$ (2.72)
Lawrence	\$ 335.300	\$ 342.248	1757	1728	\$ 5,891.22	\$ 5,914.05	\$ 22.82
Levittown	\$ 720.352	\$ 734.812	1050	1037	\$ 7,563.70	\$ 7,620.00	\$ 56.30
Locust Valley	\$ 362.699	\$ 386.773	3439	3374	\$ 12,472.01	\$ 13,051.01	\$ 579.00
Long Beach	\$ 357.060	\$ 360.700	1698	1678	\$ 6,062.88	\$ 6,052.55	\$ (10.33)
Lynbrook	\$ 555.803	\$ 564.945	1292	1278	\$ 7,180.97	\$ 7,220.00	\$ 39.02
Malverne	\$ 601.114	\$ 610.481	1056	1046	\$ 6,347.76	\$ 6,385.63	\$ 37.87
Manhasset	\$ 323.691	\$ 330.418	3576	3489	\$ 11,575.19	\$ 11,528.28	\$ (46.91)
Massapequa	\$ 515.365	\$ 524.103	1396	1379	\$ 7,194.50	\$ 7,227.38	\$ 32.88
Merrick	\$ 570.917	\$ 587.931	1548	1510	\$ 8,837.80	\$ 8,877.76	\$ 39.96
Mineola	\$ 429.263	\$ 435.351	1263	1252	\$ 5,421.59	\$ 5,450.59	\$ 29.00
NHP-GCP	\$ 439.437	\$ 445.655	1342	1330	\$ 5,897.24	\$ 5,927.21	\$ 29.97
North Bellmore	\$ 583.861	\$ 593.990	1182	1168	\$ 6,901.24	\$ 6,937.80	\$ 36.57
North Merrick	\$ 589.598	\$ 599.952	1226	1210	\$ 7,228.47	\$ 7,259.42	\$ 30.95
North Shore	\$ 407.124	\$ 411.500	2164	2143	\$ 8,810.16	\$ 8,817.42	\$ 7.25
Oceanside	\$ 509.375	\$ 520.383	1256	1232	\$ 6,397.75	\$ 6,411.12	\$ 13.37
Oyster Bay-E. Norwich	\$ 328.273	\$ 331.286	2662	2603	\$ 8,736.99	\$ 8,623.37	\$ (113.61)
Plainedge	\$ 677.314	\$ 690.365	1164	1150	\$ 7,883.93	\$ 7,939.20	\$ 55.26
Plainview- OB	\$ 610.819	\$ 616.024	1466	1439	\$ 8,951.55	\$ 8,861.51	\$ (90.05)
Port Washington	\$ 426.485	\$ 433.478	2434	2399	\$ 10,380.64	\$ 10,399.14	\$ 18.49
Rockville Centre	\$ 535.956	\$ 542.438	1790	1768	\$ 9,593.61	\$ 9,590.30	\$ (3.31)
Roosevelt	\$ 612.707	\$ 615.214	727	728	\$ 4,454.38	\$ 4,478.76	\$ 24.38
Roslyn (Jt.)	\$ 567.159	\$ 577.052	2312	2280	\$ 13,112.72	\$ 13,156.79	\$ 44.07
Seaford	\$ 531.996	\$ 542.436	1197	1181	\$ 6,367.99	\$ 6,406.17	\$ 38.18
Syosset	\$ 585.701	\$ 592.153	2137	2100	\$ 12,514.48	\$ 12,437.19	\$ (77.29)
Uniondale	\$ 443.336	\$ 429.484	912	916	\$ 4,043.22	\$ 3,934.07	\$ (109.15)
Valley Stream # 24	\$ 483.443	\$ 489.525	1058	1055	\$ 5,114.83	\$ 5,164.49	\$ 49.66
Valley Stream # 30	\$ 462.080	\$ 466.365	1052	1050	\$ 4,861.08	\$ 4,896.83	\$ 35.75
Valley Stream 13	\$ 559.564	\$ 570.187	1145	1132	\$ 6,407.01	\$ 6,454.52	\$ 47.51
Wantagh	\$ 587.657	\$ 596.970	1304	1288	\$ 7,663.05	\$ 7,688.97	\$ 25.93
West Hempstead	\$ 519.643	\$ 530.166	1166	1148	\$ 6,059.04	\$ 6,086.31	\$ 27.27
Westbury (Jt.)	\$ 639.447	\$ 651.593	1199	1176	\$ 7,666.97	\$ 7,662.73	\$ (4.24)

### Residential Assessment Quality

Most conclusively, the Department of Assessment has measured the County's assessments against industry standards and found that not only do the assessed values meet industry standards, they exceed them. The purpose of an assessment roll is to make sure the values put on properties are accurate, consistent and reflective of the market. Assessment professionals use an industry-accepted analysis tool called a Coefficient of Dispersion (COD) study to help determine the overall quality and uniformity of assessed values. The COD is defined as the average deviation of a group of sales-to-assessment ratios around the median of those ratios. A sales-to-assessment ratio is established by dividing the assessed value of a property by its sales price. For example, if a property sells for \$400,000 and the market value is \$400,000 as determined by the Department of Assessment, the sales-to-assessment ratio is 1 ( $400,000/400,000=1$ ). The closer the sales-to-assessment ratios are to the median, the greater the degree of uniformity. As uniformity increases, the COD decreases.

***The results of the COD study indicated that the uniformity of assessments for residential properties between the 2007 and 2011 tax years well exceeded the International Association of Assessing Officers standards***

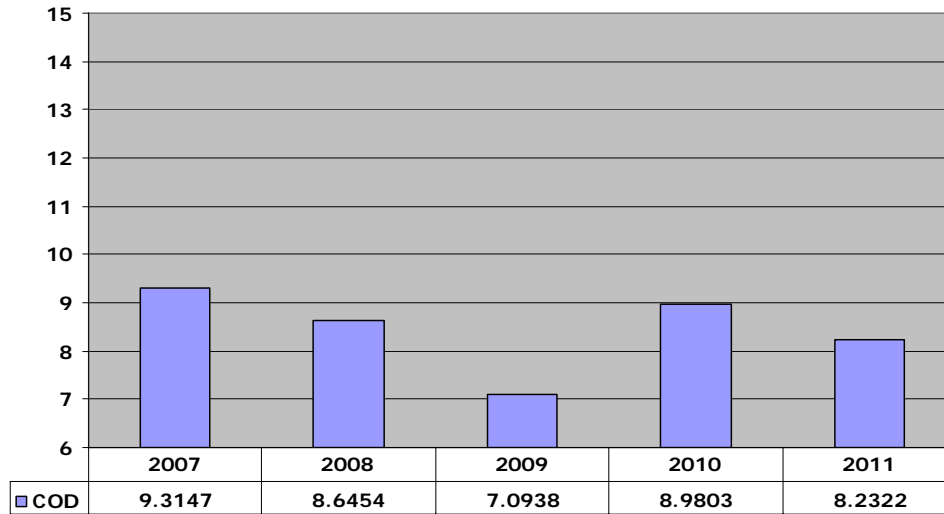
The International Association of Assessing Officers has developed industry-accepted standards for COD levels that have been adopted by the New York State Office of Real Property Services. The International Association of Assessing Officers has determined that the COD for single-family residential homes in older heterogeneous areas such as Nassau County should be at or below 15%.

As part of this review, in February 2009, the Department of Assessment launched a five-year COD analysis of all Class 1 residential properties in Nassau County. The purpose of the analysis was to determine whether or not Nassau County met the COD standards developed by the International Association of Assessing Officers.

The results of the study indicated that the uniformity of assessments for residential properties between the 2007 and 2011 tax years well exceeded the International Association of Assessing Officers standards. Nassau County's residential COD has been between 9.317% and 7.0938% since the 2007 tax year. The figures indicate that the COD for Class 1 properties in Nassau County exceeds the standards set by the International Association of Assessing Officers and clearly demonstrates an acceptable level of assessment uniformity.

## Nassau County Assessment Administration System Review

5-Year COD Analysis Countywide 2007 - 2011



The results of this COD study have been further validated by the fact the New York State Office of Real Property Services (ORPS) has recognized Nassau County with an "Excellence in Equity Award" for county-wide assessing for six years in a row. This award is given to assessing units that conduct reassessments which meet national standards. Additionally, annual reassessments have allowed Nassau County to become eligible for State Aid for Quality Assessing. This State Aid grants \$5 per parcel (up to \$500,000) to assessing units that meet the qualifications. Nassau County has received the maximum amount of State Aid every year since the original reassessment back in 2003.

The NY State Office of Real Property Services has also commended Nassau County many times on the quality of its assessment administration system. Below are quotes from a recent letter received in March by the Assessor from the NY State Office of Real Property Services.

*"By your successful completion of an annual reassessment, the taxpayers in your community are receiving the benefits of equitable assessments that reflect current market value. Your municipality should be proud of its exemplary efforts. Thank you for achieving the highest levels of quality assessment administration"*

*"In addition, you should also recognize that, by achieving and maintaining assessment equity, your community is acting as a model of quality assessment practices for municipalities statewide. I commend your assessor for maintaining a system of real property tax administration that meets the highest standards set by the State."*

***...residential assessments in Nassau County are much more accurate than publicly portrayed.***

The argument is often made that if the Department of Assessment could set correct values on properties from the start, the number of appeals would drop and confidence in the system would return. While there is a certain logic to that notion, the reality is somewhat

## Nassau County Assessment Administration System Review

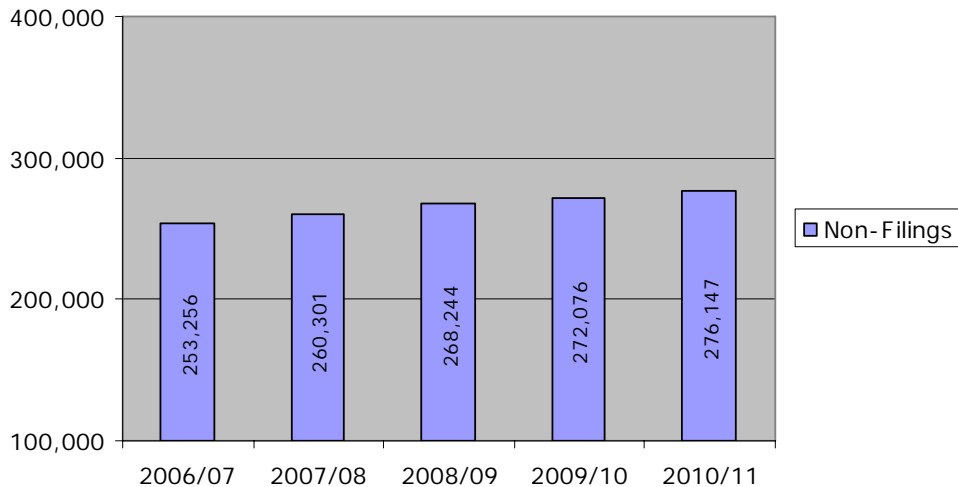
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more complex and nuanced. When most homeowners prepare to sell their home, they will often use a real estate agent to help them set a sales price. The real estate agent will likely suggest a range of sales prices they think the home could fetch (e.g. \$450,000 - \$500,000). Another real estate agent might suggest a slightly different sales price range. The same holds true for appraisers. A homeowner could get three different appraisers to assess the value of their property and it is very likely that the homeowner will hear three different numbers. However, if the appraisers are good, all three values should be within a margin of error of each other. The point is that putting a value on a property is not an exact science and there is no single "right" value. There certainly should be an acceptable range of value (e.g.  $\pm 10\%$ ) for a given property but pinpointing "the" precise value is ultimately illusory.

There is a lot of evidence available to prove that residential assessments in Nassau County are much more accurate than publicly portrayed. The public perception that the assessment system is wholly broken does not align with reality. This section will review these data points to support the argument that assessed values for residential properties in Nassau County are, on the whole, fair and accurate.

As seen below, 7 out of 10 homeowners on average in Nassau County do not file an appeal despite the fact that it is fairly easy to do. Given the large number of properties in Nassau County, the other 3 out of 10 homeowners own roughly 125,400 properties, which is not insignificant. Over the last five tentative assessment rolls, the percentage of homeowners filing an appeal dropped from 34% in 2006/07 to 28% in 2010/11. The reality, which is supported by the data, clearly shows that most Nassau County homeowners do not file an appeal and accept the assessed value put on their home. Furthermore, the number of homeowners not filing each year is increasing.

**Residential Non-Filings 2007 - 2011**



While the number of residential appeals has remained high, the figures have been trending downward, even if slowly. This is a positive sign that things are headed in the right direction. Because of this, many of the residential recommendations in this report are designed more towards making the assessment system in Nassau County easier to understand and more transparent.

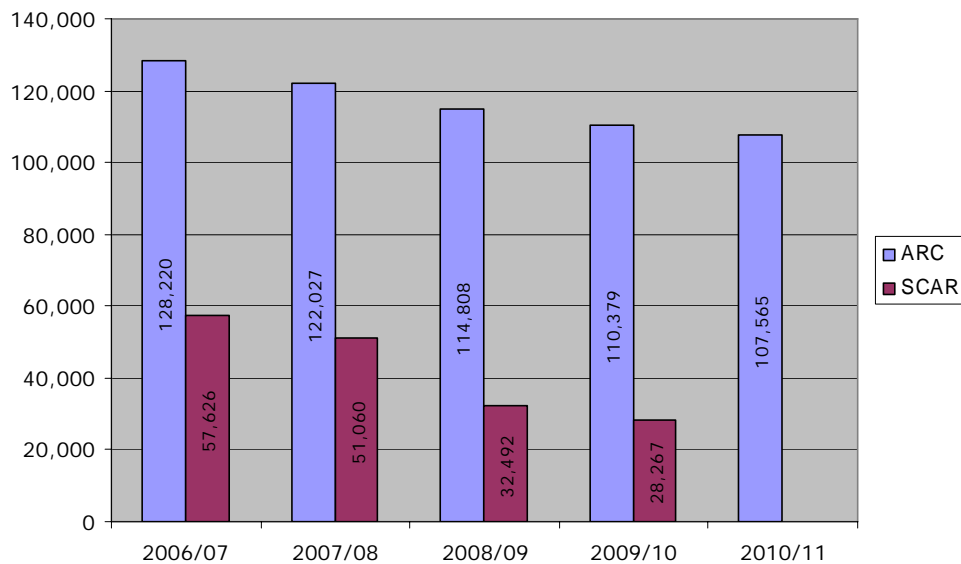
## Nassau County Assessment Administration System Review

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Another piece of evidence that shows residential assessment quality is improving is that the number of cases appealed to the Small Claims Assessment Review court has also continued to decline over the last four years. If homeowners who file an assessment appeal do not like the decision made by the Assessment Review Commission, they can appeal to the Small Claims Assessment Review court to have the case reconsidered.

As demonstrated below, the number of Small Claims Assessment Review court cases has dropped partly due to the fact that the Assessment Review Commission has been more aggressive in settling reductions at the administrative level and partly due to the success of the Small Claims Assessment Review division employees who represent the County in defending the values set by the Department of Assessment.

