

**2002 REPORT ON EFFECTIVENESS OF STATE TECHNICAL
AND FINANCIAL ASSISTANCE PROGRAMS
FOR ASSESSMENT ADMINISTRATION**



STATE BOARD OF REAL PROPERTY SERVICES

Ifigenia T. Brown, Chairwoman
John M. Bacheller
Frank B. Cernese
Michael Joseph, Jr.

Thomas G. Griffen, Executive Director

**STATE OF NEW YORK
GEORGE E. PATAKI, GOVERNOR**

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

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Jerome A. McCall

Research, Information and Policy Development Section

**Thomas G. Griffen
Executive Director**

**James F. Dunne, Director
Real Property Tax Research**

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TABLE OF CONTENTS

	Page
I. INTRODUCTION	1
II. DESCRIPTION AND EVOLUTION OF PROGRAMS	3
A. <u>Financial Assistance Programs</u>	3
1. Attainment Aid	4
2. Supplemental Attainment Aid	6
3. Maintenance Aid	6
4. Annual Reassessment Aid and Triennial Aid	8
5. Aid for Consolidation, Coordinated and County Assessment Programs.....	10
B. <u>Technical Assistance Programs</u>	12
1. Real Property System (RPS)	12
2. Reassessment Project Support	14
3. Advisory Appraisals	16
4. Assessment Administrator Training	17
5. School Tax Relief (STAR) Program Aid	22
6. Other Technical Assistance	23
a. Publications	23
b. Legal Services	23
c. Public Information and Research	23
d. Tax Mapping Services	24
e. Geographic Information Systems (GIS) Services.....	24
7. Technical Assistance Costs	24
III. MEASURING IMPROVEMENTS IN ASSESSMENT ADMINISTRATION.....	27
A. Introduction	27
B. Number of Assessing Units and Assessors.....	28
C. Data Updating and Reassessment Activity.....	30
D. Assessment Uniformity	32
E. Effects of Local Aid Programs on State Equalization.....	38
IV. CONCLUSIONS AND RECOMMENDATIONS.....	45
A. Achieving Assessment Uniformity	45
B. Efficiency of Assessment Administration	46
C. Assessor Technical Qualifications	47
D. Real Property System.....	47

LIST OF TABLES AND FIGURES

Table 1. Attainment Aid	5
Table 2. Maintenance Aid Program: Participation and Expenditures	8
Table 3. Availability of State Reassessment Aid, January 1, 2002	9

Table 4.	Annual Reassessment Aid and Triennial Aid (\$5/pcl.): Program Participation and Expenditures.....	10
Table 5.	Coordinated Assessment Program Aid.....	12
Table 6.	ORPS-Assisted Local Reassessment Projects, Selected Years.....	16
Table 7.	ORPS Advisory Appraisal Assistance Program.....	17
Table 8.	Assessment Training Status, 2001.....	20
Table 9.	Trends in State Reimbursement Expenditures for Assessment Training.....	20
Table 10.	Summary of ORPS Training Program Activity.....	21
Table 11.	Estimate of ORPS Program Costs for Certain Technical Assistance to Local Governments (FY 2001-2002).....	25
Table 12.	Change in Number of Assessing Jurisdictions and Number with Multi-Jurisdictional Assessors, 1983-2001.....	29
Table 13.	The Changing Profile of New York Assessors.....	29
Table 14.	Reassessment Project Activity, 1986-2001.....	31
Table 15.	Equalization Rate Lag in School Apportionment.....	39
Table 16.	2001 Market Value Survey Approaches (for 2001 Equalization Rates).....	42
Table 17.	Direct Use of Sales in 2001 Equalization Rates.....	42
Figure 1.	Number of County, City and Town Assessing Jurisdictions with Assessment Uniformity.....	33
Figure 2.	Number of ORPS-Assisted Reassessment Projects in Past Four Years.....	34
Figure 3.	Number of County, City and Town Assessing Jurisdictions with Assessment Uniformity and Number of these with Median Ratio of 70% or More.....	35
Figure 4.	Percent of County, City and Town Assessing Jurisdictions with Assessment Uniformity and Percent with Appointed Assessors.....	36
Figure 5.	Percent of County, City and Town Assessing Jurisdictions with Assessment Uniformity and Percent with RPS Usage.....	37
Figure 6.	Equalization Rate Lag and Reassessment Activity, 1981-2001.....	40
Figure 7.	Equalization Rate Complaints and Reassessment Activity, 1993-2001.....	41
Figure 8.	Advisory Appraisals in Equalization Program.....	43

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I. INTRODUCTION

Chapter 309 of the Laws of 1996, which enacted a new Section 1575 of the Real Property Tax Law, requires the State Board of Real Property Services to submit annually "... a comprehensive report to the governor, the president pro tem of the senate and the speaker of the assembly... concerning the effectiveness of all financial, administrative, and technical incentives and assistance provided by the state for the improvement of property tax administration and the Board's recommendations relating to such administration and assistance."

This document constitutes the Board's sixth annual report. It reviews the existing technical and financial assistance programs provided to local governments in support of assessment administration and examines the history of these programs in terms of participation levels, financial outlays, and the procedural revisions which have been made to some since their inception. In addition, the report examines several basic indicators of assessment performance, uniformity, and efficiency, and charts the temporal changes in these indicators in relation to the state aid programs. This focus reflects the Board's view that the best way to measure the "effectiveness" of aid programs is to look at the extent of assessment improvement in terms of generally accepted indicators of assessment quality and efficiency.

In addition to their direct effects on local assessment administration, the aid programs have indirect effects on state-level property tax functions such as equalization, special franchise assessment, and setting of various types of assessment ceilings. Availability of high-quality local data in a uniform, mechanized format reduces state-level costs and increases accuracy in several program areas. In the equalization program, for example, the Office of Real Property Services (ORPS) must review fewer parcels per municipality if the parcels are assessed uniformly. Similarly, ORPS' costs of data handling are reduced when local assessment rolls are mechanized and in a uniform format. This was recognized in implementation of improved procedures for measurement of municipal full value for equalization purposes, begun in 1997 and continuing in present and future market value surveys. These changes have placed greater reliance on locally determined reassessment values and inventory which are, in the judgment of the agency, reliable. The pursuit of more timely equalization products and greater program efficiencies continues at the present time, and even greater reliance will be placed on quality local reassessment data in coming years.

II. DESCRIPTION AND EVOLUTION OF PROGRAMS

A. Financial Assistance Programs

Like many other states, New York State provides a number of local aid programs for the purpose of helping assessing units to keep their assessments current, accurate, and therefore equitable. The cost of improving assessment administration can be substantial, particularly when assessments have been long neglected and rolls are decades out of date. State financial assistance programs help to offset some of this cost. By reducing local costs, the state government helps to remove one potential barrier to conducting a reassessment -- the costs it would directly impose on local taxpayers.

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

Since both local assessment costs and state equalization costs are related to the number and scale of assessing units, the financial aid programs have also sought to address this issue in recent years. This issue is a particularly critical one in New York, as there were 1,124 separate municipal assessing units in 2001, as compared to most other states which have a limited number of county-level jurisdictions.

Over the past several decades, five separate financial aid programs have been provided at various times, all with the goal of improving the quality, efficiency, and uniformity of local assessment administration. These programs evolved from the model of twenty-five years ago, the goal of which was to encourage initial reassessment projects, to today's more comprehensive programs oriented not only to initial reassessment but also to maintenance of the new assessments annually and consolidation of assessing functions.¹

¹ In addition to the financial aid programs offered for the purpose of increasing assessment quality and efficiency, the state has also offered aid payments to help defray local costs for attendance at training courses and processing applications for the state-financed STAR exemption. These are considered later in the report.

1. Attainment Aid

In the 1970s the state began to establish financial aid programs designed to defray the costs of equitable assessment administration to municipalities (excluding villages). The first program, titled the "State Assistance for the Attainment of Improved Real Property Tax Administration," became law in 1977 (Article 15-B, §1572 of the Real Property Tax Law). This program is often referred to informally as "Attainment Aid." Attainment Aid was payable in the amount of \$10 per parcel, in accordance with the following payment schedule:

- Payment #1 -- For preparation of assessment rolls, tax rolls, and tax bills (i.e., assessment administration information) (\$2/parcel)
- Payment #2 -- For submission of a plan of collection and maintenance of real property valuation data and the maintenance of records of transfers of real property which was certified by the State Board of Equalization and Assessment (former name of State Board of Real Property Services) (\$3/parcel)
- Payment #3 -- Upon certification of satisfactory completion of plans submitted for Payment #2 (\$2/parcel)
- Payment #4 -- For implementation of a revised assessment roll certified as being in compliance with standards required for receiving prior payments, including compliance with requirements for both full disclosure to owners of real property as to the estimated effect of any changes in the assessed valuation resulting from an initial reassessment or subsequent update and a system of accounting for the collection of real property taxes (\$3/parcel).

This program was terminated by Chapter 309 of the Laws of 1996, which reorganized and updated the state's financial aid programs for assessment administration, with no Attainment Aid payments to be made for rolls subsequent to the 1998 roll.

Listed in Table 1 is a schedule of Attainment Aid payments awarded to municipalities between 1978 and 2001.

Table 1. Attainment Aid		
Calendar Year	Total State Payments	
	Number of Municipalities	State Aid (\$)
1978	303	1,888,398
1979	268	3,802,997
1980	267	2,117,584
1981	219	1,393,935
1982	123	629,194
1983	182	2,446,690
1984	83	1,593,664
1985	103	529,225
1986	99	753,251
1987	63	696,800
1988	48	557,347
1989	173	1,389,663
1990	239	1,837,544
1991	230	2,300,346
1992	199	1,741,790
1993	169	1,567,469
1994	182	1,747,834
1995	113	1,475,712
1996	79	965,157
1997	73	612,016
1998	40	346,772
1999	39	358,725
2000	4	12,321
2001	1	6,948

During this period, 986 municipalities, or virtually all of the non-village assessing units in New York, were certified for at least the first aid payment. Annual state outlays over this time ranged from a low of approximately \$6,900 in 2001 to a high of about \$3.8 million in 1979. In

recent years, total state Attainment Aid outlays began to decline dramatically in the mid 1990s, as the majority of assessing units had already qualified and received some or all payments. In the late 1990s elimination of this program for rolls subsequent to 1998 has reduced annual payments to virtually zero. One main drawback of the Attainment Aid program is that it provided no incentive to maintain quality assessments once the initial reassessment had been completed (although many localities updated their rolls on a regular basis despite the absence of further state payments for many years). Subsequent revisions to the aid programs, as described below, are intended to further this goal.

2. Supplemental Attainment Aid

For a brief period of time, two aid payments were made available, under a program generally referred to as "Supplemental Attainment Aid" (Chapter 53, Laws of 1992). Payments under this program were targeted toward those assessing units that had already completed an initial reassessment, but had failed to update this initial reassessment in subsequent years. The purpose of the program was to bring those rolls up to date, so that they could then be eligible for the "Maintenance Aid" program, described below.

The first supplemental payment, at \$2 per parcel, was awarded to those assessing units that re-verified and re-valued parcel inventories. A second payment of \$3 per parcel was awarded to recipients that included the new assessments on tentative assessment rolls in 1992, 1993, or 1994. Supplemental Attainment Aid payments totaling \$1.34 million were awarded to 55 municipalities between January 1, 1993 and April 1, 1995, when the program expired.

