

**Submitted by Josette J. Polzella, IAO
November 28, 2007**

**Town of Ossining Assessor
Comment Submission #1**

Good Afternoon Members of the Committee:

By now we all have heard or read that, according to the Washington-based Tax Foundation, in 2006 New York state ranked second highest in the nation in real property taxes per capita.

I therefore commend the Governor for taking swift action in the creation of this commission as it affords a real opportunity for the taxpayers of New York. It is important at this time to pause and gather the facts and it is to be hoped that some unexpected solutions to the problem of our overwhelming tax burden will emerge.

Inasmuch as the primary source of funding for public education and local government is the property tax it is vitally important that this commission examine tax policy as well as potential savings from consolidation and shared service measures. Obviously, reductions in the property tax cannot occur without reductions in spending. However, it is critical that we close all loopholes that prejudice fair tax apportionment.

As an assessor involved in real property taxation for the past 28 years, I would like to offer my opinion as to what I believe are some of key problem areas with the property tax in New York. Because of numerous flaws in our real property tax laws, serious inequities exist in the distribution of the tax burden.

#1 – Lack of a mandated cycle for assessment updates

Short of conducting a municipality-wide reassessment, unless a property owner has made physical improvements to his/her property an assessor is usually limited in his/her ability to increase assessments. Without a mandated assessment cycle or a voluntary local effort to reassess, properties which are under-assessed remain under-assessed. As a result, properties which have had more recent improvements tend to bear an unfair share of the property tax. A bill mandating that assessments be updated on a periodic cycle such as every three or five years would go a long way in ensuring that taxpayers pay their fair share based on current market value. Further, evidence that the desired results of a reassessment have been achieved must be provided and made public before state financial aid is awarded.

#2 – Improper valuation methodology of condominiums and cooperatives

Rather than paying property taxes based on market value as do all other property types, condominiums and cooperatives are the beneficiaries of a peculiar loophole in New York State's property tax laws which essentially gives them a de-facto exemption of upwards of 65% compared to single-family homes. The services provided are the same yet the condominium and cooperative owners may pay 65% less. The more expensive the

condominium or cooperative unit is, the bigger the tax break. The result is that all other property owners effectively and, in my opinion, unfairly, subsidize the owners of condominiums and coops.

#3 – Allow a tolerance threshold of 15% for the residential assessment ratio (RAR)

As property tax increases so does the number of complaints. Nassau County had over 40,000 Small Claim Assessment Review (SCAR) cases last year which utilize the RAR as the measure of level of assessment. Since the RAR is simply a median, any property owner whose assessment is higher than the mid-point is entitled to a reduction. In theory, 50% of residential assessments could be reduced and these reductions, if granted, would serve to lower the subsequent RAR. The effect would be circular, continually driving assessments (but not taxes) down and making tax representatives wealthy.

#4 – Exemptions for not-for-profit organizations and payment in lieu of tax (PILOT) agreements need to be more strictly enforced.

Not all not-for-profit organizations should receive a full property tax exemption. While dividends cannot be taken in a not-for-profit structure, high salaries and high expenses can be an inducement for their very creation. Certain not-for profits compete directly with similar for-profit enterprises and therefore closer scrutiny is needed. In some states, a charitable contribution or public benefit comparable to the property tax savings must be realized before exemptions are granted.

Similarly, PILOT agreements which are sometimes made to induce development through an industrial development agency should require that either job creation or retention is achieved. Further, the market value of a property should be determined and stated before that property is removed from the taxable section of the assessment roll. This is an area for potential abuse which needs to be carefully monitored.

#5 – The advantages of local assessment must be recognized

One the local initiatives suggested by the LGEC is the encouragement of countywide assessing. While county assessing options have always been available, the broad encouragement of this option needs, for many reasons, more careful analysis. I have submitted under separate cover a report which outlines those reasons in detail.

Local assessment and tax administration is one of the most inexpensive and efficient functions of all government. It generally costs less than two percent of the total property tax collected to administer the assessment and tax collecting functions. Very few business enterprises could claim that much return on such a small investment. Why would you change it?

Further, the availability of digital data through the Freedom of Information Law (FOIL) on a county-wide scale might potentially endanger the tax base. While making data public is a positive action in public disclosure, security measures need to be taken to

ensure that unfair opportunities for profit are not being made. The sheer number of assessment complaint cases in Nassau County as compared to the whole of New York State provides an indicator of the problem.

The totality of the property tax generated, as well as local benefits should be considered before a change in the venue of the assessment function is recommended.

Let us remember what Thomas Jefferson said, "The government closest to the people serves the people best."

Thank you for the opportunity to comment on these important topics and I hope that legislative reform regarding these issues will be forthcoming. Good Luck in your mission to help New Yorkers stay in New York.

**Submitted by Josette J. Polzella, IAO
For November 28, 2007 LGEC hearing**

**Town of Ossining Assessor
Comment submission #2**

For the entire history of our state, the assessment function in New York has, for good reason, been administered at the local level.

"The government closest to the people serves the people best." Thomas Jefferson
"Local officials have better insight because they are on-site." John Chervokas,
Supervisor- Town of Ossining, Westchester County, New York

In most of New York State, property taxpayers simply have to phone or walk in to their local assessor's office to get firsthand information on how their property assessment was determined. Local government is by far the most accessible and accountable when compared to larger, more removed government entities.

Exemptions for senior citizens, veterans, firemen, disabled persons, STAR, ambulance workers, low-income housing, new business improvement, energy systems, non-for-profit and religious organizations and are all administered and determined locally. Local assessors and staff provide a personal and valuable service to their property owners. For example, many senior citizens prefer to visit their assessor's office to file their tax relief applications as sensitive information such as social security numbers appear on these documents. Many do not drive and either walk or take taxis to our municipal building. To move this function to the county would place a tremendous hardship on our senior population. When we do not receive a senior's citizen annual renewal application we make a personal visit to ensure the timely filing of their documents.

Local assessment and tax administration is one of the most inexpensive and efficient functions of all government. As an example, it costs less than one percent of the total property tax collected (approximately \$135 million for all of the taxing districts in Ossining including school districts) to administer the assessment and tax collecting functions. This includes the cost of legal defense for assessments.

Local government has long absorbed the cost of assessment administration with many municipalities making sizeable investments in their infrastructure for computer sketching, tax mapping, GIS, aerial photography, etc. To create yet another, more remote entity of assessment administration unfairly penalizes those communities which have already made these investments. The assessor's office is an integral component of local government and its functions are interdependent with other local departments such as tax, planning, building, and finance. To remove such a critical department from local government's daily operation will surely reduce accuracy, efficiency and will increase costs and taxpayer frustration.

The power to administer the property assessment and taxing functions is an inherent right of local government. In Westchester we have a county charter that specifically provides that local government, rather than the county, makes other taxing jurisdictions whole when property tax payments on a parcel are delinquent.