**ARC and SCAR Residential Filings 2007 2011**



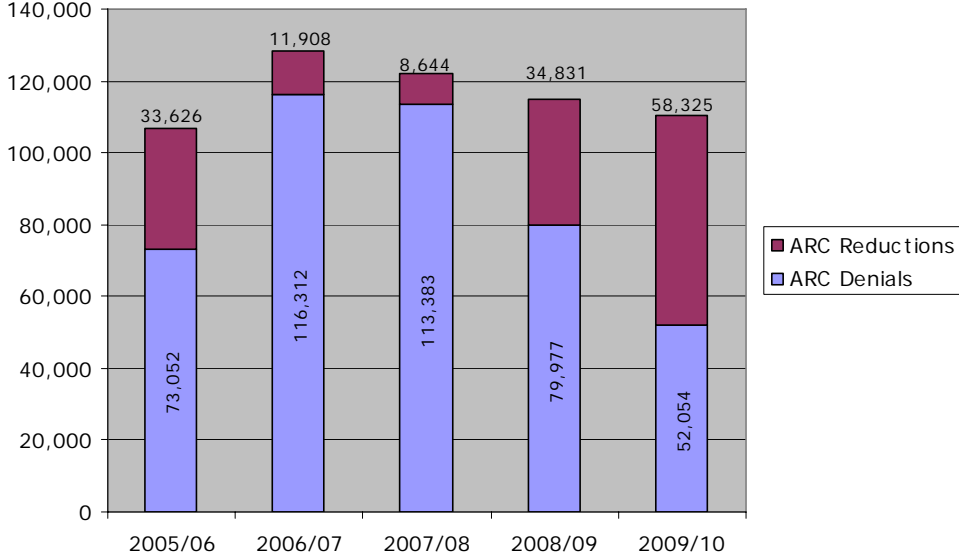
*\*The 2010/11 SCAR cases have not yet been held*

In addition to the lower number of appeals filed with the Assessment Review Commission and Small Claims Assessment Review, the number of appeals that did receive a reduction with either agency is a small percentage of the total number of appeals. Simply put, not many homeowners who file an appeal will get a reduction. The majority of appeals were being denied by the Assessment Review Commission. The exception was the "transitional" 2009/2010 tax year – when Nassau County began to shift from a rising to a falling residential market. In the face of this market adjustment, the Assessment Review Commission thought it would be prudent to reduce appealed values to avoid the potential liability of a large increase in the number of Small Claims Assessment Review court filings. It is unclear if this strategy was successful. While the Assessment Review Commission increased the number of reductions by 67% (23,494) from the previous year, the number of appeals filed with Small Claims Assessment Review declined by only 8% (4,225). The concern is that the granting of small reductions (over 80% were for 10% or less) may have actually encouraged filings for the 2010/2011 tax year. In fact, given that assessments decreased on average by 17%, there should have been a much smaller number of appeals filed than the actual 2.5% decrease.

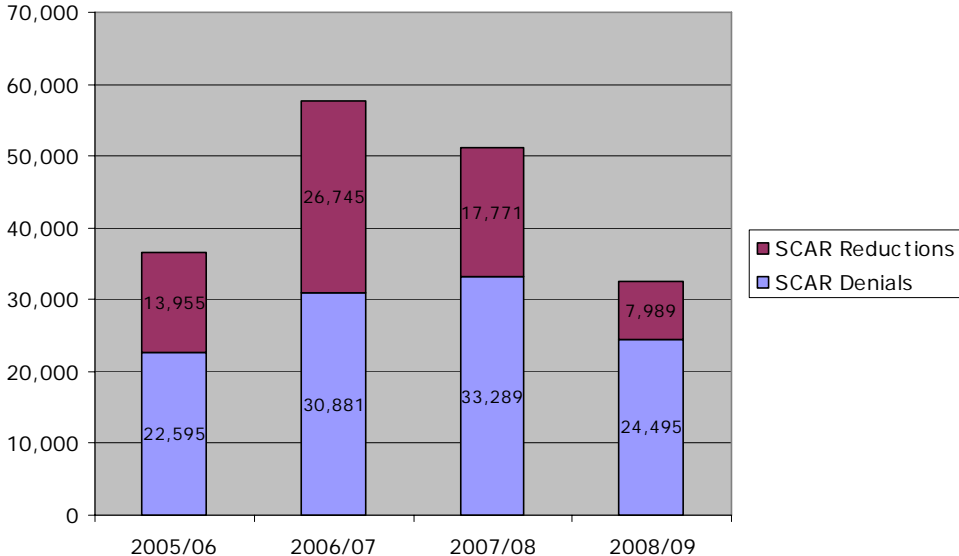
# Nassau County Assessment Administration System Review

As shown in the charts below, 75% (90,390) of the appeals on average with the Assessment Review Commission have been denied over the last five years and 65% (27,815) of the appeals on average with Small Claims Assessment Review over the last four years have been denied.

**Administrative Denials and Reductions 2006 - 2010**



**Judicial Denials and Reductions 2006 - 2009**

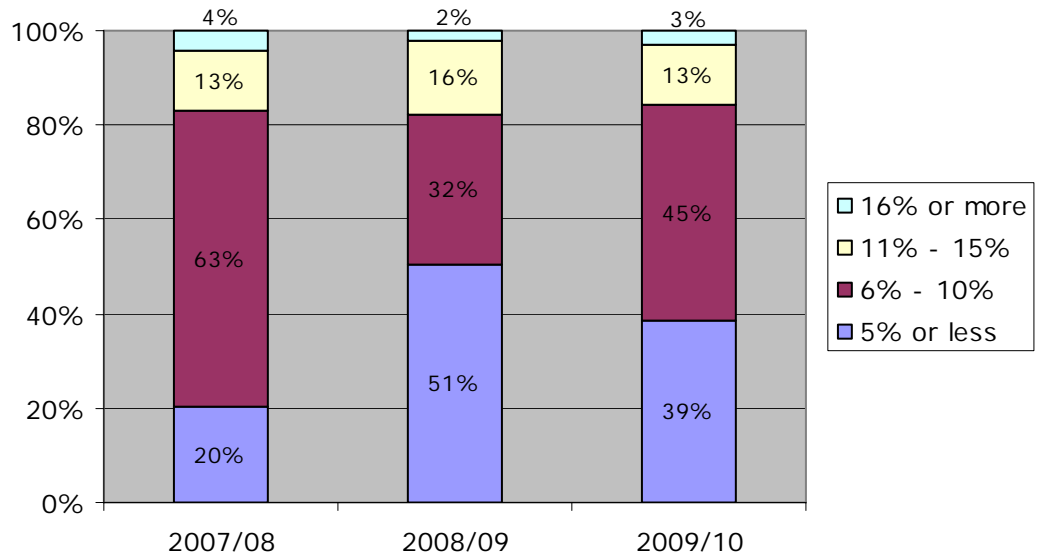


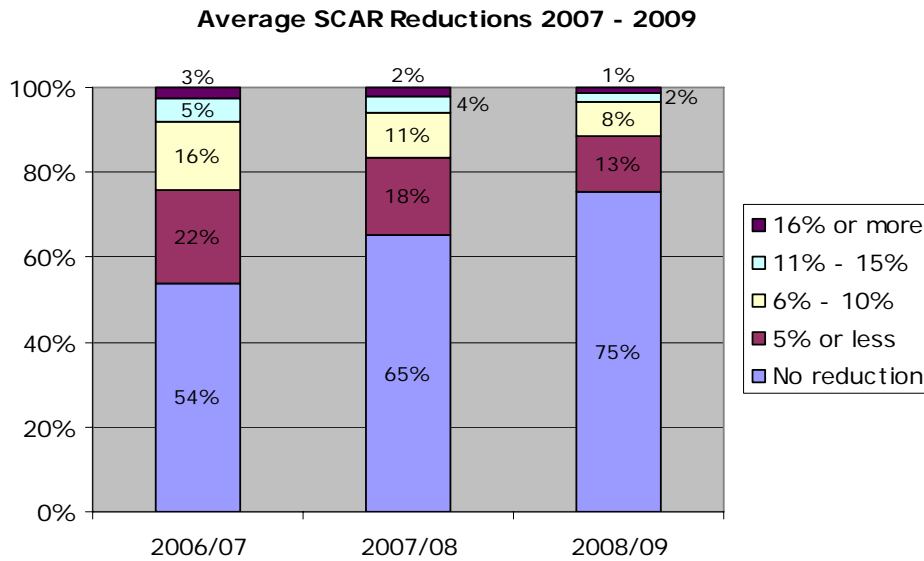
## Nassau County Assessment Administration System Review

International Association of Assessment Officers standards maintain that an assessment administration system that sets assessed values within 15% of market value is performing well. Despite the widespread misperception in Nassau County that residential values are inaccurate, over 80% of assessment reductions granted by the Assessment Review Commission are for less than 10% of the original value put on the property by the Department of Assessment. The same holds true for Small Claims Assessment Review cases as well. In fact, at the Small Claims Assessment Review stage, the property owner is more likely to receive no reduction at all or a reduction of less than 5% of the value originally set by the Department of Assessment. Accepting the Assessment Review Commission's offer of an assessment reduction provides a win-win situation for both the homeowner and the County. The homeowners win because he or she gets the best offer from the Assessment Review Commission. The County wins because if homeowners accept a reduction by the Assessment Review Commission, the tentative assessment roll can be adjusted before it becomes final and a property tax refund is avoided. However, what the data clearly shows is that large reductions in assessed value are the exception, not the norm. If the assessed values for residential properties were as flawed as many people make them out to be, there would be a much higher number of reductions greater than 10%.

***Over 80% of assessment reductions granted by the Assessment Review Commission are for less than 10%.***

**Average ARC Reductions 2008 - 2010**





**Appeal Volume**

*The sales pitch of the residential tax representation firms to homeowners is alluring – the downside to filing an assessment appeal is zero – there is no effort required, no cost, and no risk.*

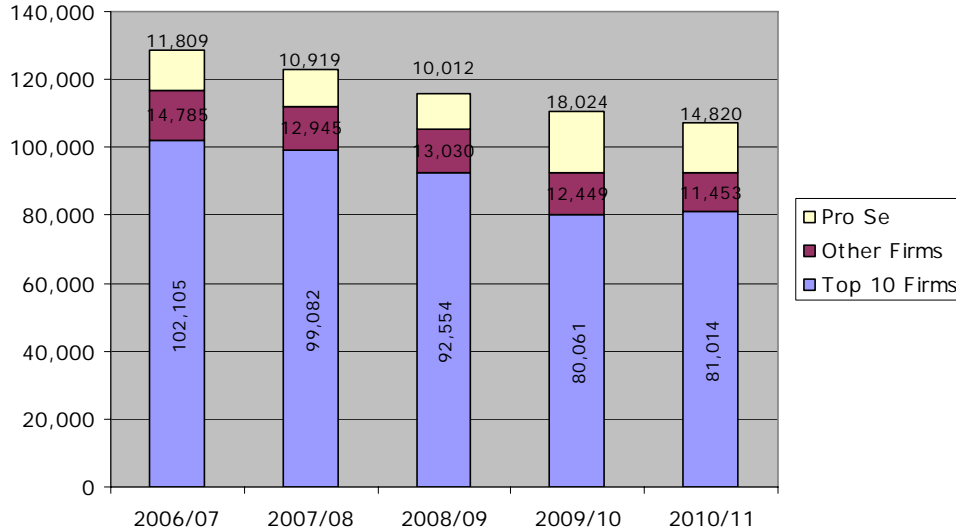
In the midst of all this confusion and misunderstanding, the residential tax representation firms have positioned themselves as the last refuge of overtaxed homeowners. Residential tax representation firms take on the responsibility for filing an assessment appeal for the homeowner and then manage the appeals process from beginning to end. Residential tax representation firms that take on residential property owners do not charge their clients a fee unless they get a reduction in their assessed value. If a reduction is granted, residential tax representation firms charge their clients anywhere from 40% to 50% of the savings in reduced taxes. The client must pay out of pocket for these services. Some residential tax representation firms are now charging homeowners 100% of the first year's Basic STAR (School Tax Assessment Relief) exemption savings to complete the Basic STAR application for the homeowner. Since there is no upfront fee, filing an appeal through a residential tax representation firm simplifies the process for homeowners. Essentially, a homeowner "outsources" the appeal application work to a residential tax representation firm.

Additionally, the Assessment Review Commission can only lower assessments – not increase them – which virtually eliminates any disincentive to the property owner filing an assessment appeal. In the neighboring states of New Jersey and Connecticut, assessing jurisdictions are permitted by law to increase a property's assessment if, during the appeal process, the property is found to be under assessed. No such statute exists in New York State. Residential tax representation firms also claim in many of their mailings that the homeowner will not have their property inspected by the County for filing an appeal. The sales pitch of the residential tax representation firms to homeowners is alluring – the downside to filing an assessment appeal is zero – there is no effort required, no cost, and no risk.

## Nassau County Assessment Administration System Review

An analysis of residential filings over the last five years clearly shows that the vast majority of Class 1 appeals are submitted by the residential tax representation firms. Ten residential tax representation firms represent about 80% of the residential filings each year. Four of those ten have accounted for almost 60% of the filings alone.

**Top Ten Residential Tax Representative Firm Filings  
2007 - 2011**



A closer examination comparing the 2009/2010 appeals numbers with the 2010/2011 is quite revealing. The overall number of residential filings for 2010/2011 fell and the number of pro se filings (i.e. those who file on their own) in 2010/2011 decreased by 18%. However, the filings by the Top 10 residential tax representation firms for 2010/2011 actually increased even though residential values dropped by 17% on average for the 2010/2011 tentative assessment roll. It is important to note that the number of filings submitted by the residential tax representation firms as shown in the table above has been fairly consistent over the years, showing that there is little correlation between the number of filings submitted by these firms and the actual quality of the assessments themselves.

***...the filings by residential tax representation firms for 2010/2011 actually increased even though residential values dropped by 17% on average for the 2010/2011 tentative assessment roll.***

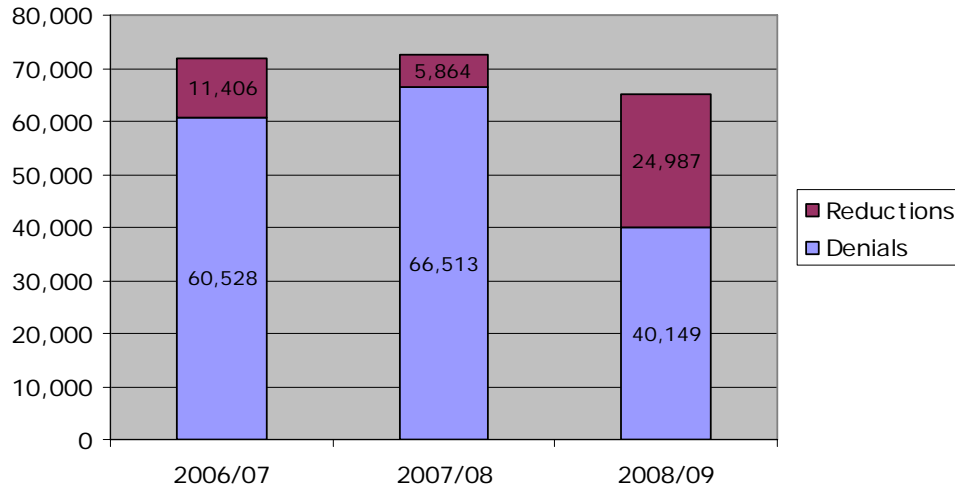
From the 2007 through 2009 tentative assessment rolls, there were 72,563 repeat residential appeals each year (i.e. the same homeowner filed an appeal in each of those three years). These repeat appeals accounted for 60% of all residential filings during that three-year period on average and the residential tax representation firms accounted for over 90% of the repeat residential appeals. The chart below shows that a significant percentage of these repeat residential appeals did not get any reduction from the Assessment Review Commission yet continued to file an appeal year after year. The data also clearly indicates that many appeals filed each year are frivolous and without merit. The residential tax representation firms are responsible for the lion's share of these baseless appeals which choke the review process and prevent

## Nassau County Assessment Administration System Review

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homeowners, who might have a legitimate appeal, the benefit of a more thorough review.