As previously mentioned, Chapter 309 of the Laws of 1996 discontinued the Attainment Aid program and provided for its replacement by a redesigned Maintenance Aid program, as discussed below.

3. Maintenance Aid

In 1990, this new category of state aid was created to help assessing units preserve the systems of improved real property tax administration they had already achieved, through regular updating of rolls (RPTL Article 15-B, §1573). This program provided payments of \$2 per parcel annually to those that were certified as maintaining systems of improved real property tax administration. To receive aid, applicants were required to file a "Notice of Intent" on or before July 1 of the year prior to the assessment roll for which state assistance was requested. An "Application for Review" was required at least 90 days prior to the filing of the tentative roll for which state assistance was requested. Qualifications for this aid, as specified in Part 201 of the

State Board's rules, included certification for Attainment Aid payments 1-4, or a combination of Attainment Aid payments 1-3 and Supplemental Aid payments. Compliance with the following standards was also required: (a) acceptable Coefficient of Dispersion (COD) of less than 15, 17, or 20 percent, depending on population density; (b) automated assessment roll files/inventories in ORPS Real Property System (RPS) format; (c) satisfactory submission of quarterly automated sales corrections in RPS format; (d) checking of inventories within three months of sales; (e) verification of commercial inventories prior to each assessment update; (f) a system of assessment disclosure for each update; (g) submission of a satisfactory Confirmation of Compliance; and (h) data mailers sent to residential and farm property owners within three years of the last valuation update.

As indicated earlier, the Maintenance Aid program was restructured to incorporate aid previously provided under the Attainment Aid Program that expired at the end of 1998. This restructuring took effect on rolls prepared after January 1, 1996. Under the revised program, payments were as follows:

- In the year of a reassessment, up to \$5/parcel, not including wholly exempt parcels or parcels assessed by the State Board. This payment may be received repeatedly, but only once in any three-year period, and not within three years of receiving Payments #3 or #4 of Attainment Aid.
- In the intervening years, up to \$2/parcel, not including wholly exempt parcels or parcels assessed by the State Board.

To qualify for this aid, the assessing unit must meet standards of quality assessment administration, including an acceptable level of assessment uniformity as measured annually by the State Board; implementation of a reassessment or update at 100 percentage of value (except for New York City and Nassau County, where the criterion is a uniform percentage of value in each of four property classes (authorized in Article 18 RPTL)); publishing the uniform percentage of value used in assessment on the tentative assessment roll; adopting a taxable status date and valuation date pursuant to law; providing a set of supporting valuation documents and files to the State Board; and provide a computer copy of the assessments, inventory, and sales files in standardized format to the State Board.

Regarding acceptable levels of assessment uniformity, an assessing unit that implements a state-approved reassessment in a given year is presumed to satisfy the applicable assessment uniformity standards in the year of the reassessment and for the next two years. In the following year, aid eligibility depends on achieving a satisfactory assessment uniformity standard, as measured by the COD (unless another reassessment is implemented).

Listed in Table 2 are participation levels and expenditures under the Maintenance Aid program, from its inception through the 2000 roll year.

Table 2. Maintenance Aid Program: Participation and Expenditures		
Assessment Roll Year	Number of Municipalities	Expenditures (\$)
1991	134	1,188,148
1992	174	1,317,238
1993	225	1,661,242
1994	218	1,215,310
1995	263	1,955,434
1996	369	4,074,619
1997	377	3,841,905
1998	452	4,691,070
1999	377*	2,798,776*
2000	281*	1,840,244*
<p>*For 1991-1998 assessment rolls, totals include the \$2 and \$5 per parcel payments in the Maintenance Aid program. Beginning with the 1999 assessment roll, Maintenance Aid is limited to a \$2 per parcel payment. The \$5 parcel aid payment previously available in the Maintenance Aid program is reported under the Triennial Aid program (see below for this program and also for program payments in 1999 and 2000).</p>		

Chapter 530 of the Laws of 2001 extends the Maintenance Aid program payment of \$2/parcel payment until 2004 for assessing units that continue to satisfy the requirements of the pre-existing maintenance aid program. However, in order to be eligible to apply for this aid on the 2001 through 2004 assessment rolls, the assessing unit must have applied for aid in either 1999 or 2000. Under prior law, the authorization for this payment was scheduled to expire after 2002 assessment roll.

4. Annual Reassessment Aid and Triennial Aid

Chapter 405 of the Laws of 1999 substantially changed the Maintenance Aid program, creating a new annual aid program of financial assistance, supplemented by a program of triennial aid payments for those localities having completed recent reassessment, but which do not meet the requirements for annual aid. As with earlier financial aid programs, this new

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

Table 3. Availability of State Reassessment Aid, January 1, 2002			
Roll Year	Maintenance Aid Program*	Triennial Aid**	Annual Reassessment Aid*
1999	up to \$2/pcl./yr.	up to \$5/pcl. once every three years	up to \$5/pcl./yr.
2000	up to \$2/pcl./yr.	up to \$5/pcl. once every three years	up to \$5/pcl./yr.
2001	up to \$2/pcl./yr.	up to \$5/pcl. once every three years	\$5/pcl./yr.
2002	up to \$2/pcl./yr.	up to \$5/pcl. once every three years	\$5/pcl./yr.
2003	up to \$2/pcl./yr.	up to \$5/pcl. once every three years	\$5/pcl./yr.
2004	up to \$2/pcl./yr.	up to \$5/pcl. once every three years	\$5/pcl./yr.
2005-2009	N/A	up to \$5/pcl. once every three years	\$5/pcl./yr. during assessing units first 5 years in program; \$3/pcl./yr. thereafter
*These payments cannot be made in the same year as Triennial Aid.			
**Must meet the requirements of RPTL §1573 and Part 201 of Rules and Regulations. Payment is made in year of reassessment, and municipality is eligible again in three years.			

Chapter 405 provided special financial assistance to assessing units that annually maintain assessments at a level of 100 percent (or, at a uniform level in each class in special assessing units) under Annual Reassessment Aid. This program originally authorized state aid up to \$5 per parcel on each assessment roll through 2004, and up to \$2 per parcel on each assessment roll thereafter. However, to encourage the fullest possible participation in the program, Chapter 530 of the Laws of 2001 provides a \$5 payment per parcel for each qualifying assessment roll completed during an assessing unit's first five years in the program (or if its fifth year was before 2004, to each qualifying roll through 2004), and increases the maximum annual payment thereafter to \$3 per parcel. Authorization of these payments is scheduled to sunset after the completion of 2009 assessment rolls.² In determining program eligibility, the State Board must ascertain as to whether the assessing unit has:

² Chapter 530 also authorizes a one-time payment, of \$1 per parcel, to counties that enter into agreements with assessing units to provide exemption services, appraisal services or assessment services to the assessing unit (under RPTL Article 15, §1537).

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

Chapter 405 also provided for a Triennial Aid program of \$5 per-eligible-parcel payment upon the completion of a reassessment, i.e., this portion of the former Maintenance Aid program was continued, but payments were limited to a triennial basis. This option is oriented toward those assessing units what wish to reassess periodically, but are not ready to commit to annual updating. Annual reassessment is not required for eligibility and, as before, no municipality may qualify for Triennial Aid within three years after qualifying for Payments 3 and 4 of Attainment Aid.

As indicated in Table 4, Annual Aid participation increased dramatically in its first two years of implementation, with some 90 assessing units annually reassessing in 2000. Participation in the Triennial Aid program in 1999 and 2000 was similar, as many assessing units were attracted to the higher aid level available under the Annual Reassessment Aid program.

Assessment Roll Year	Number of Assessing Units Receiving Aid		Expenditures (\$)	
	Annual	Triennial	Annual	Triennial
1999	17	75	1,023,125	664,535
2000	99	79	2,237,450	1,585,764

5. Aid for Consolidated, Coordinated and County Assessment Programs

It has long been an objective of the Office of Real Property Services to encourage a reduction in the number of assessing jurisdictions in New York State in order to improve efficiency in the administration of the real property tax. To provide further encouragement for efficient assessment administration, a consolidation incentive aid program was created under Chapter 170 of the Laws of 1994. This program, as initially enacted, offered local governments

up to \$10 per parcel if two or more assessing units unified their assessing functions in one of the following ways:

- combine to form a consolidated assessing unit, by employing a single assessor, preparing a single assessment roll, assessing at the same uniform percentage of value, conducting reassessments at the same time, having a single Board of Assessment Review; or
- coordinate the assessing function, by employing a single assessor, specifying the same uniform percentage of value for all assessments, and using the same assessment calendar; or
- contract with the county for all assessment administration services, including appraisal, assessing, and exemption processing.

Each of these approaches provides a way for many smaller municipalities to reduce the cost of reassessment, facilitate acquisition of new technology, and obtain valuation expertise. In addition, these approaches also help to achieve full-time, professional assessing, which can improve equity and provide better service to taxpayers. If a municipality reverts to separate assessing within ten years, the program requires that a prorated portion of the incentive aid payment must be returned to the state.

Since the inception of this program, 86 towns in 21 counties have received incentive aid for establishing Coordinated Assessment Programs (1995 through 2001 period). As shown in Table 5, total payments to date have amounted to \$1,321,216 for 37 Coordinated Assessing Units that formerly comprised 86 assessing units.

Chapter 309 of the Laws of 1996 also provided that a municipality may apply for both Maintenance Aid and one of the consolidation incentive aid programs in the same year. However, under the same legislation, payments for these consolidation incentive aid programs were reduced, from \$10 to \$7 per parcel, effective for rolls filed after July 13, 1996. Moreover, the maximum amount receivable by a constituent municipality under this program was limited to \$140,000. A one-time payment of \$2 per parcel was provided for county assessing units established before April 1, 1996 (i.e., Nassau and Tompkins Counties) if they implement a full value reassessment after 1996. With the completion of a reassessment on the 2000 assessment roll, the Tompkins County assessing unit received \$65,736 under this provision. Nassau County is currently working on a reassessment project, with implementation planned for 2003.

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

to receive Maintenance Aid for a reassessment, municipalities entering a consolidated or coordinated aid program after July 29, 1998 must also conduct a reassessment at 100 percent of value in the same year.

Table 5. Coordinated Assessment Program Aid				
Year*	Number of New Coordinated Units	Number of Parcels	Number of Prior Assessing Units	State Aid Payments (\$)***
1995	4	19,275	15	192,750
1996	5	16,234	11	162,340
1997	9	44,927	20	314,489
1998	5	24,252	11	169,764
1999	8	43,945	16	307,615
2000	1	2,980	2	20,860
2001	5	21,924	11	153,468
TOTAL	37	173,537	86	1,321,216
* Program was initiated in 1995.				
** State aid at \$10 per parcel in 1995 and 1996; \$7 per parcel thereafter, with a limit of \$140,000 per municipality.				

B. Technical Assistance Programs

In addition to financial assistance programs, which help localities to offset various local costs, the state also provides technical assistance, through a number of ORPS programs. The technical assistance programs are varied and overlapping, providing information, advice, computer software, publications, administrative services, and other assistance, as outlined below. The goal of all these products and services is to help localities do a better and more cost-effective job in administering the property tax.

1. Real Property System (RPS)

ORPS has developed and supports computer software known as the Real Property System (RPS), for use by municipalities in assessment administration. It offers local governments a uniform means of producing mandated assessment products including assessment rolls, tax billing/collection documents and assessment change notices. In addition,

the RPS system offers a means for maintaining the inventory information for all properties in an assessing jurisdiction and a system for mass appraisal. As an integrated statewide system, RPS also allows ready access by the state government to local assessment data, including parcel inventory records and sales. This statewide uniformity allows ORPS to perform its equalization function with greater efficiency and cost effectiveness.

