

Glossary of Assessment Terms

- Adjusted Comparable Value:** The sale price of a similar property plus or minus the net adjustment.
- 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).
- 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.
- Appeal Period:** The period (January 2nd through March 1st) during which taxpayers may protest the assessed value placed on their real property.
- Appraisal:** An estimate or opinion of value, usually in writing. The act or process of estimating value as of a certain date.
- Appraisal Methods:** The three accepted methods of valuing real estate are:
1. The sales comparison or market approach which uses adjusted sales of comparable properties
 2. The income approach which capitalizes net operating income to produce an estimate of value
 3. The summation or cost approach which uses the cost of construction new, less accrued depreciation, plus land value.
- 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.
- Appraised Value:** The final opinion of an appraiser as to the worth of a property as of the effective date of appraisal.
- 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.
- 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.

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.
Assessing Unit:	A city, county, town or village with the authority to value real property for purposes of taxation.
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.
Basic and Enhanced STAR:	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 with a household income of \$500,000 or less. Enhanced STAR is available to senior homeowners whose incomes do not exceed \$79,050.
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.
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.
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.
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.
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.
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.

- 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.
- 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.
- 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.
- 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.
- 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.
- 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.
- 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.
- 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.
- Effective Tax Rate (ETR):** (Also Known as the 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%.

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.
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.
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."
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.
Fractional Assessment:	A procedure whereby assessments are made at some uniform percentage of full or fair market value rather than at 100% thereof.
GIS:	Acronym for Geographic Information System.
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.
IAAO:	Acronym for the International Association of Assessing Officers.
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. $\text{Value} = \text{Income} / \text{Rate}.$

Level of Assessment (LOA):	The percentage of full market value at which assessments are, on average, made in a given assessing unit.
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."
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.
Marshal & Swift:	A leading provider of commercial software for computing building costs.
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.
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.
MRA:	Acronym for Multiple Regression Analysis. It 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.
ORPS:	Acronym for the Office of real property Services. The agency responsible for carrying out the policies and programs of the State Board of Real Property Services.
Physical/Quantity Change:	An increase in assessed value resulting from new construction, 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.
Property Inventory:	A collection of data for each parcel in a municipality which should include at least the following:

1. Name of the property owner(s)

2. Tax map land parcel number

3. Property description

4. 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.

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.
SCAR:	An acronym for Small Claim 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.
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.
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.
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.
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.
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.

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.
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.
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.
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.
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.
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.
Weighted Average:	An average of the Adjusted Sale Prices weighted by the extent of the adjustments made to the sale price of the comparable.
Writ:	An order issuing from a court requiring the performance of a specified act.