**Repeat Residential Filings 2007 - 2009**



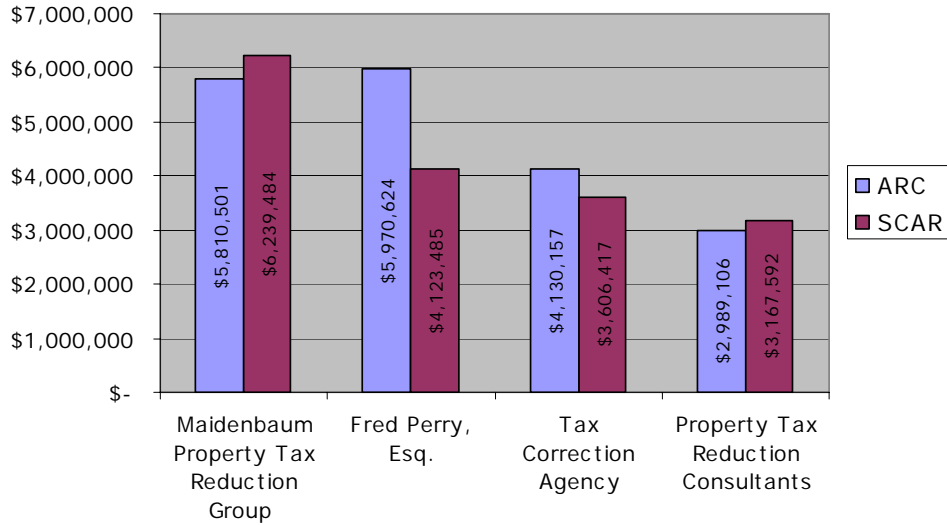
At the Nassau County Legislature's Government Services and Operations Committee meeting on May 21, 2008, the head of the one of the leading residential tax representation firms gave the following public testimony regarding frivolous appeals:

*"I will admit that perhaps 40 percent of all protests should not be filed. I will admit today, and you probably realize this, that perhaps 25 percent of the Small Claims Assessment Reviews should not be filed."*

This is an extraordinary claim to publicly state on-the-record before the Nassau County Legislature. However, that has not deterred this firm or any firm from continuing to file the same number of appeals year after year. The question must then be asked; why do residential tax representation firms continue to file thousands upon thousands of appeals annually, many of which they themselves have publicly admitted to as being frivolous?

The answer is simple economics. For residential tax representation firms, reductions in assessed value are the primary revenue-driver in their business model. The more their clients obtain reductions, the greater the revenues will be for the residential tax representation firm. There is a clear and stark economic incentive for residential tax representation firms to file as many appeals as possible, especially when there is no counterbalancing disincentive. The Department of Assessment performed an analysis for this report to develop a conservative estimate of the revenues derived from assessment appeals. The figures demonstrate that residential tax representation firms have generated millions of dollars in revenue from the assessment appeal process. While taxpayers continue to see property taxes rise and the County struggles to cope with its onerous tax refund liability each year, it appears that the only winners in the current assessment system are the firms which have reaped millions of dollars from the process.

Residential Tax Certiorari Revenue Estimates 2005 - 2009



**Residential Assessment Recommendations**

Some of the recommendations aimed at further improving residential assessments below are straightforward and relatively easy to implement. Others will require more effort and planning because they would require changes in New York State property tax law. The goal of all the recommendations is to make the system more transparent and less confusing for taxpayers, increase public understanding, and continue to improve the quality of the assessed values set by the Department of Assessment. All these efforts should lead to a drop in the number of residential appeals filed each year.

**Short-term Opportunities**

**1. Improve public understanding of the residential assessment process**

Over the last five years, the Department of Assessment has failed to effectively communicate the assessment process to homeowners in simple, easy-to-understand language. Because of that, other stakeholders have seized the opportunity to frame the issue and shape public opinion to their advantage. The Department of Assessment plans to be much more proactive in delivering its message by meeting regularly with local officials, civic leaders, and community groups. The Department of Assessment also plans to expand its outreach program to senior citizens who need to file exemption applications each year. This will help senior citizens better understand the system and how it works, and help them get the tax breaks to which they are entitled. The Department of Assessment’s website will be updated to include comprehensive information on what it does. It will also feature other important information such as sales trends, foreclosures, and other relevant market data.

These public awareness initiatives can start immediately and in some respects, they are already underway.

### **2. Encourage inspections by the Assessment Review Commission for those properties filing appeals**

Perhaps the most critical element of a sound assessment system is the quality of the data collected by the assessing entity. If the Department of Assessment does not have accurate and up-to-date property information, establishing fair and equitable assessed values becomes difficult. When a homeowner files an appeal with the Assessment Review Commission, it is very important to make sure that the Department of Assessment's information is correct. Otherwise, the inaccurate data will stay in the system, the assessed value will continue to be incorrect and the homeowner will keep filing an appeal year after year. It is in the homeowner's and the County's best interests to have property data that reflects the home in its current state.

The Assessment Review Commission has not performed inspections in the past because it lacked the resources to do the work. That is still true today. However, efforts are underway to develop an approach to begin the field inspections and confirm the data collected by the Department of Assessment.

The Assessment Review Commission has the statutory authority to perform these inspections. Many of the residential tax representative firms claim, when they solicit their potential clients, that the County will not inspect a homeowner's property. This is not true. Property inspections could begin soon and the quality of the data in the assessment system would improve. While the Assessment Review Commission by itself lacks the resources to do property inspections, through the sharing of resources with the Department of Assessment some inspections could begin in the next year's appeal cycle. This would further enhance the accuracy of assessed values and in some instances discourage appeals.

### **3. Improve the current residential appeal system**

The current system is in need of in-depth review. The vast majority of filings are made by residential tax representation firms who file thousands of appeal applications at once electronically – the vast majority of which have been shown to be without merit. The system is plagued by repeat filers who divert attention away from those who may have legitimate appeals.

## Long-term Opportunities

### **1. Adjust the Level of Assessment for residential properties from .25% to full market value**

One of the most confusing elements of Nassau County's assessment system for homeowners is that the assessed value and the fair market value of a home are two different figures. The assessed value of a home is the amount that is applied to the tax rate in order to calculate the property taxes a homeowner will need to pay. The assessed value is reached by multiplying the fair market value by the Level of Assessment. The Level of Assessment is defined as the percentage of full market value at which assessments are established in a given assessing unit. In

## Nassau County Assessment Administration System Review

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Nassau County, the Level of Assessment for residential properties is .25%. For example, if a home has a fair market value of \$400,000, the assessed value will be \$1,000. ( $400,000 \times .0025 = 1,000$ ). By moving the Level of Assessment to 100% instead of .25%, the fair market value and the assessed value of a home would be the same figure. ( $400,000 \times 1 = 400,000$ ) The assessment notice homeowners get during the first week of January each year would contain only one assessed value, making it much easier to understand how the taxes were calculated.

Since it is the Assessor who determines the level of assessment in an assessing entity, this reform could happen before the next tentative assessment roll in January 2010. However, in order to bring assessed values up to full market value from the current .25%, the law imposing a 6% cap on assessment increases would need to be rescinded or at the very least, suspended for one year. We have drafted legislation that would suspend the cap for one year and can be found in the Addendum.

When the 6% cap was enacted, the goal was to shield homeowners from large increases in assessed value which could potentially affect the amount of taxes they would be forced to pay. While the intention seemed reasonable at the time, in reality, it has created inequities in the assessment roll and shifted the property tax burden on to the shoulders of homeowners whose values have not risen as high as others. Ideally, the most equitable and fair solution for all Nassau County homeowners would be to remove the 6% cap entirely. For example, one home valued at \$2,000,000 increases 10% to \$2,200,000. With the 6% cap, the highest this home can be assessed is \$2,120,000. Another home valued at \$300,000 only increases by 2% to \$306,000. The home at \$306,000 is actually subsidizing the home capped at \$2,120,000 and will now pay more in property taxes than the homeowner would have otherwise if there had been no 6% cap on the first home. To put this in context in the current economic climate, with the drop in home values and assessments this year, only 4% of homes are covered by the 6% cap. Given market conditions, this may be an opportune moment to reform this statute because of the very small number of properties it currently affects.

## Commercial Assessments

*...commercial properties account for over 80% of the tax certiorari refunds every year*

Commercial properties (Class 2, 3, 4) in Nassau County make up fewer than 10% of the number of parcels in Nassau County. However, commercial properties account for over 80% of the property tax refunds every year. While residential properties get much more attention from public officials and the local media, it is the commercial properties that are at the root of the tax refund issue in Nassau County. Reforming this area of the assessment system will have the greatest impact on reducing the County's tax liability, and will be the main focus of the Department of Assessment as it moves forward.

## Appeal Volume

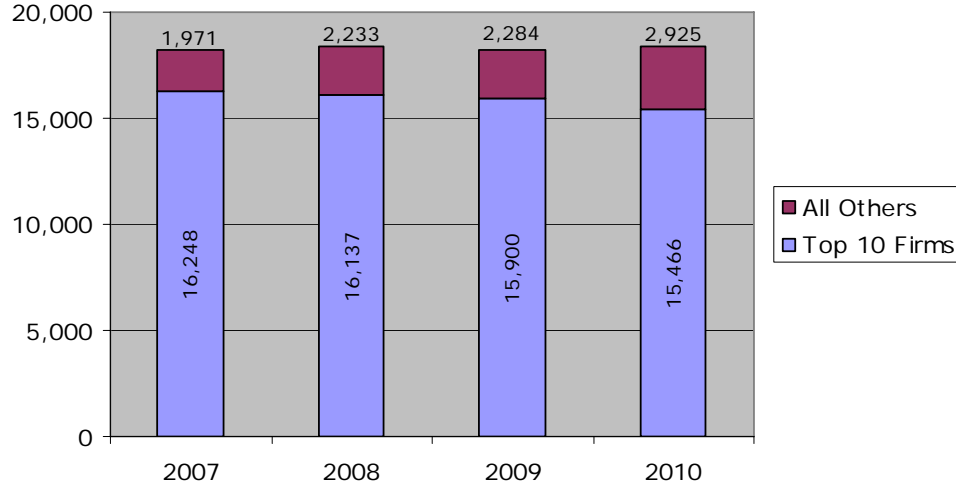
Even though the number of commercial property appeals is substantially smaller than the enormous number of residential appeals, a much higher percentage of commercial properties file an assessment appeal each year. As the chart below indicates, the

## Nassau County Assessment Administration System Review

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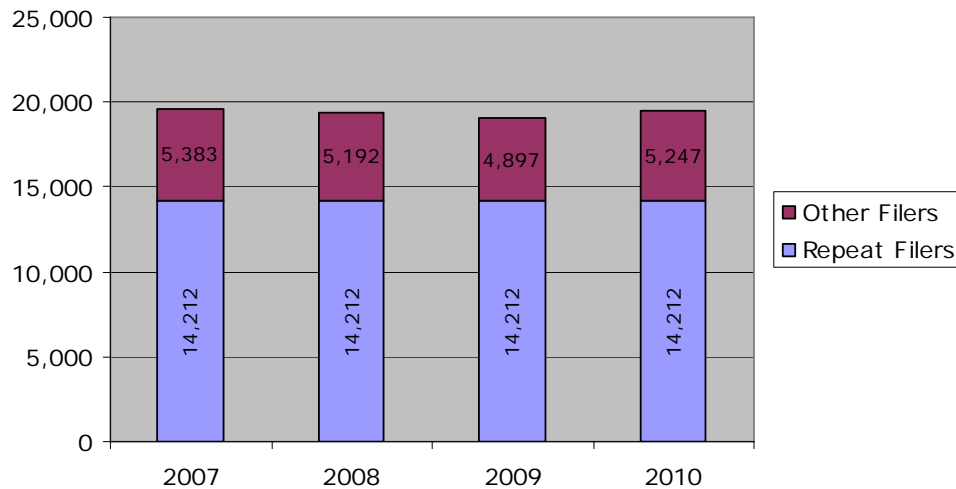
numbers have remained fairly consistent over the last four years. In fact, the volume of commercial appeals has been almost the same for twenty years. It is the commercial tax certiorari firms who are responsible for almost all the commercial appeals filed with the Assessment Review Commission.

**Top Ten Tax Certiorari Firm Filings 2007 - 2010**



Similar to residential appeals, the commercial appeals include a large number of repeat filers (shown below) – commercial properties that file every year, regardless of whether the assessment goes up or down. The vast majority of repeat filings are submitted by commercial tax certiorari firms.

**Repeat Commercial Filings 2007 - 2010**

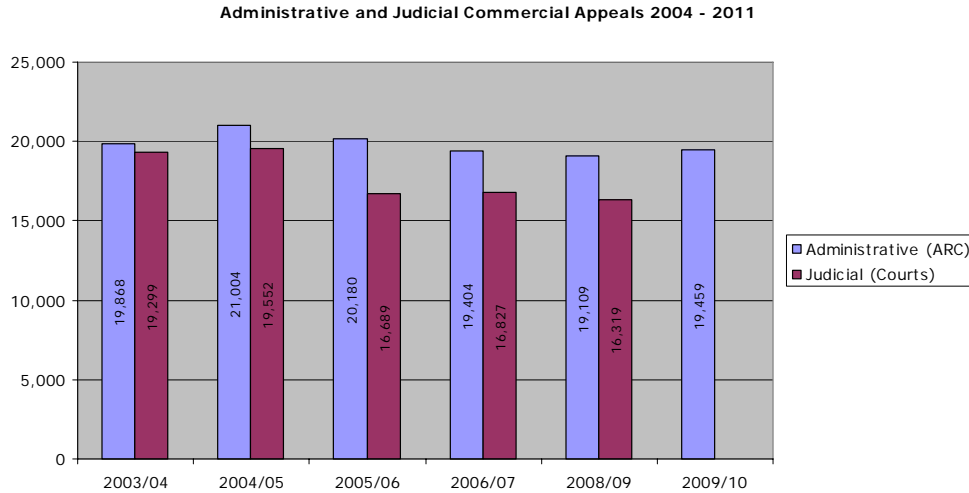


### Administrative Settlements

Commercial assessment appeals are different from residential filings in that only a very small percentage of commercial property appeals are settled administratively with the

## Nassau County Assessment Administration System Review

Assessment Review Commission. The vast majority take their appeal to the court system and have their case resolved either through a negotiated settlement with the County Attorney's office or by the decision of a New York State Supreme Court judge as shown in the table below. There are a number of reasons why fewer commercial appeals are settled with the Assessment Review Commission than residential appeals, as will be explained.



One of the main functions of the Assessment Review Commission is to settle assessment appeals and adjust values on the January tentative assessment roll before it becomes final (16 months later in April of the next year). This lag-time prevents a tax refund from being issued by the County. Over the last two years, the Assessment Review Commission has successfully increased the number of commercial settlements. Still, the vast majority of the cases do not settle with the commission and go to the courts instead. As soon as a writ is filed to take the case to court, the County is faced with the burden of an additional tax refund liability. There are three main reasons why commercial property appeals wind up in the court system.

First, there is very little incentive for the tax certiorari firms representing commercial property clients to settle with the Assessment Review Commission. This is because the law governing this area of the Assessment Review Commission's authority is vague and open to interpretation. It is clear that the Assessment Review Commission has the authority to dismiss commercial appeals if they have not complied with the Assessment Review Commission's requests for information and other filing requirements. However, if a commercial property owner decides not to comply with the Assessment Review Commission's requirements, the commercial tax certiorari industry's current interpretation of the law is that it can still go to court, which in effect neuters the entire administrative review process. The solution to this dilemma is to revise the law to make it clear that until commercial property owners or their representative have exhausted their administrative options with the Assessment Review Commission; they should not be allowed to move their case into the courts. This would improve both the administrative appeal process and reduce the court's judicial appeal burden. This legal reform is one of the recommendations suggested later in the report.

The incentive to settle is further negated by the use of the commission's unilateral valuation reductions. The Assessment Review Commission has the statutory authority to

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reduce a commercial property's assessment unilaterally without the property owner's agreement. The Assessment Review Commission often reduces valuations on commercial properties in the belief that this will lower the County's future potential tax refund liability. In that regard, it has had some success. However, since commercial property owners are aware that the Assessment Review Commission is going to

***In the last two assessment rolls (2007/08 and 2008/09), just under 90% of the commercial properties who received a unilateral reduction from the Assessment Review Commission went on to the courts.***

unilaterally lower the assessed value no matter what happens, there is little reason for commercial property owners to settle with the commission. This leads the commercial tax certiorari firms to file with the courts in a majority of cases even after an assessment has been reduced because the current court calendar will most likely give them anywhere from four to six years before the case is resolved. This length of time builds up the years of refunds and provides the commercial tax certiorari firms additional leverage in negotiations with the County. In the last two assessment rolls (2007/08 and 2008/09), just under 90% of the commercial properties that received a unilateral reduction from the Assessment Review Commission went on to the courts.

The aforementioned court calendar is the second primary reason why commercial property appeals utilize the courts.

Once a commercial property appeal has entered the court system, the County Attorney's office can either negotiate a settlement before trial or the case can go to trial and be decided by a New York State Supreme Court judge. Historically, commercial assessment appeals have negotiated more favorable settlements with the County Attorney's office than the Assessment Review Commission. When a case has gone to trial, the awards to commercial property owners have been generous and they did not necessarily reflect the property's true market value.