In 1974, the prototype system was developed, consisting of three separate components. The Assessment Roll and Levy Module (ARLM) provided tax accounting routines, including assessment rolls, tax rolls and tax bills, in an effort to standardize assessment roll data. By 1986, about 80 percent of New York's city, town, and county assessing units were utilizing ARLM. The Data Management Module (DMT) allowed assessors to maintain detailed real property inventory characteristics for all properties, and change those inventories appropriately as the properties were modified over time. Information regarding sales of properties could also be added on an ongoing basis by means of this module. About 50 percent of the state's assessing units had the capability of using DMT by 1986. The third RPS component, the Mass Appraisal Module (MAM), provided computer-assisted mass appraisal information with the capability to apply the three approaches to valuation (comparable sales, cost and income). About 5 percent of the state's assessing units had MAM capability in 1986.

RPS Version 3 (RPSV3), a DOS-based product which offered assessment, inventory and valuation modules in a unified context was developed in the late 1980s. In 1998, an updated version of RPSV3 added the ability to value complex industrial properties. By 1999, 94 percent of the state's assessing units were using RPSV3.

During the 1990s, ORPS had assisted over 50 percent of the assessing units to convert from a centralized mainframe computing system, often housed in the county property tax office, to personal computer operations based within local assessing jurisdictions. By 1999, 58 percent of the state's assessing units were using personal computers. To accommodate these changes RPSV3 was made available for personal computers, as well as for 36 IBM AS400 mini-computer sites, 11 IBM mainframe sites, and 6 Unisys mainframe sites. Most of these sites do processing for multiple assessing units.

A newer personal-computer-based valuation system (PCVAL), developed in 1996 to work in conjunction with RPSV3, provided assessing units with a complete, user-friendly, computer-assisted mass appraisal capability, including the ability to estimate value based on the cost, comparable sales, and income approaches. The PCVAL system allowed assessing units

having the requisite expertise to operate more independently, and this in turn reduced reliance on state staff and equipment.

Development of the next generation of RPS software, known as RPS Version 4 (RPSV4), was begun in early 1997. This new version is based on the Windows operating system and incorporates a relational database file structure and graphical user interfaces as well as many other user-requested enhancements. The project was broken down into four phases: Phase I was released to 11 test sites in January 1999 and Phase II to the same users in September 1999. After extensive testing, a production version of both phases was released in November 1999.

The November 1999 release of RPSV4 included capability for file maintenance of assessment and inventory data, standard reports to supplement data handling, a geographic information system (GIS), a customized report writer (CRW) and a complete Document Image Management System (DIM). Phase III, consisting of programs that generate assessment and tax rolls and programs that can change exemptions and update individual data items, was released in February 2000. Phase IV, an array of valuation support programs (cost, market, user models), including the ability to value utility property, was released in July 2000. Valuation of agricultural property is currently being studied for future integration. RPSV4 has the capability of integrating the assessment system with other municipal systems and off-the-shelf software (such as SPSS), since it uses relational database file structures.

By July 2002, approximately 450 municipalities are expected to convert to RPSV4 and, 319 municipalities that already use it, about 80 percent of the state's assessing units will be included. Over the next four or five years, the remaining assessing units will be converted to RPSV4, and older RPS versions will be phased out. With the new RPSV4 system, assessors will be able to complete a variety of administrative tasks at their desktops, both quickly and accurately.

2. Reassessment Project Support

The goal of a reassessment project is to assess all properties within a municipality at a uniform percentage of value as of a given date. For those projects in assessing units that have not reassessed in several years, the major focus of the work is to collect a complete and accurate inventory of all parcels in the municipality, and use these data to reassess the entire roll. To facilitate reassessment projects, guidance is provided to local municipalities by ORPS regional staff throughout the duration of the project. Staff operates from regional offices located in Batavia, Syracuse, Albany, Saranac Lake, Newburgh, and Melville.

Project support is provided throughout each of the following stages: preliminary planning and analysis; data collection; valuation; field review; and impact estimation/disclosure. In the preliminary planning stage, ORPS staff takes part in local meetings to explain the reassessment process, and they help local officials with development of requests for proposals by private contractors. They also advise local officials concerning evaluation of bids, determination of schedules, and other administrative arrangements.

In the data collection phase, staff maintains contact with assessors and contractors regarding the progress of the project and to ensure that the data collected meet state standards. In the valuation stage, the parcels are valued through mass appraisal systems, with participation of ORPS staff to ensure that mass appraisal is done to state standards. The field review phase is the final check on computer-generated values, where ORPS staff helps local officials to understand the field checking of computer-generated value estimates and final valuation of all the parcels. ORPS also provides assistance with post-reassessment impact disclosure notices and public informational meetings.

In addition to an initial reassessment, most assessing units follow up with subsequent periodic reassessments which may not require parcel inspection and reinventory if the existing inventory data are current and accurate. ORPS encourages assessing units to protect the investment made in the initial reassessment and attain international professional standards by keeping assessments current on an annual basis, with periodic physical re-inspection.

As already mentioned, in order to encourage annual reassessment, added financial assistance has recently been made available. Based on standards of the International Association of Assessing Officers (IAAO), the Annual Reassessment Program offers three approaches municipalities may now use to meet the statutory definition of annual reassessment: (a) review of all properties and adjustment, when appropriate, of certain properties by application of trend factors; (b) review of all properties and complete re-inspection and reappraisal of all parcels; or (c) some combination of both. While review and adjustment of individual assessments must occur annually; re-inspection and reappraisal of each parcel must only occur at least once every six years. Technical assistance for annual reassessment programs is provided to ensure their adoption and success.³

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

Table 6 indicates the number of ORPS-assisted reassessments in selected years since the early 1980s. In 2001, there were 248 projects, an all-time record high. Some 123 of these projects involved assessing units that had also reassessed in the preceding year. This marks two consecutive years in which reassessment project activity has been significantly higher than in prior years. In 2002, the number of reassessment projects is expected to increase to over 325. Of these, nearly 60 percent will involve municipalities reassessing in 2001, and which thus may be eligible for Annual Reassessment Aid. Thus, the Annual Reassessment Aid program and the financial assistance it provides is the likely explanation for the dramatic increase in reassessment activity that has occurred in the last few years.

Year	Number of Reassessment Projects
1981	43 (2)
1986	78 (1)
1991	110 (1)
1996	105 (1)
1998	140 (7)
1999	98 (3)
2000	184 (32)
2001	248 (123)

Numbers in parentheses indicate cases where a reassessment also took place in same municipality in the preceding year.

3. Advisory Appraisals

State legislation enacted in 1970 (see RPTL §1544) offers advisory valuation assistance to county, city or town assessing jurisdictions, upon their request, in determining the taxable value of highly complex commercial and industrial properties and all utility properties. In 1990, that legislation was amended to provide that the municipality must be conducting a reassessment project in order to apply to ORPS for such advisory appraisal assistance. State advisory appraisals are not binding on the local assessor requesting the assistance.

In 2001, ORPS staff conducted 1,943 utility advisory appraisals, and 35 industrial/commercial appraisals, at the request of local governments. The number requested in a given year depends on several factors, including the number of assessing units undertaking reassessment projects and the incidence of industrial and utility properties in those assessing

units. The number of advisory appraisals increased markedly in 2001. These increases reflect not only the widespread participation by municipalities in the Annual Reassessment Program, but also the increased assistance provided by ORPS staff to local assessors in appraising utility property following price-deregulation of electricity generation in New York. The ORPS advisory appraisals for divested generating plants include use of the income and market value approaches to valuation for the first time, in addition to the cost approach that was the sole method of valuation in the pre-deregulation era.⁴ It is expected that the demand for advisory appraisal assistance will remain strong, and will likely increase again in 2002. The number of ORPS advisory appraisals provided in a sampling of years since 1981 is listed below (Table 7).

Year	Number of Advisory Appraisals		
	Utility	Industrial/ Commercial	Total
1981	670	19	689
1986	402	133	535
1991	375	15	390
1996	583	23	606
1999	576	16	592
2000	1,369	40	1,409
2001	1,943	35	1,978

4. Assessment Administrator Training

The Real Property Tax Law was amended in 1970 to require the State Board to establish minimum qualification standards, as well as training and certification programs, for appointed assessors, county directors of real property tax services and professional appraisal personnel, including support staff in assessors' offices. It was further amended in 1982 to include elected assessors and assessor candidates, and in 1986 to add acting assessors who were in office for six months. A 1990 amendment required that the approximately 3,900 Board of Assessment Review (BAR) members attend a course in assessment practices at the beginning of their term in office. The latest statutory change (1997) authorized the state to reimburse elected assessors for costs incurred when they complete continuing education

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

training programs (RPTL §318(4)). (Nassau and Tompkins Counties and the counties within the City of New York, along with five other cities and all villages, are excluded from some or all of these standards.) State payments cover tuition, lodging, and travel costs.

During 2001, ORPS was required to provide for the training of about 1,600 assessors, county directors and real property appraisers. Among assessing units with training requirements, approximately 79 percent have sole, appointed assessors. Most of the remaining 21 percent have three-member boards of elected assessors, thus imposing a proportionately greater training burden. This is especially true insofar as the turnover rate for elected assessors is dramatically higher than the rate for appointed assessors.

ORPS rules currently provide for two levels in the training process for assessors. The first level, basic certification as a State Certified Assessor (SCA), is required of both elected and appointed assessors and must be achieved within three years of taking office. If an assessor did not become certified in a prior term of office, he or she must attain certification within one year of beginning a new term of office. For basic certification, assessors are required to take seven or eight components, plus an initial orientation seminar. The seven required topics are assessment administration, real estate appraisal, income property valuation, data collection fundamentals, valuation principles and procedures, exemption administration fundamentals, and mass appraisal. The eighth component is farm appraisal training, which is provided to assessors in municipalities where any of the following conditions exist:

- at least 10 percent of the total acreage is classified as agricultural; or
- at least 10 agricultural assessments have been granted pursuant to Article 25-AA of the Agricultural Markets law; or
- an agricultural district, or portion thereof, lies within the assessing unit.

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

The second level of training -- continuing education -- is required only of sole elected and appointed assessors. An average of 24 continuing education credits are required to be completed each year in approved courses. One hour of training equals one continuing education credit. In addition to the courses already mentioned, assessors may choose continuing education in annual reassessment training, statistical analysis, commercial data collection, computer courses in valuation and various assessment administration seminars. Supplemental training on topics requested by assessors is also offered, if resources permit.

In 2000, the State Board approved a new basic course of training for all county real property tax directors beginning a new term of office on or after January 1, 2001. Required training includes an initial orientation seminar and completion of 11 additional courses over a four-year period. These include eight components similar to assessor requirements: assessment administration, real estate appraisal, income property valuation including industrial property appraisal, data collection fundamentals, valuation principles and procedures, exemption administration fundamentals, mass appraisal and farm appraisal (for most counties). Additional courses are equalization, tax mapping and tax collection. Successful completion of these components results in certification. Once certified, directors are required to attain an average of 24 continuing education credits each year.

