

## REGULATORY IMPACT STATEMENT

### DEPARTMENT OF TAXATION AND FINANCE

1. Statutory Authority: Real Property Tax Law, sections 201(1), 202(1)(k), and 1573(1)(a). Section 201(1) of Real Property Tax Law, assumption of responsibilities by the Department of Taxation and Finance, provides that certain functions, powers and duties of the State Board of Real Property Services are considered functions, powers and duties of the Commissioner of Taxation and Finance. Section 202(1)(k) of the Real Property Tax Law authorizes the Commissioner of Taxation and Finance in relation to real property tax administration to adopt such rules not inconsistent with law, as may be necessary for the exercise of his or her powers and the performance of his or her duties. Section 1573 of the Real Property Tax Law provides that the assessing units must satisfy standards of quality assessment administration to qualify for assistance, as established pursuant to regulations promulgated by the commissioner. Part W of Chapter 56 of the Laws of 2010 added section 201(1) and amended section 202(1) and Part Y of Chapter 56 of the Laws of 2010 amended section 1573.

2. Legislative Objectives: The rule is being proposed pursuant to such authority to administer statutory amendments made by Part Y of Chapter 56 of the Laws of 2010 to restructure the State's reassessment assistance program to better encourage local governments to maintain updated property assessments on a regular cycle within available funding levels.

#### 3. Needs and Benefits:

Under the previous reassessment assistance program, a local assessing unit could receive assistance for conducting a full value reassessment without making any commitment to reassess again. Assessment equity can quickly deteriorate if not actively maintained. Recent amendments to section 1573 of the Real Property Tax Law have changed the reassessment assistance program so that to receive assistance, an assessing unit would have to adopt a multi-year plan of at least four years that calls for a full value reassessment to be completed in

the first and last years of the plan, thereby establishing a reassessment cycle of the local government's own choosing. The amount payable on a per parcel basis shall exclude parcels which are wholly exempt or assessed by the state. If an assessing unit withdraws from an approved plan, it will only be responsible for remission of per parcel payments for non-revaluation years.

Anticipated benefits include a reduced effort to maintain equity if reassessments are conducted on a cyclical basis rather than having a long gap ensue, improved clarity for taxpayers if their assessment closely mirrors the actual value of their property, and less drastic shifts in assessed values if reassessments are conducted once every four years rather than at longer intervals. The public can better understand and withstand small changes in value every few years rather than annual changes or huge changes that would likely occur if assessed values are left unchanged for long intervals.

The purpose of these amendments is to make necessary regulatory changes related to the implementation of these provisions and to assure that the funds for the assistance program are effectively managed. This rule provides: plan requirements, the state standards for quality assessment administration that must be satisfied by the assessing unit to qualify for state assistance, requirements for applications for state assistance, and transitional rules for 2010 assessment rolls.

4. Costs:

(a) Costs to regulated persons: None – there are no regulated persons; the regulated parties are the local governments.

(b) Costs to the State and its local governments including this agency: Section 1573 of the Real Property Tax Law was amended by Chapter 56 of the Laws of 2010 to provide a new assistance program to local governments to encourage reassessments. Participation in the assistance program is purely voluntary; no local government is required to conduct a reassessment or to apply for the assistance.

Chapter 55 of the Laws of 2010 contained an appropriation of \$6,900,000. This level of funding reflects a \$1,350,000 reduction from the 2009-10 budget. The effect will be limited in 2010 as there are provisions in the rules to provide assistance for revaluations conducted in 2010 according to the provisions of the previous program. In future years some local governments which had received assistance of \$5 per parcel for annual reassessments will only receive assistance of \$2 per parcel for the years between reassessments.

(c) Information and methodology: The appropriation figures were determined by the Division of Budget and Chapter 55 of the Laws of 2010.

5. Local Government Mandates: None. Participation in this assistance program is purely voluntary; no local government is required to conduct a reassessment or to apply for the assistance.

6. Paperwork: If the local government elects to participate in this assistance program, a written plan and application are prescribed by the rule along with statutorily required documentation.

7. Duplication: There are no conflicting state or federal requirements.

8. Alternatives: There were no significant alternatives to consider. The special transitional provisions of the rule were needed to implement this new program because this law became effective after most municipalities filed their tentative assessment rolls and would have otherwise failed to qualify for the program.

This newly established program of Aid for Cyclical Reassessments replaces both the Annual and Triennial Aid programs. Outreach was conducted with the Real Property Tax Administration Committee (RPTAC) and their feedback was considered. In addition to ORPTS executive staff, RPTAC is comprised of Assessors and County Directors of Real Property Tax Services who represent a cross section of large and small assessing units from both the upstate and downstate areas. Most of the comments that were received were technical questions about how the program would work. More comments may be forthcoming as the program is implemented and as local governments prepare their annual assessment rolls. As such, it is too soon to fully evaluate the effectiveness of the program.

9. Federal Standards: There are no federal regulations concerning this subject.

10. Compliance Schedule: The compliance schedule for a local government that elects to participate in the assistance program is specifically set forth in the rule. A written plan must be received no later than 120 days prior to the filing date of the tentative assessment roll implementing the first reappraisal in that plan.