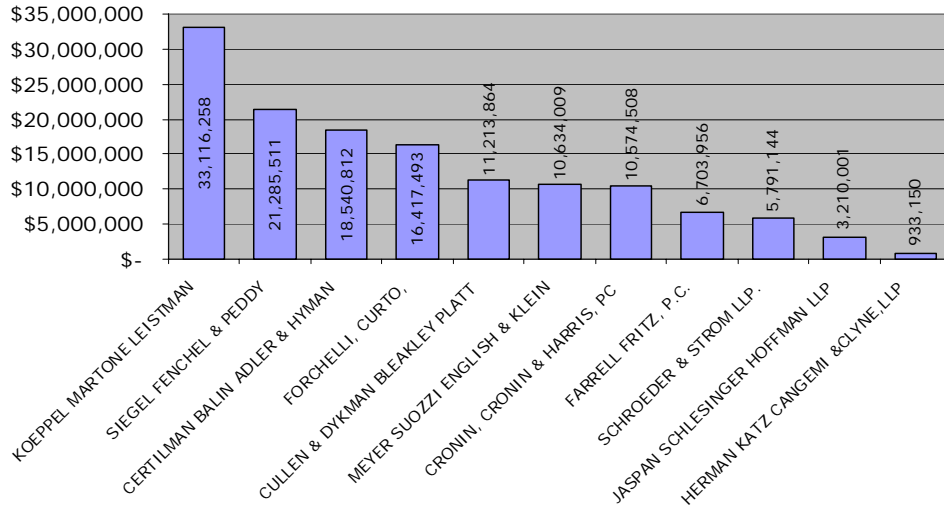
The awards to commercial property owners have been even more significant than residential properties because of the time elapsed between the original court filing and the resolution of the case – a lag-time in which any settlement builds up significant interest. Commercial property owners file a writ to take a case to court during the month of April each year after the assessment roll has been finalized on April 1. Once the writ is filed, the commercial property owner then has four years in which to file a Note of Issue. The Note of Issue essentially states the case is ready to go to trial and asks for the case to be placed on the court calendar. The case could then take another one to two years before the judge renders a decision. By the time the judge finally reaches a decision, up to six years could have elapsed. During this time, interest accrues on any award if the judge decides in the commercial property owner's favor. The County now pays 4% interest on cases settled in the County Attorney's office, and 9% on cases decided in court. These interest payments can become quite large, and they vastly increase the County's tax refund liability.

The third reason why the Assessment Review Commission is hampered in settling commercial appeals at the administrative level is that the tax certiorari firms that represent commercial properties have made even more money than their counterparts on the residential side. As with tax representation firms that file residential appeals, there is a clear and stark economic incentive to file as many appeals as possible on behalf of commercial clients, and then lengthen the time it takes to resolve the case as long as possible. The reductions in commercial assessments tend to be much larger on

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average and they generate revenue from interest payments which do not exist on the residential side. Commercial clients will typically pay between 15% and 33% of any reduced assessment as a fee to these firms, although the fee structure can vary much more for commercial properties than residential.

**Commercial Tax Certiorari Revenue Estimates 2003 - 2008**



As with the residential assessments, the question needs to be asked; "Who is really benefiting throughout the assessment process?" The courts and the County Attorney's office are overburdened, the County is still strapped with the tax refund liability, and the property owner still struggles with high property taxes and has to wait for years to see a possible reduction in assessed value. Yet, the only ones making millions of dollars in this process are the commercial tax certiorari firms.

### Commercial Assessment Recommendations

Reform initiatives involving commercial assessments are more complex and will require greater effort. Most commercial properties are valued using an income approach, not a market value approach as with residential properties. The income approach contains many variables which are subject to debate and sometimes generate little consensus even among professionals in the industry. As with the residential assessment recommendations, the goal is to reduce complexity in the system, make it easier to understand, and improve the values being placed on commercial properties. If these goals can be met, the tax certiorari refunds should begin to decrease in the years ahead.

#### Short-term Opportunities

- 1. Focus the County's appraisal resources on valuing the highest assessed properties every year**

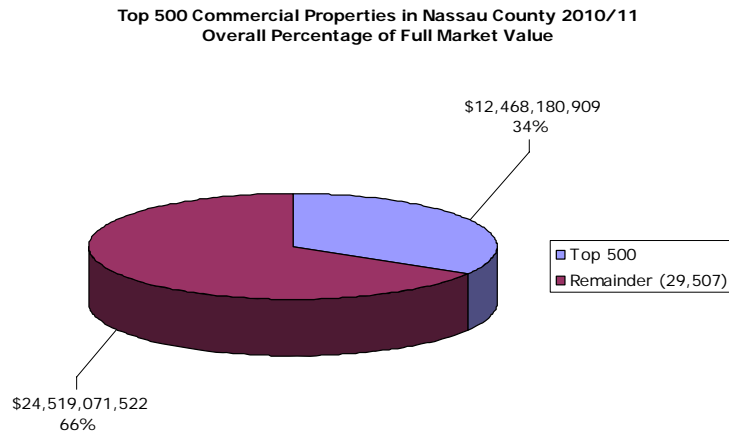
The Department of Assessment uses a computer-assisted mass appraisal (CAMA) system and very sophisticated statistical analyses of market information to efficiently value the 418,000 properties in Nassau County. However, given the unique nature of some of the largest commercial properties in the County (e.g.

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Roosevelt Field Mall, EAB Plaza), it is recommended the combined appraisal resources of the Assessment Review Commission and the Department of Assessment jointly review the largest properties to ensure that they are valued as accurately as possible for the 2011/2012 tax year, and to expand this review in future years. This will involve reviewing all the key components needed to establish commercial market values - such as capitalization rates, expense ratios, etc.

As shown in the chart below, the 500 largest commercial properties, which account for only 1.6% of all the commercial properties in Nassau County, actually make up 34% of the full market value of all Class 2 and 4 properties. Tax refunds from assessment reductions for these properties can be quite large. It is critical to review them thoroughly, and to reach consensus on their final value.



All efforts will be made to ensure that the values the County puts on the largest properties represent its best effort for equitable and defensible values for the 2011/2012 tax year and all future years.

One major detriment to the unbridled sharing of resources is the concept of a “de novo” (a Latin term meaning “from the beginning”) system of review. In the current system, the Assessment Review Commission maintains that it must follow a strict “de novo” review of assessment appeals - independent of the Department of Assessment – whereby the Commission arrives at its own opinion of value using its own independent valuation standards and tools. This issue is discussed more fully in the Assessment Review Commission section of this report and must be resolved. The Department of Assessment and the Assessment Review Commission need to use the County’s limited resources to efficiently and effectively produce defensible values at the start of the process, while providing a fair hearing for property owners who do appeal their assessments.

### **2. Cooperate more closely with the tax certiorari industry**

The Assessment Review Commission, in 16 months, is able to review only about 60% (some 10,000) of the commercial appeals filed in Nassau County each year. By contrast, in New York City approximately 43,000 commercial appeals are

reviewed in only six months, using fewer resources. One reason is that New York City is not inundated by the massive deluge of residential appeals that swamps Nassau County. Class 1 appeals in New York City average fewer than 1,000 cases a year. Another significant reason is that the tax certiorari bar in New York and the City's Tax Commission work cooperatively to help expedite the review. As in Nassau County, the commercial certiorari firms practicing in New York City file just about every year for each of their clients. Obviously, under this scenario, many cases are filed that are without merit. However, in New York City, the commercial certiorari firms actually help the city's Tax Commission identify cases without merit at the very start of the process. This causes more efficient use of scarce government resources. Up to one-third of the city's commercial filings are expeditiously eliminated this way each year. Further, the cases with the greatest merit are also identified.

The commercial Tax Certiorari industry in Nassau County needs to start cooperating more fully with the Assessment Review Commission to help manage the case flow of appeals. Closer and better cooperation between the industry and the County will help both the property owner and the County make sure the most meritorious cases are addressed, and that resources are not wasted on reviewing frivolous appeals filed to protect and/or retain a client.

### **3. Review capitalization rates and valuation standards between the Department of Assessment, the Assessment Review Commission, and the County Attorney as well as outside appraisers**

The three departments need to set up a formal review process to analyze key commercial property valuation components such as capitalization rates and come to consensus about how values for commercial properties are developed. Once these factors have been discussed and agreed upon, they should be vetted by outside appraisers as an additional check to make sure they accurately reflect the commercial property market in Nassau County. Again the concept of a "de novo" appeal is a potential obstacle that must be overcome.

## Long-term Opportunities

### **1. Adjust the Level of Assessment for commercial properties**

As with residential properties, commercial properties also have a Level of Assessment which is a "fraction" of the full market value. The County was forced to use fractional assessments to comply with the Coleman ruling and the restrictions of "transitional" assessments (see Recommendation #2 below). The assessed value is reached by multiplying the fair market value by the Level of Assessment (LOA). The Level of Assessment is defined as the percentage of full market value at which assessments are established. In Nassau County, the Level of Assessment for commercial properties is 1%. For example, if a building has a fair market value of \$1,000,000, its assessed value will be \$10,000. ( $\$1,000,000 \times .01 = \$10,000$ ). By eliminating fractional assessments the fair market value estimate of the property would become the assessment and remove one more layer of opacity in the process.

### **2. Eliminate "transitional" assessments for commercial properties**

Transitional assessments are similar to the 6% cap for residential properties in that the intent is to limit assessment increases in a given year. Transitional assessments spread out an increase to a commercial property in any given year over a five-year period. For example, if a commercial property value increases 5% from \$1,000,000 to \$1,050,000, the \$50,000 increase is spread out over five years at 20% of the increase each year. The assessment in year one would be \$1,010,000, year two would be 1,020,000, year three would be \$1,030,000, and year four would be \$1,040,000 and year five would finally be the full amount of \$1,050,000. If the market is going up and the property value increases 5% the next year, the same rule applies but it is now “layered” on top of the transitional assessment from the year before – and maybe even the year before that. Transitional assessments are very difficult to administer and to explain to commercial property owners. And they fast become very complex when there are annual changes in assessed value. With the commercial property market in decline, it is an opportune time to simplify this aspect of the assessment system and phase out transitional assessments.

### **3. Create a special “tax court” to deal with commercial appeals**

Many other jurisdictions around the country have a dedicated “tax court” to hear commercial property tax certiorari cases. These are staffed by assessment professionals and lawyers who are trained in and practice real estate law and valuation. These tax courts are often a quicker solution than a traditional court because they focus solely on tax issues and do not hear other types of cases. The current judges on the New York State Supreme Court cannot be expected to be experts on commercial property assessment matters because of all the other types of cases that come before them. Given the heavy load of cases that enter the courts today, particularly in Nassau County, everyone (i.e. the courts, the County, the property owner, and the commercial tax certiorari firms) would be better served by moving commercial property tax certiorari cases to a special court.

A special tax court with trained support staff dealing with disclosure of financial information, valuation, and contamination issues among others - would improve the adjudication of commercial appeals.

The New York State court system has a number of special courts for areas such as drug treatment, and special divisions of the Supreme Court such as the Commercial Division and the Matrimonial Center.

A specialized court for commercial appeals merits the consideration of the courts in light of the impact of these matters on public finances in Nassau County. Massachusetts and New Jersey, among other states, utilize a similar court and have successfully managed commercial cases in a timely manner for both the governing jurisdiction and the property owner.

## **Assessment Calendar**

The assessment calendar for Nassau County is lengthy and at the root of much of the misunderstanding of the assessment system. While property owners get their assessment notice the first week of January, the first school tax bill based on that assessment will not be sent out until 21 months later, and the first general tax bill based on the same assessment comes 24 months later. For example, the assessment

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notices sent out this past January were for the 2010/2011 tax year. Property-owners will receive the first half of their school tax bill based on that assessment in October, 2010, and their general tax bill based on the same figure in January, 2011 – two years later. Before these taxes are even set, a new assessment notice will be mailed out for the 2011/2012 tax year in January 2010. These overlapping assessment calendars create a great deal of confusion, and lead to the filing of appeals because property owners often do not know the outcome of a previous year's appeal before getting their next assessment notice.

In the interim the Department of Assessment must also maintain the current 2009/2010 tax year information on its website – meaning that the assessments for three tax years must be maintained simultaneously. This is obviously very confusing to taxpayers.

The assessment calendar was changed with the creation of the new Assessment Review Commission in 2003. It provided an expanded period to review assessment appeals – with the hope of reducing refund liability by resolving all of the appeals at the administrative level before the completion of the final assessment role. Unfortunately, the calendar was poorly designed. To create more time to review appeals it lengthened the time at the end of the process by extending the date of the final roll by 12 months. The current calendar is outlined in the addendum of this report.

### Assessment Calendar Recommendations

#### Short-term Opportunities

- 1. Revise the assessment calendar to shorten the amount of time between the distribution of the assessment notice and the first tax bill**

Changing the assessment calendar would require legislative approval - yet there is widespread consensus that this reform is badly needed. There are various models that merit consideration but given the number of stakeholders who would be affected by such a change – e.g. school boards, towns, and other taxing jurisdictions – the issue requires more study and thoughtful deliberation. An issue requiring attention involves the school districts that need to estimate their tax rates when school budgets and school property tax levies are voted on and approved in May. The school districts require the total taxable assessed value in their district in order to do that. One assessing entity in New York uses the previous year's taxable assessed value for school districts to calculate their tax rate. This concept has been discussed with a few stakeholders from the school community and others – who were willing to give more thought to the idea. This model should be analyzed carefully to see if it might be applicable to Nassau County.

### Cyclical Assessments

In the past several years, since the implementation of annual reassessments, there have been calls by some policymakers to freeze assessments and subsequently only update them cyclically – for example, every three or four years. Until just recently assessments were rising rapidly due to market conditions. It was mistakenly believed

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that by freezing assessments, property taxes would not increase. Additionally, it was surmised that possibly the number of annual residential appeals would decline.

International Association of Assessing Officers standards and best practices clearly dictate that annual assessment updates ensure the highest degree of property tax equity – particularly in a rapidly-changing and dynamic market. Moving to a three or four-year cycle increases the level of tax shift in that third or fourth year. Further, when market values were rising rapidly - the gap between the market value of a home and the assessed value of a home widened because of the six percent cap factor, which resulted in assessment inequities automatically by virtue of the law.

Nassau County now finds itself in a declining market. This past year the Department of Assessment established values as of January 2, 2009 for the 2011/12 assessment roll. On average, residential market values declined by 17% - yet the number of residential appeals that were filed with the Assessment Review Commission was essentially the same as the year before, which leads to the belief that even if the assessed values were frozen, there would still be a large volume of assessment appeals regardless. Additionally, from a taxpayer's and an equity perspective it would be unfair to not reduce market values and assessments in a falling market.

At the state level, the New York Office of Real Property Services is considering filing a bill that would require all assessing jurisdictions in the state to revalue on a mandatory cyclical basis – possibly every three years at the least. This proposal will be closely monitored to determine its applicability to Nassau County and the Department of Assessment will remain in regular contact with the New York Office of Real Property Services.

### Assessment Operations

While several systemic challenges hamper the assessment process in Nassau County, the three primary entities that manage that process – the Department of Assessment, the Assessment Review Commission, and the County Attorney's office – each one has their own operational issues that have been analyzed and need to be addressed.

#### Department of Assessment

##### Leadership

Inside the Department of Assessment, several areas need significant improvement. The last five years at the Department of Assessment have witnessed a number of missed opportunities and a failure of leadership to improve the value of services being delivered to Nassau County property owners.

Because the Assessor was an elected official, there were no requirements for the kind of experience the Assessor needed to function effectively. The former Assessor's lack of assessment experience handicapped the department internally, and kept it from making critical decisions about the assessment system. The department did not do any short-term or long-term strategic planning, and was often caught reacting to crises instead of proactively managing problems.