There are several training options available to assessor and county director participants. ORPS courses are offered at residential training sessions on college campuses and at other selected sites throughout the state. In addition, a web-based training program was introduced in 1999; web courses in assessment administration, fundamentals of equalization and mass appraisal are currently available. Another alternative is a self-study program, where students are provided with training materials for independent study in several of the basic and continuing education courses. Self-study examinations are held numerous times per year in ORPS regional offices and county offices. Finally, ORPS provides information to assessors concerning training courses conducted by other organizations that have been approved by the Department of State. Table 8 provides the status of training activity as of 2001.

Position Held	Total Number of Positions	Basic Certification	
		Number Certified	Number Uncertified
County Director	55	48*	7
County Assessor	2	1	1
Appointed Assessor	773	712*	61
Elected Assessor	583	409	174
Real Property Appraiser**	62	43	19
Assessor Candidate	91	38	53
TOTAL	1,566	1,251	315

* County directors and sole assessors are required to participate in continuing education courses once they are certified.

** Employee of assessor's or county director's office.

Table 9 shows the annual reimbursement costs for a sample of years in several training components. The primary differences in annual costs are related to the number of persons trained in a given year. While the "Basic Training" and "Continuing Education" costs listed are reimbursed directly to the assessment administrator or the locality, "Residential Sessions" costs are paid to the college sites where expanded programs are held.

Fiscal Year	Basic Training	Continuing Education	Residential Sessions	Total Reimbursement
1986-87	\$55,700	\$166,000	N/A	\$221,700
1991-92	9,500	130,000	N/A	139,500
1997-98	42,000	207,500	\$38,100	287,600
1998-99	35,500	214,500	23,600	273,600
1999-00	40,200	259,300	48,500	348,000
2000-01	47,400	252,600	50,000	350,000

In compliance with legal requirements, ORPS staff reviews the educational and experience qualifications for county directors of real property services, appointed assessors, real property appraisers and candidates for assessor. Failure to attain and maintain certification is grounds for removal from office. In 2001, three elected assessors were removed from office for non-compliance with training requirements. Beginning in 1996, ORPS undertook an effort to get more assessors into compliance with requirements by offering them an opportunity to avoid

a compliance hearing and extended time periods in which to take the necessary training. To date, 176 assessors (28 assessors in 2001) have signed consent orders in lieu of such a hearing.

Table 10 shows a summary of the results of courses attended and course outcomes for a sample of years between 1980 and 2001. The data include all courses administered by ORPS, taught either on-site or at other designated locations, including summer training sessions. Also included are data for courses taken on a self-study basis (permitted since 1990) and web-based training (commenced in 2000). As shown in the table, up to one-third of the participants elected to take courses on a self-study basis in some years, but only about 9 percent did so in 2000. This reduction reflects a shift from ORPS-provided courses to courses provided by the Department of State, which were not available on a self-study basis.

Year	No. of Courses	Number of Participants				Percent of Participants Passing			
		Class-room	Self Study	Web-Based	Combined	Class-room	Self Study	Web-Based	Combined
1980	2	575	N/A	N/A	575	79.8	N/A	N/A	79.8
1983	4	1,063	N/A	N/A	1,063	76.5	N/A	N/A	76.5
1986	6	1,601	N/A	N/A	1,601	83.6	N/A	N/A	83.6
1989	13	1,147	N/A	N/A	1,147	95.3	N/A	N/A	95.3
1992	12	771	288	N/A	1,059	92.3	68.8	N/A	87.8
1995	12	594	262	N/A	856	98.0	61.1	N/A	86.6
1998	12	477	223	N/A	700	97.7	68.6	N/A	88.4
2000	15	912	97	60	1,069	98.9	90.7	98.3	98.1
2001	17	835	107	50	992	99.4	90.6	96.0	98.3

The overall percentage of participants passing courses has improved somewhat over time, with nearly 100 percent of the classroom participants passing in 2001 as contrasted with only 80 percent passing fifteen years earlier. Pass rates for the self-study alternative also improved over time, although significant improvement did not occur until recently. The pass rate for web-based training continues to be very high, at 96.0 percent.

Newly appointed or reappointed Board of Assessment Review members must attend required training sessions, or they are precluded from participating in the hearing and determination of assessment complaints on Grievance Day. Section 523 of the Real Property Tax Law provides that "upon the appointment or reappointment of an individual to a board of

assessment review, an appointee shall attend the training course as shall be prescribed by the State Board.” Since BAR members serve five-year staggered terms, and are often appointed to fill vacancies for unexpired terms, BAR training must be conducted annually to ensure that a quorum (majority of trained BAR members) is available on Grievance Day to hear complaints. The same legislation authorized the State Board to delegate BAR training to the county tax directors, including conducting the sessions. ORPS staff annually works with county directors to update course content to reflect any changes affecting BAR matters. About one-third of the more than 3,900 BAR members in New York take the training each year.

5. School Tax Relief (STAR) Program Aid

In 1997, legislation was enacted which provides an exemption on school property taxes for owner-occupied residential properties. The state reimburses local school districts annually for the cost of the resulting exemptions. The STAR program provided \$50,000 exemptions (full value) to income-eligible senior citizens beginning with the 1998-99 school tax bills, and \$10,000 exemptions to other homeowners beginning with the 1999-2000 school tax bills. The non-senior exemption increased to \$20,000 in 2000-2001, and increased to \$30,000 in 2001-2002.⁵ As of December 2001, approximately \$4.9 billion has been reimbursed to school districts since the STAR program's inception.

The STAR legislation also included a provision for increasing the amount of information available to taxpayers relative to their property taxes and their local government budgets. This additional information, known as the “Taxpayer's Bill of Rights,” is intended to help taxpayers understand the assessment and how it relates to current market value and tax liability, as well as local fiscal changes. The information listed below must be printed on tax bills:

- a. the full market value, as determined by the assessor;
- b. the uniform percentage of full market value at which the property is assessed;
- c. the total and taxable assessed values, and the value of any exemption(s) applied;
- d. the tax levy for each taxing purpose, and any changes thereto from the prior year;
- e. the school property tax savings resulting from the STAR exemption; and

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

- f. information on filing a complaint on one's assessment, the relevant school district code, and explanations of any technical terms used.

These changes to tax bill formats were implemented through the state-provided Real Property System for tax bills mailed after July 1, 1998. The system was also modified to allow entry of new information on assessment rolls, including the STAR exemptions, and for calculation of the appropriate parcel and school district tax benefit amounts. Additional software was released in September 1999 which creates computer files used in producing pre-printed application forms for both the STAR and Senior Citizens' exemptions. The 2001-2002 state budget also provided \$9.4 million in aid, administered through ORPS, to help localities defray the cost of processing STAR exemption applications and modifying tax bills to comply with the Taxpayer's Bill of Rights.

6. Other Technical Assistance

In addition to the major technical assistance programs already discussed, further assistance of various types is provided on a daily basis in many program areas. These technical assistance activities are summarized below.

- a. Publications. A wide range of publications on real-property-related topics is produced on a continuing basis by ORPS. About 180 publications are currently available, about half of which are accessible on the Internet at the ORPS web page (www.orps.state.ny.us). Those not accessible on the Internet are generally available at no cost to recipients, although a few lengthy and/or specialized publications require subscription fees. Requests are received not only from local governments but also from New York State government agencies, legislative staff and taxpayers, as well as organizations and individuals from other states. Many publications are of special assistance to assessors, notably the multi-volume Assessor's Manual, which contains current information regarding such areas as exemption administration, valuation, and instructions on use of the RPS system.
- b. Legal Services. ORPS also provides legal assistance, which includes training of Small Claims Assessment Review (SCAR) hearing officers (in conjunction with the State Office of Court Administration), and advice and counsel to local officials and attorneys on matters relating to real property taxation. Over the past decade, more than 2,000 hearing officers have been trained at sessions held once every four years in each of the state's 12 judicial districts. Legal opinions are published annually in Opinions of Counsel, with ten volumes produced to date. Information on recent court decisions is published periodically in the Real Property Tax Administration Reporter, a publication that is useful to local government officials, attorneys specializing in property taxes, and other such users.
- c. Public Information and Research. Inquiries on various matters related to property tax administration are received on a daily basis from state and local government officials and taxpayers. ORPS staff responds to these requests, and attend local government meetings and conferences where appropriate. In certain instances, data files or research materials are prepared in response to requests.

Capacity for receiving inquiries and transmitting information over the Internet has been developed in recent years, and much relevant information is now available on the ORPS web page. Board staff also prepares reports annually on such matters as exempt property and the quality of assessment practices, and periodically on those policy issues that arise from time to time in relation to property taxation.

- d. Tax Mapping Program. Under Section 503 of the Real Property Tax Law, counties have responsibility for preparing and maintaining tax maps for each city and town, and the maps must meet guidelines established by the State Board. ORPS also has the responsibility of providing advice and technical assistance pertinent to meeting Board rules. The advice and technical assistance provided to municipalities consist of reviewing and certifying tax map maintenance and assisting municipalities with digital map conversions.

As of January 2002, 981 assessing units were in compliance with State Board rules. The remaining 2 units (located in Westchester County) are proceeding toward compliance. In addition, 49 counties have either converted to digital tax maps or are currently in the process of converting.

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

- display of sale parcels in property value ranges to assist in sales analysis and neighborhood delineation;
- land use maps with color-coded views of a county or town using the property class code on the local RPS file;
- mapping of reassessment impacts on tax bills;
- display of school districts within a town, or alternately, towns within a school district;
- providing technical advice to municipalities desirous of developing their own GIS capacity; and
- providing environmental maps which display proximity to features influencing property values, such as hospitals and landfills.

7. Technical Assistance Costs

Table 11 presents summary data for costs associated with ORPS technical assistance programs in the 2001-2002 fiscal year. The figures are estimates, as the technical assistance programs are intertwined with other agency functions and separate accounting of expenditures is neither feasible nor appropriate.

Table 11. Estimate of ORPS Program Costs for Certain Technical Assistance to Local Governments (FY 2001-2002)*	
Program	Total State Cost
Real Property System (RPS) Support	\$3,700,000
Assessment Administrator Training	1,000,000
Reassessment Assistance	3,800,000
Advisory Appraisals	1,470,000
TOTAL	\$9,970,000
*Does not include financial assistance programs. Technical assistance programs listed are those for which local assistance costs can reasonably be separated from other program costs.	

As evident from the data, approximately 75 percent of total ORPS technical assistance costs are associated with reassessment project support and the RPS system. The assessment administrator training program and the advisory appraisal program share the remaining 25 percent of total technical assistance expenditures.

III. MEASURING IMPROVEMENTS IN ASSESSMENT ADMINISTRATION

A. Introduction

There is probably no single "best" measure of the quality of assessment administration. Among the relevant dimensions of assessing are the uniformity (equity) achieved, the frequency of updating of data through reassessment activity, the degree of professionalization of the assessor's office, the costs incurred, the extent of adoption of modern technology, and the quality of taxpayer relations and public information. This section of the report attempts to chart the progress of assessment administration since 1980 in terms of several of these considerations for which data are available. The data are not ideal in all instances, and proxy variables must be used, e.g., utilization of the RPS system is a reasonable, but not perfect, measure of technology adoption, and the percentage of assessors who are appointed is arguably a reasonable, though not perfect, measure of the extent of professionalization of assessing.