Most significantly, there was significant turnover in the Chief Deputy Assessor's position between 2004 and 2008 which contributed to the department's lack of internal direction and accountability. The Chief Deputy Assessor's main role was to act as the day-to-day

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operations manager overseeing all areas of assessment administration. All division heads reported up through this position. From October 2004 through September of 2006, the Chief Deputy Assessor position actually remained vacant. The Department of Assessment turned to Cole-Layer-Trumble, the consulting firm hired to implement the revaluation system, to assume many of the Chief Deputy Assessor's responsibilities. Cole-Layer-Trumble became enmeshed in the everyday activities of the department far beyond the typical client/consultant relationship, primarily to fill the void caused by the failure to find a qualified professional for this post in a timely fashion.

While Nassau County has paid over \$50 million for the computer hardware and software programs needed to conduct computer-assisted mass appraisal (CAMA), the former assessor did not adequately enforce the terms of the agreement between the County and Cole-Layer-Trumble. Standard consulting deliverables such as system documentation and training manuals were never developed. There were services that were contracted and paid for but never implemented by the Department of Assessment. The transfer of knowledge about the new system from Cole-Layer-Trumble to Department of Assessment employees did not occur to the level that would allow them to use the system effectively without Cole-Layer-Trumble's help. The resulting lack of training left the department's staff unprepared to take full advantage of the new CAMA system.

The department, in response to its new obligations to annually update market values nearly doubled in size over a five-year period. However, the new resources that were brought in were not properly deployed to address the needs of the commercial field division and to improve data collection. Some of the largest divisions in the department – such as the Exemption Division – manually process tens of thousands of paper forms. Automation and streamlining of the process would have allowed resources to be redeployed to the divisions responsible for the valuation of property. This misallocation of resources has hampered the department from more fully focusing its scant resources on valuing properties.

In addition to all of these questions was an Assessor whose focus was often not on the core issues of assessment administration. Time and again, the Assessor would take on an issue that was only tangentially related to assessment, and divert staff to that work. Issues such as illegal housing, promoting the use of an income tax to fund school districts, and fighting Industrial Development Agency agreements shifted the department's focus away from its core mission, which is to value properties fairly and equitably – ensuring that property owners pay their fair share of property taxes and no more. Had the Assessor concentrated on restoring confidence in the County's assessment system and devoted the resources necessary to achieve that goal, it is possible that property owners in Nassau County might find themselves in a different situation than they are in today.

### Budget and Staffing

Comparing data from other large assessment districts provides a framework for evaluating resource needs and adequacy. The Cook County, Illinois Assessor's Office conducted a survey of the International Association of Assessing Officers' Metropolitan Jurisdiction Council (made up of the 38 largest assessment jurisdictions in the county) to develop benchmarks for budgets, staffing, and other resources. This survey has subsequently been refined and updated by the assessment specialist firm Almy, Gloudemans, Jacobs, and Denne. In most jurisdictions the assessment and administrative appeal functions are administratively combined. Therefore, to provide

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an “apples to apples” national comparison with other assessment jurisdictions, we combined the budget and resources of the Department of Assessment and the Assessment Review Commission. The Assessment Review Commission has a budget of \$5.6 million dollars, while the budget of the much larger Department of Assessment is \$16.3 million, for a combined assessment administration budget of \$21.9 million and 295 total staff.

The three key benchmarks commonly used for comparative purpose are:

- staffing level per parcel
- budget per parcel
- budget as a percentage of the levy

Nassau County was at the lower end of the range for both the staff-level per parcel and budget per parcel benchmarks – meaning it uses fewer resources than comparative jurisdictions on a per parcel basis. However, nationally, the most widely accepted measure of an adequate assessing budget is 1% of the total tax levy. The total tax levy in Nassau County is \$5.3 billion and 1% of that is \$53 million. This benchmark budget figure is significantly more than the current total budget of \$21.9 million. This indicates that by national standard, Nassau County spends too little on its assessment administration.

### Technology

Local governments have long recognized the tremendous value that information technology can bring to help manage complex public sector challenges. By implementing innovative technology solutions, local governments have been able to deliver enhanced services and lower costs at the same time. A review of the Department of Assessment’s technology capabilities indicates a tremendous opportunity for significant improvement. While progress is being made on the most critical technology issues, much work needs to be done to use technology to improve the efficiency and effectiveness of the department. Technology should be ingrained in the Department of Assessment’s daily operations and be an enabler of future business process changes within the department.

The overall assessment system in Nassau County is made up of multiple and disparate IT systems between the Department of Assessment, the Assessment Review Commission, the County Attorney’s office, and the Treasury Department. These IT systems are not seamlessly integrated and a great deal of effort is required for them to communicate effectively with one another. Substantial IT support is needed to maintain the various platforms and it is difficult to identify system problems when they occur. In some cases, it is difficult (and sometimes even impossible) to share data and in other cases, there is redundant data sits in different systems. At least nine different IT systems make up the County’s assessment operations, from the initial assessment developed by the Department of Assessment to the Treasury Department which sends out the tax refund check, if necessary, at the end of the assessment process.

Despite the multitude of IT systems, many critical business processes in the assessing department are not automated. This lack of automation forces the department to devote its scant resources to manual data entry. Hindering greater data accuracy is the sheer volume of information needing to be processed. By re-engineering and

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automating key business processes, the department can ease this administrative burden, allocate its resources to more “value-added” activities and improve the quality of the data residing in its system.

While almost every employee in the Department of Assessment has a computer with email and internet access, other productivity tools are virtually non-existent. Commonplace technology solutions (even for the public sector), such as document management software, bar-coding and mobile computing, would deliver a significant return to the County with only a modest investment. Implementing a few select productivity tools would help automate many business processes in the department and substantially reduce the level of administrative work which, given the number of properties in Nassau County, can at certain times of year overwhelm the department. For example, the field assessors who work throughout the County collecting data on properties work entirely with paper and pen. Their hand-written notes and information then need to be entered by hand into the assessment system by a group of department employees. This is not an efficient use of resources and leads to errors. It has become standard practice, even in the public sector, to automate tasks that are primarily administrative. For example, the U.S. Census Bureau for the first time this year is using hand-held computers equipped with GPS and data-entry capabilities for its address canvassing operation, laying the groundwork for the 2010 Census. The Department of Assessment is well behind the curve in this respect. As the second-largest assessing entity in the State of New York after New York City, it is imperative that the department begin to take advantage of these cost-effective technology solutions.

In order to benefit from investments made in technology, end-users need to achieve a certain level of competence to use the technology. This requires a commitment to training employees, not just at the outset of a technology implementation but also over the course of its life cycle. As it stands today, there is no comprehensive training plan for technology in the department. Basic computer skills such as Microsoft Word and Excel are not regularly re-trained. Instead, technology skills are most often developed through the employee's own initiative or via other sporadic department-wide initiatives. The department puts a great deal of emphasis on having its employees achieve a specific level of certification in the appraisal and assessment professions. A commensurate level of emphasis needs to be made in the area of technology.

### Department of Assessment Recommendations

Similar to the residential and commercial assessment administration recommendations, some of the following recommendations will be easier to implement, while others will require more time. Considerable thought will have to be given to Civil Service requirements and collective bargaining agreements.

#### Short-term Opportunities

##### **1. The Assessor should focus on the core mission of the department**

Now that a professional Assessor has been appointed to lead the Department of Assessment, this individual's administrative priority should be to provide fair and equitable assessments - and to make sure that property owners are only paying their fair share of property taxes – and no more.

This would include leading efforts to improve coordination between the Department of Assessment, the Assessment Review Commission, and the County Attorney's office.

### **2. Reorganize the Department of Assessment**

Cross-communication within the divisions of the Department of Assessment has been less than optimal, in part due to the structure of the department. The organization currently has too many verticals, and the reporting lines are not clear. Roles and responsibilities need to be clarified, and everyone in the organization needs to have a better understanding of what functions other areas of the department perform. A successful reorganization will include the creation of cross-functional areas, and a general flattening of the reporting structure inside the department.

### **3. Shift resources within the Department of Assessment more effectively to manage peak periods of activity**

The assessment calendar is replete with periods of high and low activity that affect different parts of the Department of Assessment. For example, the SCAR division's workload decreases significantly after May when the court calendar has ended, and does not pick up again until September when the next court calendar begins. These staffers, many of them trained appraisers, will help the department's commercial and residential field divisions inspect properties and collect data. Additionally, some will be used at the Assessment Review Commission to review appeals filed by homeowners to help the Assessment Review Commission complete its work in a timelier manner. The Small Claims Assessment Review Division also has trained paralegals who could help the County Attorney's office manage the court calendar, send out requests for information for cases on the calendar, organize and enter Notes of Issue information, and track discontinued cases.

### **4. Perform a full technology audit of the Department of Assessment**

On March 17, 2009 the Department of Assessment, working with the County's Information Technology Department began a full "technology audit" of the department's operations. As part of the audit, County IT staff will be evaluating areas such as software applications and productivity tools, technical skills, and key business processes. The audit will prepare a gap analysis and set of recommendations to move the department from its current state into the future.

### **5. Implementation of the ADAPT Project**

A major technology initiative called the ADAPT Project is now underway which will consolidate and integrate almost all the disparate IT systems across the County that are involved in the assessment process. When the project is final, the Department of Assessment, the Assessment Review Commission, the County Attorney's office, and the Treasury Department will use a single integrated assessment system and be able to access the same data in real time. The Department of Assessment began utilizing the new system on May 21, called iasWorld, in May while the other departments will be rolled out in successive

phases over the course of 2009. By January 2010, all four departments will be using iasWorld and almost all the disparate IT systems that exist today will be taken off-line.

### **6. Automate the submission of Annual Survey of Income and Expense (ASIE) Statements**

Each year, the Department of Assessment requires all owners of income-producing property to report income and expenses associated with the operation of their property. The purpose of the survey is to gather this key market data to develop comparative information for the valuation of commercial properties.

The Department of Assessment sends out a massive mailing each year and asks these property owners to complete the form and send it back. Because of the thousands that are returned, a large number of resources are needed to manually enter the data into the computer assisted mass appraisal (CAMA) system. This is an inefficient use of the department's manpower. It is also an inconvenience for property owners (or their representatives) to fill out the form and mail it in each year.

By the end of the year, the Department of Assessment will deploy an automated system through the County's website for willing property owners to submit this information electronically. Paper submissions will still of course be permitted, but the department will encourage people to file these online. The system will be modeled after the federal FAFSA system – where once a property owner's information is entered the first year – subsequent years simply involve updates to the existing information. Discussions with the County's IT department have already begun.

### Long-term Opportunities

#### **1. Increase the number of staff to collect and analyze commercial property data**

The number of staff that goes out into the field to inspect commercial properties and collect data in the Department of Assessment is well below industry benchmarks. When budgetary circumstances become more favorable, the Department of Assessment should increase the number of trained field staff to gather and analyze commercial property data. In the interim, some current resources will be reallocated to this effort. Current and accurate property data is the foundation of any quality assessment system.

#### **2. Further professionalize the Department of Assessment through certifications and assessment training**

The Department of Assessment has done a reasonable job providing training opportunities for its appraisal personnel. Almost all the field staff are certified appraisers, but further steps must be taken to continue to professionalize the staff. This would include setting up a formal training program based on International Association of Assessing Officers guidelines that would allow employees to progress from basic levels of training and certification to higher levels of professional mastery.

### Assessment Review Commission

The statutory authority of the Assessment Review Commission is different from every other administrative review board in the State of New York with the exception of the Tax Commission in New York City. The Assessment Review Commission was structured to lower the number of appeals but the number of appeals has not declined significantly. While reductions of assessed values at the Assessment Review Commission have served to lower the potential future tax refund liability of the County, the County still struggles each year to address the tax refunds and there has been no significant drop in the dollar amount that is refunded.

Even though there is no fee for a property owner to file an assessment appeal, this is a formal and lengthy process that lasts over a year. It has strict rules, policies and procedures to follow that were approved by the Nassau County Legislature. The Assessment Review Commission process is a "de novo" system. De novo is a Latin term meaning "from the beginning". This means the Assessment Review Commission determines its own estimate of the value of a property independently of the Department of Assessment. The Assessment Review Commission uses different valuation standards - e.g. different capitalization rates, income and expense information, different comparative sales and sales periods, and requests different types of information from property owners than originally requested by the Department of Assessment. The Assessment Review Commission does not determine whether the Department of Assessment's assessment is reasonable - unless proven otherwise as in the administrative appeal process found in most other jurisdictions - instead it independently determines its own value. In most respects, the Assessment Review Commission duplicates the work already done by the Assessment Department.

The Small Claims Assessment Review process is somewhat different from what the Assessment Review Commission does in that it does defend the original value the Department of Assessment placed on a home. Yet the Small Claims Assessment Review process is similar to the Assessment Review Commission's in that once again, it uses yet another completely different set of valuation standards from that of the Department of Assessment to defend the property's assessed value. This means that a different set of comparable sales, often drawn from a different comparable time-frame, are used to defend the original assessment.

With commercial cases that move to an Article 7 court proceeding, the process used to defend the value is also different from those of the Department of Assessment, the Assessment Review Commission, and the Small Claims Assessment Review. The County Attorney's office contracts with outside appraisers, at an annual cost of \$1.5 million, and an outside appraiser develops yet a third estimate of the appealed property's value. This value is different from the value originally developed by the Department of Assessment - and different from the proposed value developed by the Assessment Review Commission. This is true because all three are using different valuation standards - but more importantly value is a matter of opinion based on the available information. Three excellent appraisers will usually have three different opinions of a property's value - so the market value of a property is in actuality a range of value. If all three opinions were within 10% of one another they might all be right

Stepping back to take a look at the overall process - starting with the Department of Assessment and following it through to the court system - it becomes apparent that there is no standardized valuation methodology between the key stakeholders in the process. A good analogy would be an electrical outlet. Every home in the U.S. uses

## Nassau County Assessment Administration System Review

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the same type of electrical outlet because the industry has settled on a standard. Whatever the house, old or new, big or small, they all use the same electrical outlet. If that analogy is applied to Nassau County's assessment process, the Department of Assessment, the Assessment Review Commission and the County Attorney's Office are all using a different electrical outlet, and one plug will not fit in all. Given the lack of a set of common valuation standards, it is not difficult to understand why tax refunds continue to be an annual source of anxiety and financial headache for Nassau County.

### Assessment Review Commission Recommendations

#### Short-term Opportunities

**1. Improve coordination with the Department of Assessment and the County Attorney's office**

The Assessment Review Commission, the Department of Assessment and the County Attorney's Office have already started working on this recommendation. Representatives from each department meet on a weekly basis to discuss common concerns and coordinate efforts in order to improve the effectiveness of the assessment process. One example of such an effort is the standardization of an income and expense form for commercial properties that would be used by all three departments and submitted only once by the commercial property owner, not multiple times as they have to do today.

**2. Institute a case management system and review the methodology for estimating refund liability**

The Assessment Review Commission will start a case management system this year with each appeal that is filed. This would be similar to the process of the Tax Commission in New York City, which oversees the case management there. A case management system would provide the County with a better sense of which cases represent significant potential risk at the very beginning of the appeals process, allow it the opportunity to proactively manage the risk, and to take steps to mitigate it.

#### Long-term Opportunities

**1. Strengthen 523-b of the New York State Real Property Tax Law to provide the Assessment Review Commission with the right to dismiss an application and preclude judicial review due to a failure to provide adequate documentation**

The Assessment Review Commission has the authority to dismiss commercial appeals if they have not complied with its requests for information and other filing requirements. However, currently the commercial tax certiorari firms who do not fully comply with these requirements argue that they still have the right to proceed with a judicial appeal and do so.

This obviously defeats the purpose of an effective administrative appeals process and adds to the load of an overburdened court system.

## Nassau County Assessment Administration System Review

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Section 523-b should be clarified to deter commercial property appeals from going to court, to allow the Assessment Review Commission to settle more cases, to prevent tax refund liability, and to make the system more efficient for both the County and for taxpayers.

### **2. Jointly house the Department of Assessment, the Assessment Review Commission, and the Assessment Litigation Bureau of the County Attorney's Office in the same building**

In order to improve communication and coordination between the three departments, it would be very beneficial to have them in the same building. This move would also give taxpayers a "one-stop shop" if they needed to come in to discuss an issue involving their assessment, exemption, or appeal.

### **County Attorney**

The Assessment Litigation Bureau of the County Attorney's office is the final step in the assessment appeal process. This office deals with the thousands of commercial appeals filed every year known as Article 7 proceedings. The Bureau also defends and litigates issues involving tax exemptions, restoration of taxes, and corrections of errors.

As previously noted, approximately 80% of all the filings with the Assessment Review Commission are appealed to the Supreme Court. Like the Department of Assessment and the Assessment Review Commission, the County Attorney's office also has limited resources to manage this avalanche of cases. As a result, the County Attorney's office does not take many cases to trial and looks instead to settle them to reduce liability. In addition, the County Attorney's office is hampered by the lack of a case management system to track appeals from the day they are filed to the day they are settled. This is a critical element in the tracking of potential refund liability.

The County Attorney's office has recently made a concerted effort to take more cases to trial and it has won some fairly significant commercial cases within the last year. However, over the past five years, only 55 cases (an average of 11 per year) have come to a trial decision. Another 125 trials were scheduled - but the cases were settled either before or during trial. The County Attorney's office has also been hampered by a lack of management focus and organization within the Assessment Litigation Bureau. It is expected that a recent change in leadership of the Bureau will address many of these concerns.

One of the main issues in organizing cases for trial is the need to obtain an appraisal and identify an appraiser for trial. The County Attorney's office currently has an annual budget of \$1.5 million (it is actually a line-item in the budget of the Assessment Review Commission) for outside appraisers. The County Attorney's Office does not want to incur the cost of an appraisal unless it looks like the case is actually going to trial, and therefore is often compromised in its negotiating position. The County could both save money and also improve the defense of values by utilizing the best appraisers in the Assessment Review Commission and the Department of Assessment for future cases. There are a number of highly qualified and designated experts on staff who should be developed as part of a "defense team" to help the County Attorney's Office not only to try cases, but to be the "driver" of reasonable and consistent settlements as well.

Before the revaluation and the creation of the Assessment Review Commission there was not an effective administrative appeal process. Therefore, the courts had become

## Nassau County Assessment Administration System Review

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the de facto administrative appeal board for commercial appeals. The courts responsibly stepped in and increased the number of cases scheduled for trial to give the property owner an avenue for appeal. It was expected that the Assessment Review Commission would serve to prevent a large number of cases from moving into the court system and settle the appeals administratively, reducing the County's tax refund liability. However, the number of cases being scheduled by the court every year has not dropped much. Further, the Assessment Review Commission's leverage is undermined as long as commercial tax certiorari firms are aware that relief can be obtained through the court within a defined period of time.

In Nassau County, 3,000 commercial cases a year are put on the calendar for trial. By comparison in New York City, only 200 cases a year are put on the calendar in any one year. This creates a financial incentive for commercial tax certiorari firms to settle with the Tax Commission because it accomplishes three objectives. The first is to have the case resolved more quickly, the second is for the tax certiorari firm to receive payment more quickly, and the third is that it eliminates any refund liability because it has been resolved at the administrative level, not in the courts. This issue of case scheduling will be discussed with the representatives of the Office of Court Administration with the goal of resolving more cases at the administrative level and bringing fewer cases onto the court calendar.

### County Attorney Recommendations

#### Short-term Opportunities

- 1. Closely coordinate resources with the Department of Assessment and the Assessment Review Commission to prepare, manage and defend the current appeal caseload**

The County Attorney's office could be immediately more effective by utilizing the appraisers/assessors at the Department of Assessment and the Assessment Review Commission instead of relying on contractual appraisers. For example, trained in-house appraisers could review the appraisal work developed by the outside appraisers hired by the County Attorney's office. Through this review, they could make sure the work of the outside appraiser supports the County's value and confirm that the appraisal provide is thorough and complete. While there has been some sharing of resources over the last year, it has been primarily on an ad hoc basis. A more formal process needs to be developed in which expertise within the County is shared regularly as a daily part of operations.

- 2. Develop an interdepartmental defense team to track the largest cases that represent the greatest liability, use in-house appraisers to try cases, and involve an appraiser/assessor in settlement decisions**

Once a commercial appeal has been scheduled on the court calendar and seems headed to trial, a cross-functional "defense team" should work together to defend the case and share information with the County Attorney's office. This team should be the "driver" of reasonable and consistent settlements.

- 3. Work with the Office of Court Administration to better manage the court calendar to encourage final settlements with the Assessment Review Commission.**

### Conclusion

Nassau County's assessment system has improved dramatically since annual reassessments were ordered by the court in 2000 and implemented in 2003. The County has accomplished numerous worthy achievements over that period. The establishment of the current Assessment Review Commission in 2003 created an improved administrative review system for assessment appeals that was designed to reduce the County's appeal liability. The voter-approved initiative eliminating the position of elected assessor in favor of appointing a professionally-qualified assessor is one more step in the reform process. For the first time, all three departments – the Department of Assessment, the Assessment Review Commission and the County Attorney's Office – are under the aegis of the County Executive's Office. This change has already fostered new levels of communication, cooperation, and the sharing of resources. However, there is much more work to be done, and this report has identified some keys opportunities for improvement.

There is an old Chinese saying that the journey of a thousand miles begins with one small step. This report, in effect, represents one more step towards restoring the public's confidence in the assessment administration system of Nassau County. It is important to note that all the issues mentioned in this report will not be corrected overnight. In fact, it is very likely that new issues will be discovered going forward, given the complexities of the County's assessment system. Nor should this report be construed as having successfully identified every issue in the assessment administration system in the first three months of the new Assessor's tenure. While property owners will see improvement in the short-term, long-term systemic reform is going to be a multi-year process.

Even when there is consensus among stakeholders about the need to reform a public policy issue, change takes time to achieve in government because of the methodical nature of the bureaucratic process.

While there are issues to address and while additional reform is needed, implementing these recommendations will further improve a system that is clearly progressing, not regressing. It is the goal of the Department of Assessment to make Nassau County the leading assessment agency in New York State and become a national model of best practices for others to follow. The objective is to have an assessment administration system that is accurate, efficient, and fully transparent. The property owners of Nassau County deserve and have a right to expect nothing less.

## **Glossary of Assessment Terms**

### **1. Adjusted Comparable Value**

The sale price of a similar property plus or minus the net adjustment.

### **2. Adjusted Market Value**

For Class I properties, the market value, as adjusted when applicable by the limitation on assessment increases capped at 6% for one year and 20% over five years (excluding additions and renovations).

### **3. Appraisal**

An estimate or opinion of value, usually in writing. The act or process of estimating value as of a certain date.

### **4. Appraisal Methods**

The three accepted methods of valuing real estate are:

- The sales comparison or market approach which uses adjusted sales of comparable properties
- The income approach which capitalizes net operating income to produce an estimate of value
- The summation or cost approach which uses the cost of construction new, less accrued depreciation, plus land value.

### **5. Appraisal Process**

A systematic examination of the factors which influence the value or utility of real estate. A process by which the problem may be defined, the relevant facts assembled and a supportable conclusion of value produced.

### **6. Appraised Value**

The final opinion of an appraiser as to the worth of a property as of the effective date of appraisal.

### **7. Assessment Roll**

A document listing, usually in alphabetic or tax map number sequence within roll section, all of the assessed values within an assessment jurisdiction together with their land and total values, the names and addresses of owners, exemption data, property types and other pertinent information.

### **8. Arm's Length**

Refers to a real estate transaction in the open market freely arrived at by normal negotiations without undue pressure on either the buyer or the seller.

### **9. Assessed Value**

A figure in dollars determined by an assessor which reflects a property's worth in relation to other properties on an assessment roll and which, unless exempt, is used to compute a tax dollar obligation by multiplying it by a tax rate.

### **10. Assessing Unit**

A city, county, town or village with the authority to value real property for purposes of taxation.

### **11. Assessment to Sales Ratio**

The number derived by dividing the assessed value by the selling price; used as a measure of the relationship between a property assessment and market value.

### **12. Basic and Enhanced STAR (School Tax Relief) Program**

The School Tax Relief (STAR) exemption (Real Property Tax Law, §425) provides a partial exemption from school taxes for most owner-occupied, primary residences. Basic STAR is available to anyone who owns and lives in his or her own home. Enhanced STAR is available to senior homeowners whose incomes do not exceed the statewide standard.

### **13. Capitalization Rate**

The percentage which is the sum of the discount rate, the effective tax rate and the recapture rate (for improved property only) representing the relationship between net operating income and present value.

### **14. Capitalized Value**

The value indicated by the annual net operating income generated by the property. The present value of the right to collect future income derived by dividing net operating income by an appropriate capitalization rate.

### **15. CDU**

(Condition – Desirability – Utility) Codes denoting the composite rating of the overall condition, desirability and usefulness of a property. The codes used are: Excellent, Very Good, Good, Average, Fair and Poor.

### **16. Class I**

The class of real property as defined in Article 18 of the Real Property Tax Law that includes one, two and three-family houses and residential condominiums of three stories or less and most residential vacant land.

### **17. Class II**

The class of real property as defined in Article 18 of the Real Property Tax Law that includes apartment buildings, residential cooperatives and residential condominiums of four stories or more.

### **18. Class III**

The class of real property as defined in Article 18 of the Real Property Tax Law that includes all public utility equipment defined as real property in state law.

### **19. Class IV**

The class of real property as defined in Article 18 of the Real Property Tax Law that includes all properties not defined in the first three classes. This class contains primarily commercial and business properties and vacant land.

### **20. Coefficient of Dispersion**

The average deviation of a group of observations (assessment ratios, for example) from the mean or, preferably, the median ratio expressed as a percentage of that mean or median. The standard measure of assessment equity.

### **21. Coefficient of Variation**

The standard error of the estimate divided by the mean value of the dependent variable. A measure of the likelihood of error in predictions of the value of the dependent variable.

### **22. Comparable Sale**

A property which has sold recently and is sufficiently similar to the subject of an appraisal so that its adjusted selling price may be taken as an indication of the market value of the subject.

### **23. Condominium**

A form of fee simple ownership of part of a structure having multiple units. Owners have title to their own units plus a share of the common elements.

### **24. Cooperative Apartment**

A dwelling unit owned by a corporation in which an owner owns stock commensurate with the value of his or her apartment compared to the value of the building as a whole. The stockholder has a proprietary lease to the apartment.

### **25. Cost Approach**

A method of estimating the value of real property by calculating a current construction cost, subtracting accrued depreciation and adding a land value obtained from the market. This method works best when the improvements are relatively new and estimates of depreciation are thus more likely to be accurate.

### **26. Depreciation**

In appraising, a loss in property value from any cause; the difference between the reproduction or replacement cost of an improvement on the effective date of the appraisal and the market value of the improvement on the same date. In regard to improvements, depreciation encompasses both deterioration and obsolescence.

### **27. Effective Tax Rate (ETR), aka Equalized Tax Rate**

The nominal (actual) tax rate multiplied by the level of assessment. If the level of assessment is 30% (.30) and the nominal tax rate is \$80 per \$1,000, the effective tax rate is \$24 per \$1,000 or 2.4%.

### **28. Equalization**

The process of bringing the assessed value of jurisdictions assessing at different levels to a common level, usually fair market value as of a given date.

### **29. Equalization Rate**

A weighted average ratio of the total assessed value in a municipality divided by the total market value. An equalization rate of 20% indicates that assessments were at an average of one-fifth of market value when the equalization rate survey was made.

### **30. Fair Market Value**

The most probable price, expressed in terms of money, that a property would bring if exposed for sale in the open market in an arm's length transaction between a willing seller and a willing buyer, both of whom are knowledgeable concerning all the uses to which it is adapted and for which it is capable of being used. (From "Property Assessment Valuation" published by the International Association of Assessing Officers) Synonymous with "market value."

### **31. Final Assessment Roll**

A document containing assessment and exemption information on all parcels in a municipality. It differs from the tentative assessment roll with respect to changes ordered by a board of assessment review, assessment and ceiling assessments made by the Office of Real Property Services and ownership and address changes since the tentative roll.

### **32. Fractional Assessment**

A procedure whereby assessments are made at some uniform percentage of full or fair market value rather than at 100% thereof.

### **33. GIS**

Acronym for Geographic Information System.

### **34. Appeal**

The process to challenge the Assessor's determination of a property owner's market value, tax classification status, or exemption status as listed on the tentative roll.

### **35. Appeal Period**

The period (January 2nd through March 1st) during which taxpayers may protest the assessed value placed on their real property.

### **36. Highest and Best Use**

The reasonable, probable, and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are: legal permissibility, physical possibility, financial feasibility, and maximum profitability.

### **37. International Association of Assessing Officers**

Acronym for the International Association of Assessing Officers

### **38. Income Approach**

An appraisal technique whereby the value of an income-producing property is estimated by capitalizing its net operating income using an appropriate capitalization rate.  $\text{Value} = \text{Income} / \text{Rate}$ .

### **39. Level of Assessment (LOA)**

The percentage of full market value at which assessments are, on average, made in a given assessing unit.

### **40. Market Data Approach**

An appraisal process whereby the value of a subject property is predicated on the adjusted (for time and inventory differences) selling prices of comparable properties. Also known as the "direct sales comparison approach."

### **41. Market Value**

That price in an open market at which a willing buyer would buy and a willing seller would sell neither being under abnormal pressure and both being fully informed.

### **42. Marshal & Swift**

A leading provider of commercial software for computing building costs.

### **43. Mass Appraisal**

A systematic valuation of a large number of properties during a relatively short period of time. Typically the function of an assessor rather than an appraiser. Various techniques using computers and statistical testing of the results are often employed for this purpose.

### **44. Median**

The middle value when assessment ratios or other data are ranked in order of magnitude. When there is an even number of data points, the median is computed as the average of the two middles.

### **45. Multiple Regression Analysis**

Multiple Regression Analysis (MRA) is a statistical method to predict the market value of all properties as of the appraisal date, based on actual sales in comparable areas (neighborhoods). MRA models create adjustments based on the contributory value of characteristics such as quality, age, architectural style, and square footage.

### **46. Office of Real Property Services (ORPS)**

The agency responsible for carrying out the policies and programs of the State Board of Real Property Services.

### **47. Physical or Quantity Change**

An increase in assessed value resulting from new construction, property annexed from another assessing unit, property omitted from the prior roll, property discovered during tax mapping and property which has become locally assessed (usually a transfer to assessment roll section 1 from assessment roll section 8). Also a decrease in assessed value resulting from fire, demolition, loss of parcels due to tax mapping, removal of mobile homes, removal of duplicate parcels and transfer out of the locally assessed category.

### **48. Property Inventory**

A collection of data for each parcel in a municipality which should include at least the following:

- name of the property owner(s)

- tax map land parcel number
- property description
- the physical characteristics necessary to value the parcel by at least one of the three standard approaches exemption status In practice, the inventory will contain information such as land size, square feet of living area, number of bedrooms, finished basement area, etc.

### **49. Sales-Ratio Analysis**

A study of the relationship between actual values and sale prices and the deviations that result from differences between the two; used to determine the efficiency and fairness of the assessment process in a particular jurisdiction.

### **50. Small Claims Assessment Review**

A special small claims hearing established to review challenges to the assessment of owner-occupied one, two and three- family houses and residential condominiums of three stories or less.

### **51. Tax Certiorari**

The legal process by which a property owner can challenge the real estate tax assessment on a given property in an attempt to reduce the property's assessment and real estate taxes.

### **52. Tax Levy**

The amount of money that taxing authorities (municipal, school or special taxing districts) require to be collected through the property taxes to fund their operating budgets.

### **53. Tax Map**

A map prepared primarily for assessment purposes and approved for use by the State Board. Such map or maps will be drawn to scale and delineated for property lines, with dimensions or areas and identifying numbers for all delineated lots of parcels.

### **54. Tax Rate**

A rate per one hundred dollars of assessed value expressed in dollars and cents. Each local governing body - county, town, school and special district - determines its own budget. The amount to be raised by taxes, divided by the assessed value from the jurisdiction would equal the tax rate per \$100 of assessed valuation.

### **55. Taxable Assessed Value**

The assessed value of a parcel (or an entire assessment roll) against which the tax rate is applied to compute the tax due. In case of a partial exemption, the exempt

amount is subtracted from the assessed value in order to determine the taxable assessed value.