One important point to consider is the question of causality. Since the purpose of this report is to examine the effectiveness of state assistance programs, there is a temptation to attribute any observed progress in assessment administration to the existence of the programs. However, such a causal relationship can not be ascertained from the available data, given that external factors were operative during the period in which state assistance programs were provided. The potential effects of factors such as changing real estate markets, litigation, statutory amendments, ORPS policies and requirements, technology, and many others can not be eliminated or otherwise accounted for adequately. Because of these factors, it has been historically risky to postulate a direct quantitative relationship between provision of state aid and assessment improvements.

An important exception to this generality involves the Annual Assessment Aid Program which, immediately after its initiation generated a remarkable increase in the number of assessing units that keep their values current on an annual basis. Prior to this program, only one or two assessing units in the state did so, but there were over 150 in 2001 and further increases are anticipated in subsequent years.

B. Number of Assessing Units and Assessors

As noted earlier in this report, it has long been the objective of the Office of Real Property Services to encourage a reduction in the number of assessing jurisdictions in New York State in order to improve efficiency in the administration of the real property tax. In 1983 there were 1,546 assessing jurisdictions, including villages.

Over the past twenty years, ORPS has provided information designed to make village officials aware of the advantages of ending village assessing. Discontinuance of assessing by villages eliminates a duplicative government function and it also reduces confusion among taxpayers relative to their town vs. village assessments. There has been a steady decline in the number of villages assessing, with ten more discontinuing it in the past year. By January 1, 2002, 365 of the 554 villages had terminated their status as assessing units, with responsibilities of assessing for village purposes being shifted to the respective town assessing units (RPTL §1402(3)).

Many years ago, certain city and town assessing units had been consolidated. In Tompkins County, the county government assumed the assessing function for its one city and nine towns, and Nassau County has been assessing on behalf of its three towns and its school districts for many decades (the two cities in Nassau County and several of its villages still assess for their own taxing purposes). In recent years, the Coordinated Assessment Aid program has effectively combined an additional 85 municipalities into 37 coordinated assessing programs.⁶ As a result of all these changes, the total number of assessing jurisdictions in New York now stands at 1,124, having been reduced by over 27 percent since 1983 (Table 12). It is also worthy of noting that all this consolidation occurred through incentives and local initiative, and without state mandates.

Many jurisdictions have also begun to employ assessors who already work in one or more municipalities. While this is usually not consolidation as such, it bears a certain resemblance to it. The number of assessing units sharing an assessor with at least one other unit now stands at 431, an increase of almost 200 percent since 1987 (Table 12). The number of multi-jurisdictional assessors operating in these localities increased by 161 percent, to 154. As a result, there are now 277 fewer assessors in New York than there would have been had no assessing units engaged in the practice of multi-jurisdictional assessing.

⁶ The number of municipalities indicated is one less than the number of municipalities that have to date received Coordinated Assessment Program Aid (as indicated in Table 5), since one municipality withdrew from the program in 2001.

Year	Total Number of Assessing Jurisdictions*	Jurisdictions with Multi-Jurisdictional Assessors	
		Number of Jurisdictions	Number of Assessors
1983	1,546	N/A	N/A
1987	1,435	144	59
1992	1,294	190	74
1997	1,177	361	133
2000	1,136	408	146
2001	1,124	431	154

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

As the number of assessing units and assessors has been changing, the mechanism for selecting assessors has also changed. Table 13 shows the relative incidence of elected and appointed assessors between 1983 and 2001. The data indicate that, during this time period, there has been a notable shift to appointment of assessors (single assessor per assessing unit) rather than electing them (generally, three-assessor board). While municipalities with elected assessors comprised about half of the total in 1983, their share has fallen steadily, to less than one-quarter by 2001.

Year	Percent of Municipalities With	
	Appointed Assessors	Elected Assessors
1983	48%	52%
1986	54%	46%
1990	59%	41%
1994	67%	33%
1996	72%	28%
1998	75%	25%
2000	77%	23%
2001	79%	21%

With rapid modernization of technology through the RPS system, professionalization of assessors is encouraged, and this in turn favors appointment rather than election. Since increasingly technical skills and knowledge are required to do the job using modern technology, more assessing units are seeking the services of individuals already possessing those skills. For a given municipality, the measures required to ensure availability of qualified staff may involve consolidation, multi-jurisdictional assessing, appointment rather than election of the assessor, greater use of county-level services, and the like.

Clearly, these trends also have ramifications for the state aid programs themselves. With fewer assessors, an increasing tendency to appoint them, and higher average skill levels, demands on state training programs are shifting to a greater emphasis on continuing education and less on basic education. Consolidation and greater professionalization may also pay additional dividends in future years, such as a reduction in the level of state support required for reassessment projects.

C. Data Updating and Reassessment Activity

New York's assessing units are not required by law to conduct reassessments on a periodic basis, as they are in many other states. Nevertheless, many are now reassessing every few years, and some are beginning to reassess annually in order to take advantage of the new financial incentives available under the Annual Reassessment Aid program. As previously indicated, such reassessment efforts have traditionally begun with an initial compilation of property inventories as well as reassessment of all parcels, and thereafter consist of subsequent periodic reassessments, which normally do not require a full re-inventory, but ensure equity through the systematic analysis of assessments and local market conditions, with adjustment of assessments where appropriate.

In the early 1980s, more than one-quarter of the reassessment projects in a typical year occurred without ORPS assistance.⁷ The proportion that was not ORPS-assisted has fallen significantly over the years, as more municipalities convert their rolls to RPS computer software, which fosters assistance through ORPS. This in turn may be taken as evidence that ORPS has been increasingly successful in encouraging reassessment activity, since an increasingly large proportion of assessing unit "customers" are choosing to use its services and the tools it provides. This observation is particularly true of the smaller and medium-sized municipalities

⁷ In these early years some projects completed without ORPS involvement may not have achieved today's standards for an adequate reassessment program.

which, unlike the state's largest municipalities, can not create and support their own specialized systems on a cost-effective basis.

Table 14 provides a summary of reassessment activity between 1986 and 2001, including both ORPS-assisted projects and those done without ORPS' involvement. Although the number of reassessment projects has clearly fluctuated from year to year, over time an increasing commitment to reassess is evident. The number of projects supported in 2001 (248) establishes an all-time record that far exceeds the number supported in any previous year.

Of the 895 reassessment projects conducted over a 6-year period between 1996 and 2001, about one-fifth involved municipalities that reassessed in two or more consecutive years. An increasing number of municipalities are realizing that reassessment is not a one-time activity, but rather an effort that needs continuous application. Such increased maintenance of current assessments is likely to become more evident in future years with the availability of Annual Reassessment Aid. For example, in 2002, approximately 325 municipalities have plans to reassess, and nearly 60 percent of these municipalities reassessed in 2001.

Year	ORPS-Assisted Reassessments	Non-ORPS Assisted Reassessments	Total
1986	78	21	99
1987	49	28	77
1988	58	15	73
1989	68	24	92
1990	132	19	151
1991	110	27	137
1992	73	13	86
1993	88	15	103
1994	114	14	128
1995	74	11	85
1996	105	11	116
1997	91	11	102
1998	140	4	144
1999	96	2	98
2000	184	3	187
2001	248	0	248

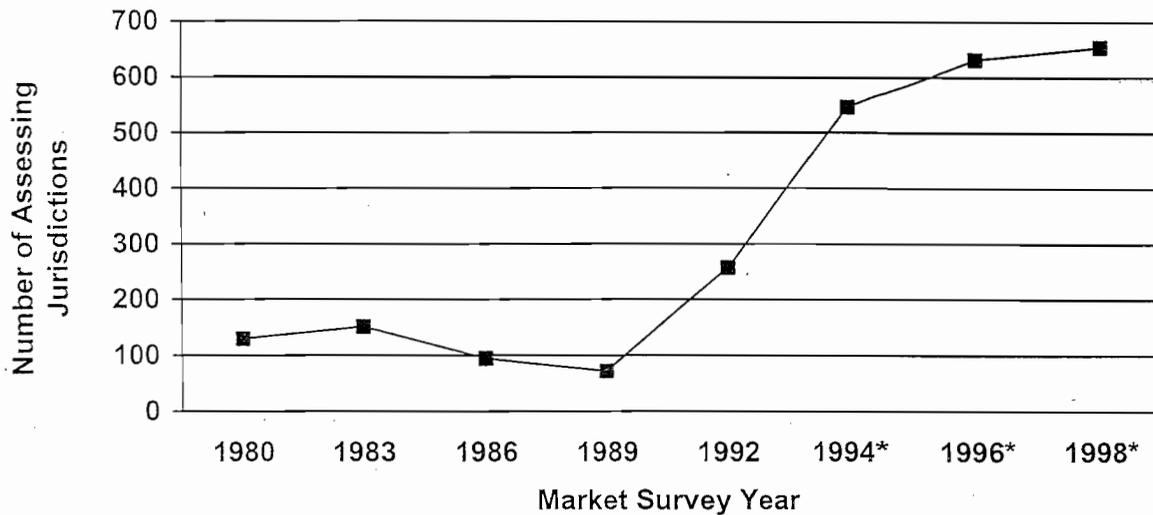
Overall, 183 assessing units (or about one-fifth of the state) have failed to conduct any reassessment activity during this 16-year period, although 12 of these plan to reassess in 2002. Undoubtedly, a variety of factors explains their reluctance to reassess, and there is no conclusive information regarding the extent to which the aid programs might influence the local decision-making process in each of these cases.

D. Assessment Uniformity

The State Board is required by law to oversee and review assessing practices in New York State (RPTL §202), and to report this information to the Governor and the Legislature (RPTL §1200). The Board thus seeks to determine periodically the extent to which localities are equitably assessing the parcels within their jurisdictions to assure a fair distribution of the tax burden based upon accurate property values. Methods used to monitor equity levels include a comparison of the assessed values of parcels sampled from each local assessment roll (in determination of equalization rates) with the market values of the same parcels, and audit of reassessment projects to ensure that they produced accurate values.

Since all parcels in an assessing unit (or, within a special assessing unit, in a property class) must be assessed at a uniform percentage of market value, there should ideally be little variation among their assessment ratios (assessed value divided by market value). While some variation is inevitable, due to measurement inaccuracy, high levels of variation indicate inequity because the parcels on the roll are assessed at significantly different percentages of market value. The extent of variation is measured by a widely used statistic known as the Coefficient of Dispersion (COD). Low COD values indicate uniform assessment and high COD values indicate the opposite. Figure 1 shows the number of city, town and county assessing units exhibiting acceptable uniformity levels based on either the COD statistic, or a combination of the COD and audit of recent reassessments (1996 and 1998 surveys).

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

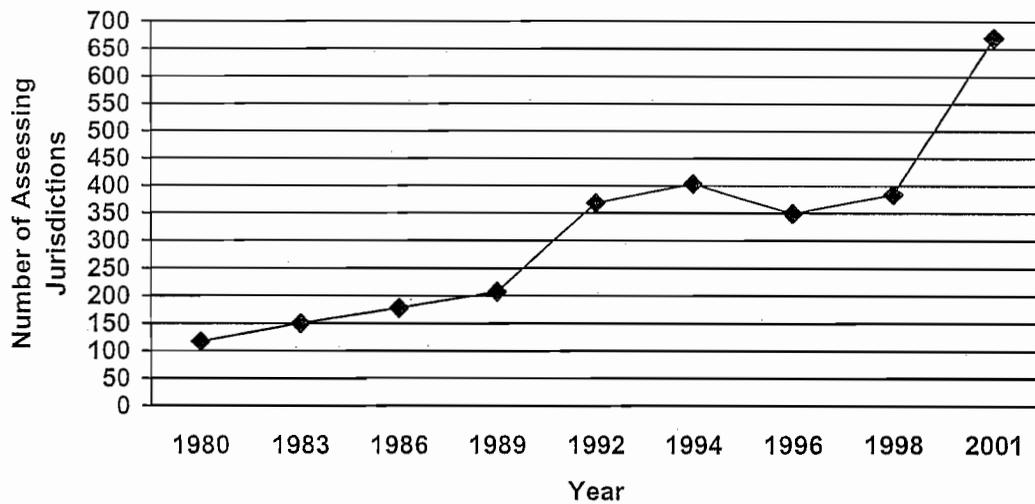


*For survey years 1994, 1996, and 1998, acceptable levels of the coefficient of dispersion (COD) statistic were increased for the more rural assessing units in recognition of relative lack of market data and the heterogeneity of properties.

Between the 1980 and 1992 surveys the number of assessing units indicated as having equitable assessment more than doubled. For these years, State Board rules required that all assessing units be evaluated based on an acceptable COD level of 15 percent. However, beginning with the 1994 market survey, the standard was broadened to recognize more rural assessing units as having uniform rolls if they had CODs of 17 percent (population density on 100-400 per square mile) or 20 percent (population density of less than 100 per square mile). The revised standards recognized the fact that the most rural assessing units have greater difficulty achieving a low COD due to scarcity of market data and heterogeneity of properties. With the adjustment of COD standards included in the analysis, the number of assessing units recognized as having uniform assessments expanded to more than 500 in the 1994 survey. The number with uniformity further increased to 632 for the 1996 survey, reflecting substantial gains. The 1998 survey data indicated that the number of uniform assessing units had increased to 654, of which 386 were very recent reassessment programs that successfully passed State Board review, and the remaining 268 had acceptable CODs when sampled in the traditional manner.

Figure 2 shows the amount of reassessment activity in the four years preceding each survey, a reasonable measure of the recency of assessments. The data indicate that the number of ORPS-assisted reassessments implemented within the previous four years grew more than six fold from 1980 through 2001. This pattern of growth closely resembles that seen in overall assessment uniformity (Figure 1), a correlation which underlines the essential relationship between assessment equity and the maintenance of values at current market levels.

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

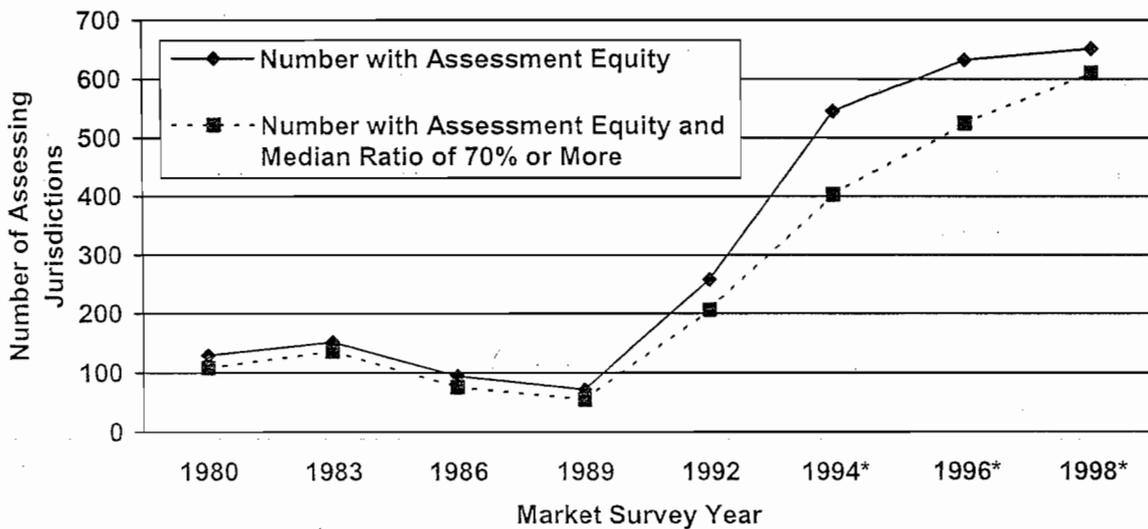


While it would obviously be better to have all assessing units meeting uniformity standards and conducting frequent or even annual reassessments, the substantial gains evident in these figures are still very apparent. During the late 1980s and early 1990s, the number of jurisdictions meeting standards in a given year lagged the number having conducted recent reassessments, sometimes substantially. This phenomenon is thought to have been primarily the result of the historically atypical rates of real estate appreciation (in the late 1980s) and depreciation (in the early 1990s) that characterized this era. Rapidly changing values made accurate measurement difficult, and the lag between local assessments and state measurements of market value assumed heightened importance. However, by the mid-1990s, relatively stable market conditions had returned, contributing to a rise in the number of municipalities exhibiting uniformity (Figure 1).

It is also useful to examine the relationship between reassessment activity and equity by looking at the number of municipalities that are assessing at relatively high percentages of

market value, since a high percentage of market value is a strong indication of recent reassessment activity. Whereas a few municipalities have chosen to reassess at percentages other than 100 percent of market levels, this phenomenon is relatively insignificant and has been declining over time. Figure 3 charts the relationship of assessment equity, as measured by the COD (or a satisfactorily completed reassessment used in the 1996 and 1998 surveys), and the overall level of market value reflected in assessments, as measured by the number of municipalities with a ratio of assessed value to market value of at least 70 percent. It was necessary to use a figure like 70 percent, rather than 100 percent, because market changes in a given community may result in a percentage that is less than 100 percent (or even greater than 100 percent) in just a few years, even though the assessments are relatively current.

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

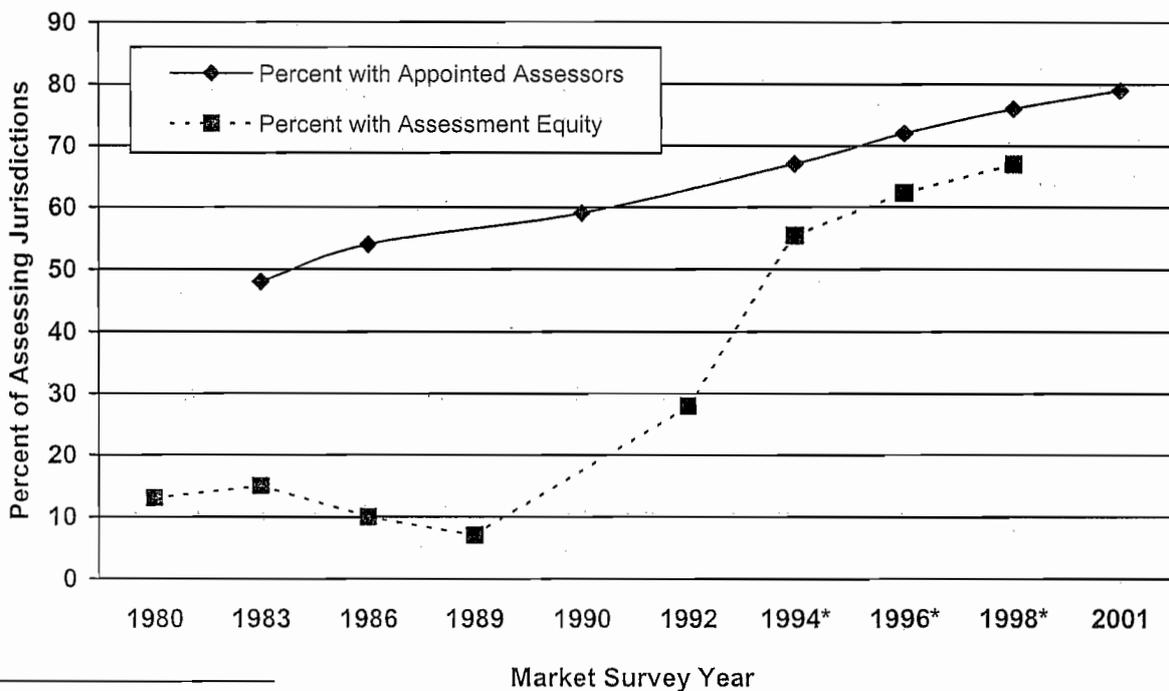


*In measuring assessment equity for survey years 1994, 1996 and 1998, acceptable levels of the coefficient of dispersion (COD) statistic were increased for the more rural assessing units (see Figure 1).

As Figure 3 shows, the number of municipalities with high uniformity levels closely tracks the number with assessment ratios of 70 percent or more in the 1980 through 1998 surveys. This is indeed striking evidence of the effectiveness of frequent reassessment as a means of achieving equitable distribution of local property taxes and it underlines the public benefit of state encouragement of reassessment projects.

Yet another view of the underlying sources of assessment equity can be gained from looking at the relationship between uniformity statistics and the methods used to select assessors. Figure 4 shows the uniformity levels found in the 1980 through 1998 surveys in comparison to local use of the appointed assessor option. While the improvement in uniformity is particularly noteworthy in the post-1989 period -- after having fallen somewhat during the rapid real estate appreciation of the late 1980s -- the trend toward appointment of assessors is more moderate and relatively consistent over the entire period. These differences in the two trends notwithstanding, it is still evident that there is a positive correlation, with substantial movement toward convergence in the 1990s. While improvements in uniformity can not be causally related to appointment of assessors, there can be little doubt that the two trends are mutually reinforcing, and that an underlying trend toward greater professionalism and technical expertise is responsible for both.

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

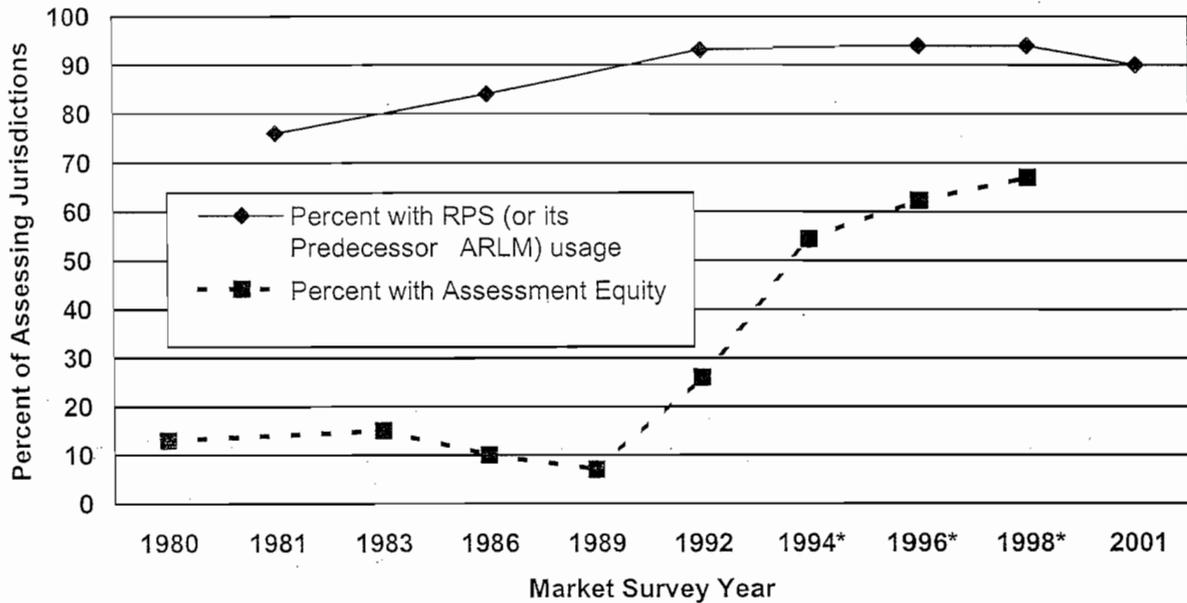


*In measuring assessment equity for survey years 1994, 1996 and 1998 acceptable levels of the coefficient of dispersion (COD) statistic were increased for the more rural assessing units (see Figure 1).