### **56. Taxable Status Date**

The date on which the assessed value and taxable status are fixed for all properties in a taxing jurisdiction. In Nassau County the Taxable Status Date is January 2.

### **57. Tentative Assessment Roll**

The tentative roll is approved on January 2 and lists the same estimated market value, assessed value, and exemption information contained in the annual Notice of Tentative Assessed Value.

### **58. Transition Assessment**

An assessment used in approved assessing units to phase in changes after revaluation so as to lessen shifts in the tax burden from one class of property to another. The Assessed Value reflecting annual increase limits on Class II and IV property. The assessed value on these properties cannot increase more than 20% in any given tax year. This does not include physical increases.

### **59. Uniform Percentage of Value**

The standard of assessment in New York State. All properties in an assessing unit must be assessed at the same percentage of their market values except where classified assessments are allowed in which case all properties in the same class must be assessed at the same percentage of their market values.

### **60. Valid Sale**

An arm's-length transaction between a willing buyer and a willing seller, both having full knowledge of the facts and neither being under any compulsion to act.

### **61. Valuation**

The process of estimating market value, investment value, insurable value, or other properly defined value of an identified interest or interests in a specific parcel or parcels of real property as of a given date.

### **62. Weighted Average**

An average of the Adjusted Sale Prices weighted by the extent of the adjustments made to the sale price of the comparable.

### **63. Writ**

An order issuing from a court requiring the performance of a specified act.

### **64. Writs of Certiorari**

Property-owners who are not eligible for Small Claims Assessment Review (SCAR) can challenge their assessments in State Supreme Court through a court action called a Writ of Certiorari. Most of the people who file writs own commercial and industrial property. Writs of Certiorari are subject to the Supreme Court calendar. Like a small claims, you must file an appeal by March 1st with the Assessment Review Commission. A Writ of Certiorari must be filed before the last day in April or within 30 days of the Assessment Review Commission's decision (if the decision is rendered after April 1).

**Addendum**

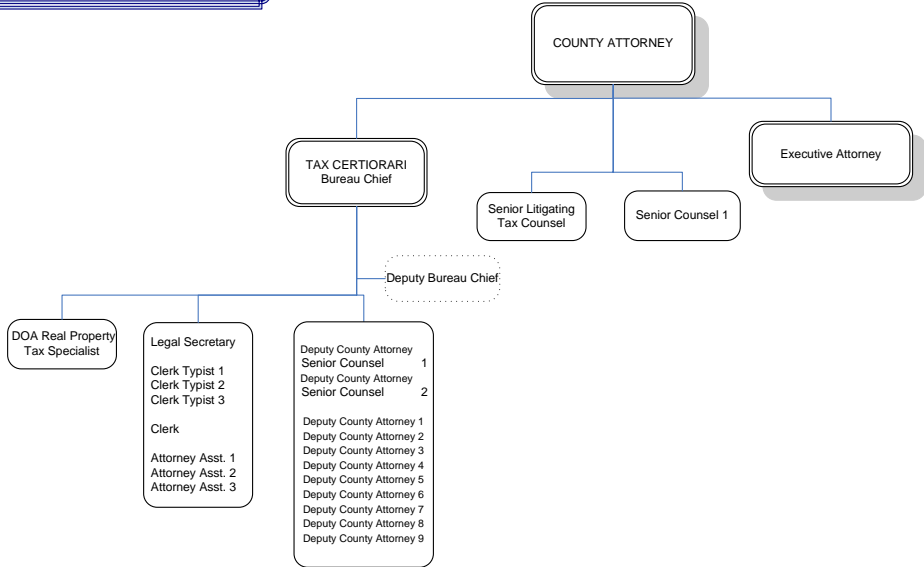
- Exhibit 1      Organization Charts**
- Exhibit 2      Assessment Calendars**
- Exhibit 3      Residential Tax Representative Solicitations**
- Exhibit 4      Draft Legislation: Residential Assessments to Full Value**
- Exhibit 5      Town Tax Bill Comparison – Hempstead and Chatham**

Exhibit 1 Organization Charts



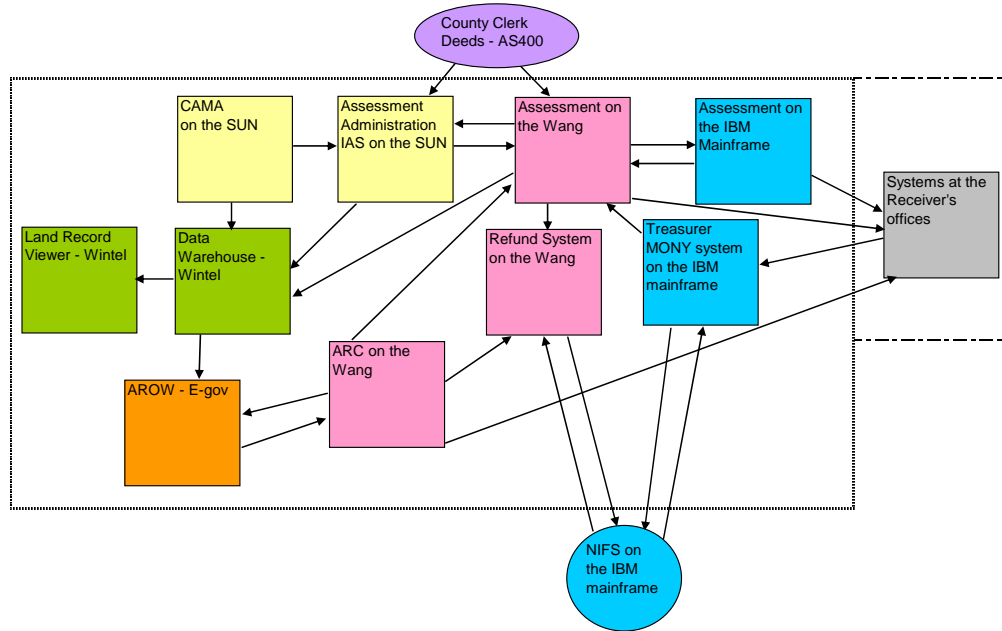
Nassau County Assessment Administration System Review

**County Attorney's Office  
Division of Tax Certiorari  
Organization Chart**

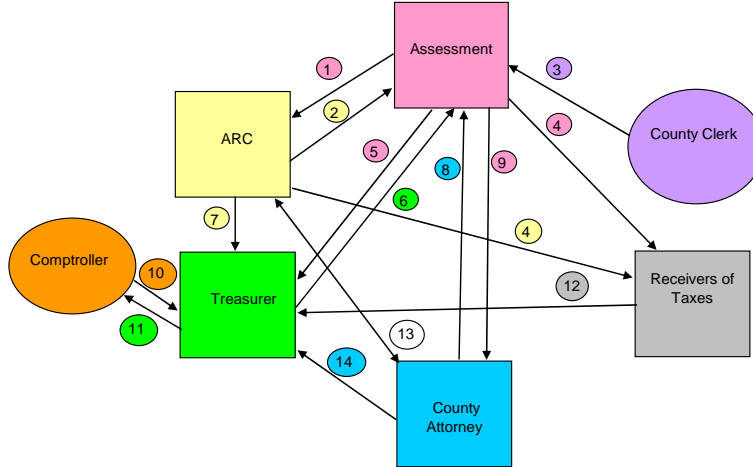


# Nassau County Assessment Administration System Review

Data Flow between Systems (prior to ADAPT)



Data Flow Between Departments (prior to ADAPT)

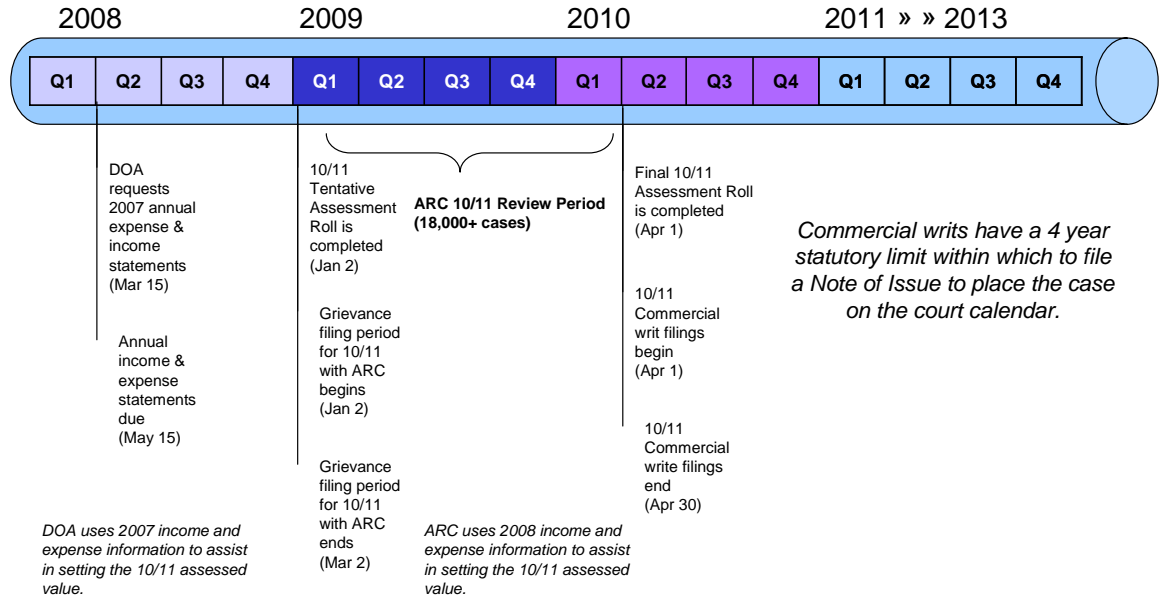


- 1 - Assessment data sent to ARC - Protest, Small Claims & Writ extracts, Assessment Roll extracts
- 2 - ARC data sent to Assessment - Batch files of protest reductions and denials. Batch files of Scar settlements.
- 3 - County Clerk data sent to Assessment - Monthly Deed extract
- 4 - Assessment data sent to Receivers - Initial calculated taxes files and rate files to produce School and General tax bills.  
ARC and Scar Refund files passed on a regular basis for the Receivers to issue corrected bills.
- 5 - Assessment data sent to Treasurer - Scar refund data downloaded to process refunds
- 6 - Treasurer data sent to Assessment - Payment data from the Receivers and delinquent & lien data from the MONY system
- 7 - ARC data sent to Treasurer - Settlement information to process refunds
- 8 - County Attorney data sent to Assessment - Court ordered settlements for writs of certiorari
- 9 - Assessment data used by County Attorney - Data on comparable properties used to make offers and settle cases
- 10 - Comptroller data sent to Treasurer - Check number and payment information from NIFS
- 11 - Treasurer data sent to Comptroller - Voucher information to create checks in NIFS
- 12 - Receiver data sent to Treasurer - Tax payment and distribution information
- 13 - County Attorney & ARC shared data - They sometimes both have pending settlements for the same property - different years
- 14 - County Attorney data sent to Treasurer - Court ordered settlements for refund processing

Exhibit 2 Assessment Calendars



# Assessment Timeline Class 2,3 & 4



**Exhibit 3 Residential Tax Representative Solicitations**



## Property Tax Reduction Consultants


**2 Glen Cove Road, Roslyn, NY 11576**  
**516-484-0654 (Fax) 516-484-2565**

Website: www.ptrcny.com



**THE TIME IS RUNNING OUT TO LOWER YOUR PROPERTY TAXES!**

Filing Begins 1/2/2009

West Hempstead, NY 11552-1741  


Since home values are plummeting to record lows, shouldn't your property tax bill reflect this? In our opinion Nassau County is not considering the spiraling downward trend in this economic recession.

**The Solution: File a tax grievance!**

The selection of the consultant is crucial to the success of your case.

PTRC is successful because we overcome the presumption that the "county is correct" and we prove the *fair* market value as defined by law. ***We are the best in the business because:***

- PTRC has **18 years of expertise and success** in Nassau County tax assessment reductions
- PTRC has **long term familiarity** with Nassau County's filing process, real estate and market trends
- PTRC has the **latest and most up to date** research to present your case before the county

To assist you in making this important decision we ask that you fill out the application below. There is no fee to be qualified. **There is NO FEE if there is NO REDUCTION!**

**FILING BEGINS JANUARY 2, 2009. Your right to file an application to correct your assessment occurs once a year. THE TIME IS NOW! This will be your last opportunity to lower your taxes!**

**What do you have to do? *Simply sign and return the application in the envelope provided.***

----- PLEASE MAKE ANY CORRECTIONS, DETACH AND MAIL BACK IMMEDIATELY. -----

SEC/BLK/LOT	LOT SIZE	YOUR PROPERTY		YEAR BUILT	SCH. DIST
	.1377	BLDG SIZE	1854	1928	27
During your ownership, have you expanded the house's living area? <input type="checkbox"/> No <input checked="" type="checkbox"/> Yes If yes describe: _____					
Use <input type="checkbox"/> 1 family <input type="checkbox"/> Mother/daughter <input type="checkbox"/> 2 family <input type="checkbox"/> 3 family <input type="checkbox"/> Condominium <input type="checkbox"/> Other					
Style: COLONIAL					
What part is currently used as a residence for the owners and their families? <input checked="" type="checkbox"/> All <input type="checkbox"/> Part <input type="checkbox"/> None					
Is the property rented (other than to family members)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes: Rent \$ _____/mo					
Is the property offered for sale or under contract? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No					
What is below the main part of the house? <input type="checkbox"/> Finished basement <input type="checkbox"/> Unfinished basement <input type="checkbox"/> Crawl <input type="checkbox"/> Slab					
Fill-in the number of: <input type="checkbox"/> 1 Kitchens <input type="checkbox"/> Full baths <input type="checkbox"/> Half baths <input type="checkbox"/> Bedrooms <input type="checkbox"/> Total rooms <input type="checkbox"/> 3					
Does the house have a garage? <input checked="" type="checkbox"/> Car(s) <input type="checkbox"/> Central air conditioning <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No					
In-ground pool <input type="checkbox"/> Waterfront Access? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No A professional office or business use? <input type="checkbox"/>					
Are any of these adjacent to or visible from the house? <input type="checkbox"/> Waterfront <input type="checkbox"/> Street with a painted center line or other traffic separation <input type="checkbox"/>					
Railroad <input type="checkbox"/> Commercial property <input type="checkbox"/> Apartment house <input type="checkbox"/> Golf course <input type="checkbox"/> Park Other facts: _____					

**APPLICATION FOR CORRECTION OF PROPERTY TAX ASSESSMENT DATE: MARCH 1, 2009**

I hereby authorize P.T.R.C., Inc. to process my Application For Correction/Refund Application for filing in calendar year 2009 immediately, as my exclusive agent, with the Nassau County Assessment Review Commission and before any county and/or village/city Assessment Review Commission/Small Claims Assessment Review of the Supreme Court, State of New York, for correction of the assessment appearing on the tentative roll published in Jan. 2009 and all corrections for the 2010/11 tax year. I authorize ARC or Nassau County Department of Assessment to communicate directly with P.T.R.C., Inc. in all matters relating to this application.

**1-Eligibility:** 1. A person named in the records of the Nassau County Clerk as a homeowner, or 2. That person's authorized agent, or 3. A person who has contracted to buy a home, or 4. The estate of a deceased homeowner, is eligible under law to receive a tax assessment reduction and a property tax refund. 5. The property is a one, two or three family home used exclusively for residential purposes. If you are not in any of these categories you will not be able to receive a property tax refund and you should not sign this agreement. If you are in one of these categories you may sign this agreement.

**2-Service To Be Performed:** Note that you are not required by law to use a tax reduction service in order to file for and/or receive a tax assessment reduction. By signing this agreement, however, you are directing P.T.R.C., Inc., (not affiliated with any municipality) to prepare and file your First Level Complaint for review by the Assessment Review Commission, to represent you at any proceeding which includes the preparation and filing of the Petitions, the preparation and presentation of a Market Analysis and to physically appear on your behalf at settlement conferences and all court hearings as necessary. P.T.R.C., Inc. will prepare and file forms required by any municipality for issuance of a possible refund check, minus any fees due and the balance forwarded to you within 30 days from our receipt.

**3-Notification Of Tax Reduction:** P.T.R.C., Inc. will make every reasonable effort to communicate the terms of any offer of settlement made by Nassau County in the course of the tax assessment review proceeding as required by law. I fully authorize P.T.R.C., Inc., to negotiate a settlement for me.

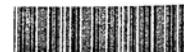
**4-Fee For Service:** P.T.R.C., Inc. **DOES NOT CHARGE A FEE IF THERE IS NO REDUCTION.** If successful, I agree to pay a fee equal to 50% of the Tax Reductions payable within 30 days of the notification of the tax reductions, and to pay such fee in the event I sell or move out of the subject property. If I default on said payment, I agree to pay 1% interest per month after 30 days and, if needed, reasonable collection fees and reasonable attorney's fees incurred by P.T.R.C., Inc. A \$30 court filing fee will apply for each appeal filed.

**5-Cancellation:** At anytime within three (3) days after entering into this contract, I have the complete right to cancel this agreement in writing to P.T.R.C.

Signature of any owner \_\_\_\_\_

Telephone \_\_\_\_\_

Date \_\_\_\_\_



Print Owner's Name \_\_\_\_\_

Email Address \_\_\_\_\_

N-4

**BILL FOR SERVICES - Reduced 08/09 Roll**

Tax Correction Agency, Inc.  
 54 Trade Zone Court  
 Rosetonoma, N.Y. 11779

RE: 08/09 Property Tax Grievance - First Level  
 Section/Block/Lot \_\_\_\_\_  
 File Number 70803272

February 17, 2009

Bill To:

WEST HEMPSTEAD, NY 11552

Data Summary:

Original Assessed Value 1/07	\$1,139
Corrected Assessed Value 4/08	\$1,019
Assessed Value Reduction	\$120
School Tax Rate (per \$100)	530.166
General Levy Rate (per \$100)	283.644
GROSS 1st Year Savings	\$977
Adjusted Savings *see below	\$296
Fee (25% of Adjusted Savings)	+ \$475
Filing Court Filing Fee (Appeal)	+ \$0
Plus Appeal Fee	+ \$0
Less Paid to Date	- \$0
<b>Net Amount Due</b>	<b>\$475</b>

Calculating Your Savings

In general, property taxes are computed by multiplying the School Tax Rate and the General Levy Tax Rate by every \$100 of assessment. Therefore:

$$\text{Property Tax} = (\text{School Rate} + \text{General Rate}) \times (\text{Assessment} / 100)$$

Because your total tax is \$913.810 per \$100 of assessment, for each \$100 of reduced assessment your taxes are reduced by \$913.810. Therefore:

$$\text{Savings} = (\text{School Rate} + \text{General Rate}) \times (\text{Assessment Reduction} / 100)$$

To compute your actual savings use the figures from the DATA SUMMARY above:  
 SAVINGS = (530.166 + 283.644) X ( \$120 / 100 ) = \$977\*

\* The savings computation accounts for exemptions and other unusual conditions to ensure accuracy, and sometimes the calculation is more complicated than the general case shown above. It can't be explained here, but the net effect is reflected in the Adjusted Savings above.

Exemptions Calculated: Basic Star Veterans

Verifying Your Savings...

The top three numbers on the Data Summary above are on the "Final Determination" sent to us by the Assessment Review Commission. The "Original Assessed Value" is the assessment we started with when we filed for you in January, 2007. The "Corrected Assessed Value" is the lower value ARC has agreed to. It is the new final assessment used to compute tax bills issued from 10/08 - 7/09. Your tax bill is lower because we reduced your January assessment before it became final in April, 2008. The difference is YOUR assessment dollar savings, called the "Assessed Value Reduction" on the Determination. It is the basis of actual tax savings -- see calculations above.

When Remitting Payment...

Please make check payable to TCA, Inc. for \$475 and write "File #70803272" on the check. Use the pre-addressed envelope provided. Keep all checks only for your records. Your cancelled check is your receipt. Thank you.



**“STAR” TAX REDUCTION CONSULTANT**

42 Superior Road, Floral Park, New York 11001 Phone: (516) 236-7596 Fax: 516-216-5579 e-mail: str2002@optonline.net

**DEMAND NOTICE**  
**THIS IS YOUR 6<sup>th</sup> NOTICE**

May 1, 2009

FREEPORT, NY 11520

DEAR \_\_\_\_\_

**PAYMENT HAS NOT BEEN RECEIVED**  
**NOW IS THE TIME TO SETTLE THIS ACCOUNT!**

As per our agreement you agreed to pay my company 100% of the first year's savings.  
 IF YOU RETURNED THE 2008 MIDDLE CLASS REBATE APPLICATION TO NYS YOU WOULD HAVE RECEIVED A  
 REBATE CHECK FOR AS MUCH AS \$708.02 FOR A TOTAL MONTHLY SAVINGS OF \$1852.86.  
**THE FEE \$1084.07 IS ONLY 5% OF THE TOTAL POTENTIAL AMOUNT OF \$4852.89 SAVED THIS YEAR!!**

*Because you have not paid as of yet, my only alternative is to take you to District Day Court.  
 In addition to losing a day of work, Court Fees & Interest may be added to you balance and  
 negatively affect your credit rating. I would very much like to avoid this action.  
 Please pay no later than 5/10/09, so that we can avoid a court date.*

<b>INVOICE</b>	
2007 "STAR" Tax Exemption	\$1084.07
<small>ONLY INCLUDES SAVINGS DUE TO THE "STAR" PROGRAM PRINTED ON YOUR TAX BILL.</small>	
PAYMENT (If applicable)	-
<b>BALANCE DUE</b>	<b>\$1084.07</b>

Every year hereafter, you will be enjoying this savings without my company being involved or you filing any additional paperwork. Remember, my service for you was performed in the fall of 2007. I have been patient. I have waited until you actually received the savings on your October 2008 School Tax Bill. If you have difficulty paying the balance in one payment, pay half now and the balance next month. If that presents a problem, call Linda at 516-236-7596 to discuss a payment schedule.

**PLEASE, DO SOMETHING... DO NOT IGNORE THIS LETTER!**  
**CALL IF YOU HAVE ANY QUESTIONS.**

Thomas J. Lucas,  
 "Star" Tax Reduction Consultant

TEAR OFF AND RETURN WITH YOUR PAYMENT  
**MAKE YOUR CHECK FOR \$1084.07 PAYABLE TO STRC ("STAR" TAX REDUCTION CONSULTANT)**

In the memo section of your check, please write your **SECURIDOT# 2008**  
 Please place your check in the postage paid envelope enclosed and **RETURN MAIL TO, 2009.**

**For your convenience, Credit Card payment is available. Fill out the stub below.**

NAME ON CREDIT CARD: \_\_\_\_\_ CLIENT: \_\_\_\_\_  
 BILLING ADDRESS: \_\_\_\_\_ ZIP CODE: \_\_\_\_\_  
 CREDIT CARD NUMBER: \_\_\_\_\_ EXPIRATION DATE: \_\_\_\_\_  
 AMOUNT CHARGED \$: \_\_\_\_\_ SIGNATURE: \_\_\_\_\_

PLEASE CALL LINDA AS SOON AS YOU GET THIS NOTICE  
I CAN HELP YOU AVOID A DAY IN COURT!  
DO SOMETHING... DO NOT IGNORE THIS LETTER!  
CALL LINDA AT 516-226-7596 TO ARRANGE PAYMENT OR WITH ANY QUESTIONS  
BETWEEN THE HOURS OF 3PM AND 9PM

**Exhibit 4 Draft Legislation: Residential Assessments to Full Value**

**Memorandum in Support**

**TITLE:** AN ACT to amend the real property tax law, in relation to the assessment of real property in Nassau County.

**DESCRIPTION:** This bill amends §1805 of the Real Property Tax Law to provide that assessments in Nassau County will be stated in terms of full value instead of at a fractional level. Tentative assessed values will be converted into full value assessments and the limitations on assessment increases for class one property will be temporarily removed to accomplish the conversion. Class one property includes one, two and three family homes and townhouse condominiums. The limitations on assessment increases will be restored for subsequent assessment rolls after the conversion.

**SUMMARY OF PROVISIONS:** Section 1805 of the Real Property Tax Law is amended by adding a new subdivision 1-a, which provides for the conversion in Nassau County of the fractional assessments on the most recent tentative assessment roll into full value assessments by dividing the current assessments by the uniform percentage of value employed by the County for each class of property. The resulting full values will be the basis for the final assessment roll and the tax rolls applicable to that assessment roll. The limitations on increases in assessments for class one property will not apply to the conversion from fractional assessments to full value assessments but will be reinstated for class one property in Nassau County for subsequent assessment rolls.

**REASONS FOR SUPPORT:** Since 2000 Nassau County has undertaken to modernize its assessment system. As part of this effort, in 2003 Nassau performed a revaluation of all property in the County for the first time since 1938. It also committed to a plan of reassessing all property on an annual basis. This bill would strengthen the achievements of the assessment modernization effort by making the assessment system more transparent and understandable.

Currently assessments of class one property in Nassau and New York City can be increased no more than 6% in one year and 20% over a five-year period. In order to implement the revaluation and subsequent reassessments, Nassau County reduced the level of assessment at which class one property was assessed each year so that it would not be in violation of the cap on assessments. This resulted in assessed values being set at a small fraction of the property's market value. The current level of assessment for class one property in Nassau County is at one quarter of one percent of market value. The current level of assessment for class two, class three, and class four property is at one percent of market value. The yearly reductions in level of assessment required tax jurisdictions to double and redouble tax rates to

generate the same revenue. The rapid change in rates has made it more difficult for taxpayers to distinguish the impact of increases in government spending from changes due to revised value estimates.

Under the existing statute assessments cannot be increased to full value levels because of the limitations on assessment increases for class one property. This bill would temporarily remove the limitations and allow the current fractional assessments in Nassau County to be converted into full value assessments. By stating assessments in terms of market value, rather than confusing fractional percentages, the public's understanding of the assessment system would be greatly improved and the anxiety provoked by recent changes would be reduced. Taxpayers would be in a better position to evaluate the accuracy of the new values and help them decide whether to apply for correction of their assessments.

Full value assessments will make individual assessments more transparent and understandable to the average property owner and the provisions of this bill are necessary to preserve and strengthen the ongoing reform of Nassau County's assessment system.

AN ACT

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

65.

Section 1805 of the Real Property Tax Law is amended to add new subdivision 1-a to read as follows:

1-a. Upon the effective date of this subdivision, the assessor of a special assessing unit which is not a city shall convert the fractional assessed values on the most recently published tentative assessment roll to full value assessments by dividing the total actual assessed values on such roll by the stated uniform percentage of value for each class of property. Where an assessment has been corrected by action of a body or officer with authority to correct assessments, the full value assessment shall be computed by applying the appropriate percentage to such corrected assessment. The full value assessments computed for the current tentative assessment roll shall be substituted for the

tentative assessments originally published and shall be the basis for the final assessment and tax rolls for such assessing unit for the forthcoming year.

The limitation on increases prescribed by subdivision one of this section shall not apply to the assessed values converted from fractional assessed values to full value assessments as provided for in this subdivision. The limitation on increases prescribed by subdivision one of this section shall be reinstated and applicable to assessment rolls subsequent to the assessment roll converted from fractional assessed values to full value assessments. The full value assessments computed pursuant to this subdivision shall be used for purposes of the calculations required by the limitation on increases prescribed by subdivision one of this section.

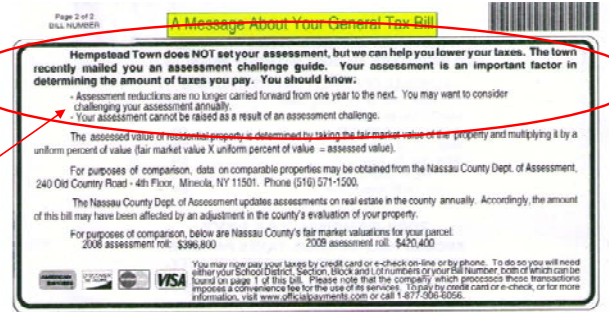
**Exhibit 5      Town Tax Bill Comparison – Hempstead and Chatham**

# Nassau County Assessment Administration System Review

How can the average taxpayer possibly understand the role of their assessment on this Town of Hempstead tax bill?

- Page 2 of the tax bill actually encourages the average taxpayer to appeal their assessment. However, it does not inform the taxpayer on their bill that the deadline to appeal the assessed value is already past.

- This is one hand of government working against the other. Clearly, one has to question whether or not this an efficient use of property taxpayer dollars.



In contrast, the Town of Chatham, NY clearly informs the taxpayer what role the assessed value plays in establishing the tax amount.

- The Town of Chatham provides the taxpayer with a definition of terms on the bill to make it easier to understand
- The Town of Chatham does not encourage taxpayers to file an appeal of their assessed value, but does provide the information to let taxpayers decide for themselves

## PAYMENT INFORMATION/TAX BILL DEFINITION OF TERMS

**FOR COUNTY, TOWN, SPECIAL DISTRICT & RELIEVED TAXES:** Taxes may be paid on or before January 31 without penalty or interest. On all such taxes remaining unpaid after January 31, please note the face of this bill for percentage penalty rate to be added for each month and fraction thereof until the return of the unpaid taxes is made to the County Treasurer pursuant to law (Normally May 31). Partial payments are accepted during the months of January and April for a minimum of 1/3 of the tax due. (No Partial payments will be accepted after May 31 of this year) Interest usually is pursuant to Real Property Tax Law §94-a. After June 1, taxes are payable only to the Columbia County Treasurer's Office, P.O. Box 614, Hudson, NY 12534 - any payments not including all applicable interest and penalty will be returned to the maker.

**PRIOR YEARS UNPAID TAXES:** Any taxes on this parcel from previous tax years, which were unpaid as of December 1 of last year, are shown on a separate statement included with this bill. Any questions pertaining to those taxes should be directed to the Columbia County Treasurer's Office at Telephone No. (518) 828-0513 or (818) 822-1322.

**THIRD PARTY NOTIFICATION:** If you are disabled, or 65 years of age or over, and own a one, two, or three family home, you may designate an adult consenting third party to receive duplicate copies of tax bills and notices of unpaid taxes. Applications and filing requirements are available at the Tax Collector's office.

**SWIS (Statewide Identification System Code):** A numbering system established by Office of Real Property Services to identify uniquely each County, City, Town, Village and that portion of a Town Outside of Incorporated Villages.

**SBL (Section/Block/Lot):** A unique parcel identification number.

**FULL MARKET VALUE:** The full or market value of the parcel, as determined by the Assessor, before any assessing percentages are applied.

**ASSESSED VALUE:** The total assessed value of the parcel determined by applying the uniformed percentage of value to the full value of the parcel.

**UNIFORM PERCENTAGE OF VALUE:** The percentage of full value at which property in the assessing unit is being assessed

**TAXABLE ASSESSED VALUE:** The taxable assessed value of the parcel is equal to the local assessed value less the value of any applicable exemptions.

**TAX RATE:** The tax rate is determined by the taxing jurisdiction. The appropriated taxable assessed value is multiplied by the tax rate to determine the amount of tax due.

**SENIOR CITIZEN TAX EXEMPTION:** Homeowners age 65 or older may be eligible for the senior citizens and/or STAR exemption. For further information call or write the Assessor of your Town or City or the County Real Property Tax Service. Applications must be filed on or before March 1st.

**VETERANS EXEMPTIONS:** Veterans Exemptions do not apply for School Tax purposes.

**DISABILITY EXEMPTIONS:** You may be eligible for a Disability Exemption if your Town or School District has adopted this option. Contact your local Assessor or the County Real Property Tax Service.

If this property has been sold or otherwise disposed of, you are required to forward this Tax Bill to the new owner or return it to the Tax Collector, with the name and address of the new owner, if available. If the mailing address is incomplete or incorrect, please complete the following and return immediately to the Tax Collector. Also, notify your Assessor of the change.

NEW OWNER/CURRENT OWNER: \_\_\_\_\_

NEW MAILING ADDRESS: \_\_\_\_\_