Figure 5, showing the relationship over time between the RPS computer software system usage and assessment uniformity, presents a similar picture. Adoption of RPS, already

relatively high in the early 1980s at over 75 percent, increased gradually to reach 94 percent in the mid-1990s. Uniformity levels increased more dramatically, with virtually all gains occurring in the post-1989 period. Again, while it would be inappropriate to attribute all the improvement in uniformity to adoption of the RPS system, it is evident that RPS usage and satisfactory uniformity statistics are positively correlated.

Figure 5. Percent of County, City and Town Assessing Jurisdictions with Assessment Uniformity and Percent with RPS Usage



* In measuring assessment equity for survey year 1994, 1996 and 1998, acceptable levels of the coefficient of dispersion (COD) statistic were increased for the more rural assessing (see Figure 1).

All the trends discussed above -- reduction in the number of assessors, increased reassessment activity, greater assessment uniformity, appointment rather than election of assessors, and assessing unit consolidation -- are fostered by the technical and financial aid programs provided by the state government through ORPS. It is not possible to determine how much each is influenced by other factors such as conditions in real estate markets, litigation, statutory changes, etc., but it is safe to conclude that substantial progress on all counts has occurred during the time period in which state financial and technical assistance were available to localities. This is especially true of the Annual Reassessment Aid Program, which is bringing about a dramatic increase in reassessment projects at the present time.

E. Effects of Local Aid Programs on State Equalization

Calculating equalization rates based on market values that are as current as possible is important because of the critical role the rates play in local government finance. Among the more important uses of equalization rates are apportioning the school tax burden among two or more municipalities that are in the same school district, apportioning county taxes, and determining the amount of education aid granted to each school district. In these programs, equalization rates determined from local assessment rolls are used to calculate the full market value of taxable property, which is the basis for school and county tax apportionment and is a key component of the education aid formula. If the value basis used in ratemaking is not fully current, taxes and education aid will not be distributed with maximum equity.

In the 1980s, there was a substantial lag between the year of tax apportionment and the market value year from which the equalization rates in the process were derived (Table 15)⁸. On the 1985 rolls, the lag had reached five and one-half years, as equalization rates were based on a July 1, 1980 valuation date. However, by 2000 the lag had been eliminated for 36 percent of the school districts, and which were thus able to use current equalization rates for apportionment of levies. In 2001, over 90 percent of the school districts were able to apply current rates for their levies.

Although a lag may not be as important a concern in times of low real estate appreciation, it can become a major issue when market values are increasing substantially. The reduction from a lag of six years to no lag at all for the majority of the municipalities and school districts is thus a significant achievement in equitable allocation of property taxes and education aid. By 2003 it is expected that current rates will be available to all municipalities and school districts in the state.

⁸ Tax apportionment year commences in September for most school districts, and generally in January for counties.

Apportionment Roll Year	Valuation Date	Lag (in years)	Apportionment Roll Year	Valuation Date	Lag (in years)
1986	7/80	5.50	1994	1/92	2.00
1987	1/82	5.00	1995	1/93	2.00
1988	7/83	4.50	1996	1/94	2.00
1989	10/84	4.20	1997	1/94	3.00
1990	1/86	4.00	1998	1/96	2.00
1991	1/87	4.00	1999	1/97	2.00
1992	1/89	3.00	2000	1/00*	0.00*
1993	1/90	3.00	2001	1/01**	0.00**

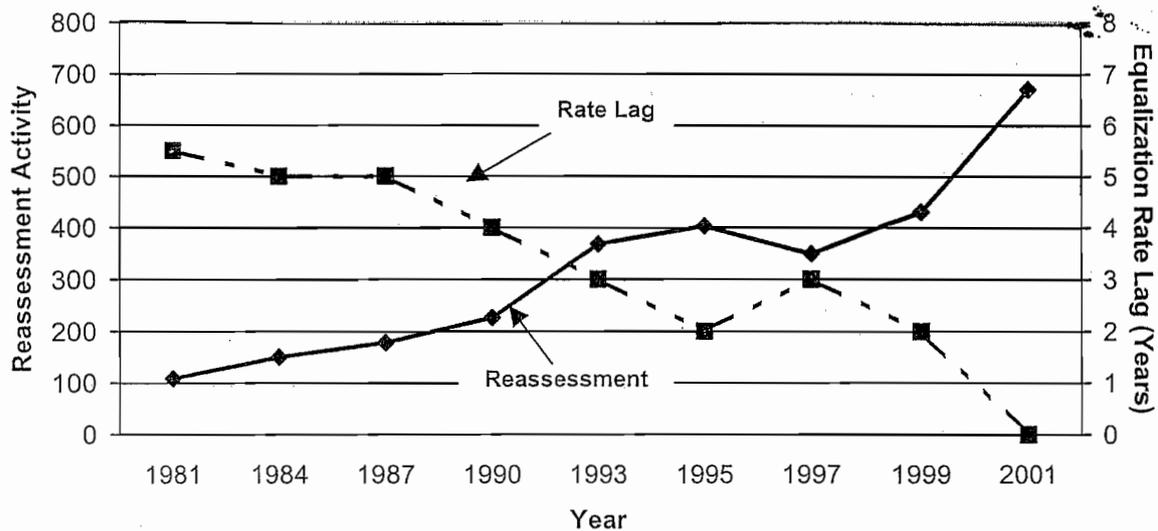
* Current rates used by 36 percent of school districts in the state. Remainder of districts used rates having 1/99 valuation date.

** Current rates used by over 90 percent of school districts in the state. Remainder of districts used rates having 1/00 valuation date.

Elimination of the lag has been made possible largely through improvements in assessment administration, including reassessments, computerization, and better sales reporting and processing. These improvements are, in turn, related to state technical and financial assistance programs, although the precise influence of each program on the timeliness and accuracy of rate making can not be measured. Nevertheless, a comparison of the amount of ORPS-assisted reassessment activity with the lag in equalization rates (Figure 6) indicates that both measures had shown improvement over time, and show a close inverse correlation.

As discussed earlier, the sharp rise in reassessment activity in 2000 and 2001 is most likely attributable to the increasing participation in the recently created Annual Reassessment Aid Program. Increasing numbers of municipalities are realizing the advantages of participating in that program: in developing and sustaining equity in their respective jurisdictions, they not only obtain financial assistance in the process but also have the results of their efforts, without any lag, fully reflected on the current equalization rate used for apportionment of school and county levies.

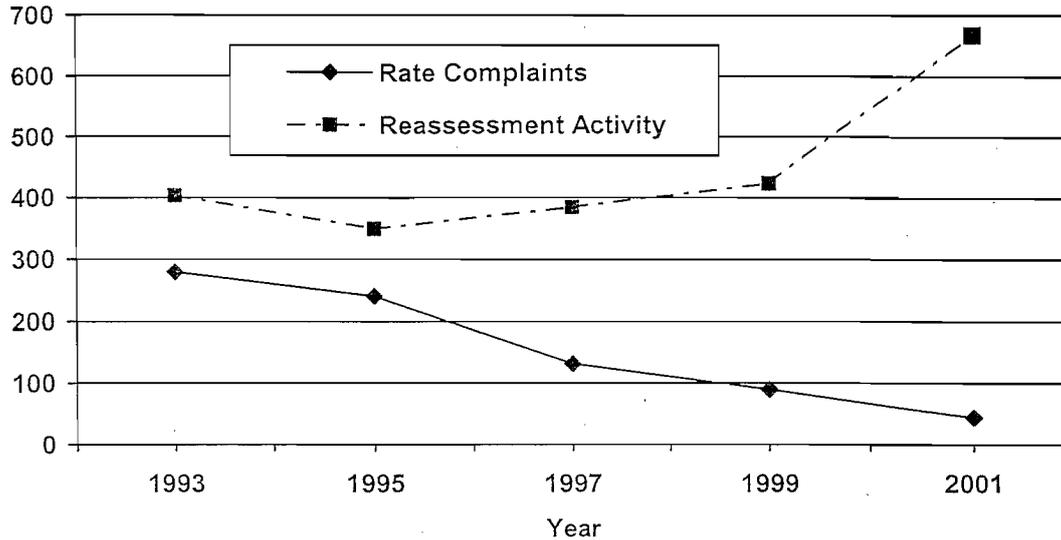
Figure 6. Equalization Rate Lag and Reassessment Activity, 1981-2001



Notes: Equalization Rate Lag is measured as year of roll used to apportion school levies minus valuation year used to determine its full market value. Reassessment Activity is measured as number of ORPS-assisted projects within the past four years.

Another apparent benefit from participating in programs of assessment improvement is the decreasing propensity for municipalities to file complaints on preliminary state equalization rates, as shown in Figure 7. Reassessment activity hovered at the 350-400 level before rising sharply after 1999, while the number of rate complaints continued to fall continuously over this period. In 2001 assessment ratios supplied by 35 percent of the local assessing units⁹ were adopted without change as final equalization rates; that rate of adoption is expected to increase in 2002. The reduction in the number of complaints filed over this period has definitely enabled ORPS to direct its time, resources and personnel away from costly and time-consuming rate complaint hearings, concentrating instead on providing assistance to localities for improved assessing practices.

⁹ Under the Property Taxpayer's Bill of Rights assessors are required to state the uniform percentage of value at which parcels are assessed. Such information must be placed on the assessment roll and on the property owner's tax bill or tax receipt.

Figure 7. Equalization Rate Complaints and Reassessment Activity, 1993-2001

Note: Reassessment Activity is measured as the number of ORPS-assisted projects within the past four years.

As mentioned earlier, where a community has a recent reassessment roll, and the values can be verified as having been calculated based on current market levels, the roll can be used directly to determine market values and equalization rates. This “review” or “procedure audit” eliminates the need to recalculate the total market value of the roll based on sample appraisals and sales. Use of local reassessment rolls directly in establishing market value began with the 1996 survey, and has continued with every survey since. The total assessed values derived from reassessments of some or all of the four major property classes are separately reviewed and audited. Also reviewed were the procedures used locally in completing the reassessment projects, i.e., inventory compilation, sales screening, computer-assisted valuation, appraisal review, etc. In 2001, this approach reduced by more than half the number of municipalities in which samples of appraisals and sales were required to determine value for producing 2000 equalization rates (Table 16). As more communities conduct reassessment projects in future years, the number of equalization rates prepared utilizing a procedure audit may increase proportionately. Thus, the various technical and financial incentives and assistance provided to localities by the state are producing an additional benefit in terms of reduced equalization effort and associated costs.

Approach	Number of Assessing Units
Sample of Appraisals/Sales	475
Review of Reassessment	508

Approximately 325,000 sales of real property occur each year, with about half of them being "arm's length" transfers and otherwise usable in determination of market value. Since 1976, sales had been used in the market survey process only for applying the comparable sales approach to valuation of individual appraisal parcels. However, beginning with the 1996 market value survey, residential sales ratios were once again included in the equalization program. For other property classes, direct use of sales is currently prohibitive due to the cost of extensive data verification, since many non-residential property transfers are complex. The substitution of residential sales for appraisals is made primarily in assessing units which have not conducted recent reassessments, as those that have done so are instead subject to a state review of the reassessment roll, as described above.

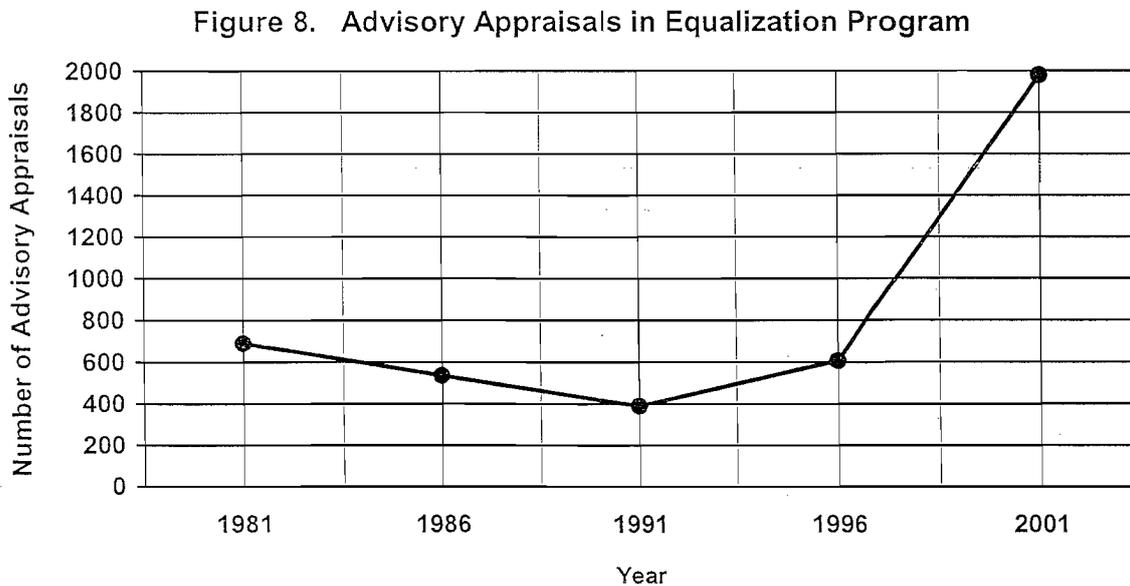
Over 56,000 sales which met the criteria for market value determination for 2001 equalization rates were utilized in those communities in which rates were established through a combined appraisal/sales approach (Table 17). Sales comprised nearly three-fourths of all properties that were sampled. Of this number, 18,847 replaced appraisals that would otherwise have been required, reducing the number of necessary appraisals by about 50 percent. The remainder was used to enhance the number of observations available, i.e., to increase the sample size in order to improve the accuracy of the overall value estimates. Sales thus contributed to 475 city and town equalization rate determinations, representing about 48 percent of the state.

Number of Sampled Units	Number of Appraisals	Number of Sales
475	19,185	56,425

One reason that reintroduction of sales has been possible is that, in the 1990s, considerable progress was made on improving the sales data processing and correction process. A major achievement in this program was the introduction of computerized data correction methods, including recent implementation of a new Internet application that permits

direct entry of data by parties to a sales transaction. Supported by state technical assistance to localities, computerization has resulted in more accurate and complete sales data, fewer appraisal hours, and a reduction in paper-handling and mailing costs at both state and local levels.

As discussed in Part II, the advisory appraisal program assists localities in valuing large or complex properties, such as manufacturing facilities and utility installations, that are usually beyond the technical expertise of local assessors. The assistance is generally provided in the context of a local reassessment project. However, it must also be recognized that these same appraisals contribute significantly to the equalization program. The properties in question, being large facilities, often comprise a substantial share of the local tax base. As a result, their values contribute significantly to local real property wealth. Because of their disproportionate importance, they must be explicitly incorporated into the equalization process. Advisory valuations of these properties can therefore be said to accomplish two mutually reinforcing objectives: preparation of equitable assessment rolls, and calculation of accurate equalization rates and municipal market values. Since 1981, some 400 to 700 advisory appraisals were done annually by state staff, with the resulting valuations incorporated into the relevant market value surveys (Figure 8).



Advisory appraisals rose markedly in 2001 however, to nearly 2,000, as many municipalities sought this technical assistance in conjunction with the reassessment projects they undertook in that year. Over 98 percent of these appraisals involved utility class property.

Demand for advisory appraisals is likely to remain strong in the foreseeable future, since many municipalities are likely to maintain assessment uniformity by continuing to participate in the Annual Reassessment Program. Utility class property, previously appraised only periodically, will in future years be appraised continually and, since it is difficult for many local assessors to appraise such parcels on their own, advisory appraisals will be needed. This is especially true for electrical generating stations.

IV. CONCLUSIONS AND RECOMMENDATIONS

Based on the data and other information presented earlier in this report, the following summary observations are made regarding program progress as well as changes currently being made to meet Agency goals.

A. Achieving Assessment Uniformity

Major improvement in the quality of assessment has occurred, particularly since the middle to late 1980s. Data regarding the number of reassessment projects conducted, and the State Board's COD statistics, together support the conclusion that assessment rolls are significantly more equitable than they were ten years ago, and local governments are putting substantially greater effort into maintenance of equity.

In 2001, ORPS staff supported 250 projects, about twice as many as in recent years. Many municipalities are availing themselves of financial incentives to reassess, especially through Annual Reassessment Aid. With more reassessment projects, and better local data, greater efficiency and economy has been achieved in the state, allowing a reduction of over 50 percent in the number of appraisals required for market value surveys. Further evidence of the pace of reassessment activity is the fact that ORPS staff provided nearly 2,000 advisory appraisals in 2001, especially for utility property.

The nearly universal adoption of the state-provided system for assessment administration (RPS) is a very encouraging sign that continued progress will be made in attainment of equity/uniformity. Having the proper tools to keep assessments current is a prerequisite to maintaining an equitable roll, and virtually all communities now have access to these tools.

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

In the absence of state mandates for updating assessments, the state aid programs assume greater importance, for they are the primary tools employed by the state to influence the quality of assessing. While it is impossible to establish a direct tie between the assessment progress observed and the existence of these programs, it is safe to conclude that the state's

objective of greater assessment equity -- without mandated reassessment -- is being achieved rapidly.

Much still remains to be done, however, for many of New York's municipalities have not reassessed in recent history. This situation is especially prevalent in some of the suburban counties in the New York City metropolitan area, although several larger assessing units in this area are expected to reassess in the near future (e.g., Nassau County and Rockland County municipalities in 2003). To date, most communities in the downstate area have not been induced to reassess by the availability of state aid, and it is not known if the availability of aid will be a determining factor for them in future years. Nevertheless, since they are generally densely populated communities involving very large numbers of properties, the total potential equity gain from their undertaking reassessment would be great indeed. Every effort should therefore be made to induce these assessing units to develop current, equitable rolls.

B. Efficiency of Assessment Administration

The outcome of the consolidation aid program has been moderately encouraging to date, with 85 assessing units having opted to coordinate their assessing (into 37 Coordinated Assessing Programs) since 1995.

However, to date no assessing units have elected to take more fundamental steps toward consolidation, either through the Consolidated Assessing Unit option, or in becoming part of a county assessing unit. This apparent reluctance to cede greater autonomy to supra-municipal organizations reflects a strong tradition of "home rule" in New York, with many officials and citizens alike remaining skeptical about consolidating local governments or even their major functions. Indeed, past attempts in a few counties to convert from sub-county to countywide assessing failed when the issue was submitted to the electorate. Nevertheless, efficiency and optimization of available resources must continue to be a major focus of state aid programs and program emphasis is probably best directed toward the most moderate approaches, such as the Coordinated Assessing Unit option. It is likely that local interest in qualifying for the new Annual Reassessment Aid program will stimulate additional efforts to achieve more efficient scale in assessing, as annual maintenance of assessments at current market levels requires considerable technical expertise.

It is further apparent that the aid programs designed to promote local equity and efficiency also foster more equitable and more cost-effective equalization of tax rolls in counties and school districts. While these indirect effects have been difficult to measure in prior years, several indicators are now clearly demonstrating equalization improvements occurring in the

same time frame as local assessment improvements. The existence of these important indirect effects suggests that any future changes in aid programs should give consideration to direct or indirect effects on the equalization program.

C. Assessor Technical Qualifications

The overall level of assessor qualifications and expertise is related to the success of training programs and to the rate of assessor turnover. With high turnover, as occurs with elected assessors, it is both difficult and costly to achieve and maintain high levels of expertise on a statewide basis. This reality, as well as the relationship found between assessment equity and appointed status, indicate that state efforts should continue to promote the appointed assessor alternative. The trends found in terms of movement toward appointed and multi-jurisdictional assessors should contribute significantly to raising the overall level of expertise and equity in future years. The high pass rates for both classroom-training courses and the newly inaugurated web-based courses (96 percent) also suggest a trend toward greater expertise. Furthermore, communities wishing to take advantage of the new Annual Reassessment Aid program will need highly qualified assessors to do so.

D. Real Property System

Rapid change in the computer hardware and software industries, including the availability of many new types of software products and services from private vendors, necessitated a recent study of the state's future role in the development and support of the RPS system. A study group consisting of assessors, county directors of real property tax services, county information technology directors and ORPS staff was formed in 1997 to gather and review the needs of local government RPS users and the system's capabilities in relation to alternative products. The overwhelming consensus was that there is need for a centralized, standardized computer system such as RPS for use in real property tax administration in New York. The complexity of the RPS computer system is a direct result of the complex nature of the state's real property tax system, including frequent changes in law which affect some or all of the state's large number of assessing jurisdictions. In light of the clear benefits of RPS standardization to both the state and local governments, the study also found that there is a strong need for the state to continue making RPS available and to modernize the system on a frequent basis.

Based on the outcome of this review, the State Board in August 1998 authorized ORPS to continue development of Version 4 of its RPS system, which is oriented toward current computer technology and the latest operating systems. The Board also resolved that the costs

of RPS should be shared by state and local governments, and directed staff to consult local government representatives and to develop a funding structure in which approximately two-thirds of the cost for maintaining and developing RPS would be paid by the state and one-third would be paid by local governments. This allocation of costs reflected the belief of both state and local officials that such an arrangement would create a heightened sense of responsibility in terms of system use and demand for enhancements. This new fee structure was put into place commencing in the 2000-01 fiscal year.

An RPS Governance Group was created in late 1999, and charged with determining the direction of development and future vision of the RPS system, including how development fund monies will be spent. The group consists of four representatives each from the New York State Association of County Real Property Directors, the New York State Assessor's Association, the New York State Information Technology Directors Association, and the Office of Real Property Services. The group meets quarterly to discuss RPS development and implementation issues, and it is expected to be a primary source of information and recommendations concerning any problems encountered in RPS and its future direction.

At this time the RPS Governance Group is evaluating the next generation of RPS technology, in particular the web-based Internet system, RPS Version 5. The objective of this future system is to find an open architecture that would operate on any hardware platform (IBM mainframe, PC, AS400, NT, Novell). Proposals are currently being received from industry technology vendors for this project in response to a request for information distributed by ORPS.