

## Insider's Guide to Using Information in Government



Strategy



Policy



Data



Cost



Skills



Technology

# Case

**Planning, listening, and acting  
accordingly:**

*implementation planning for an annual reassessment  
program*

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# Planning, listening, and acting accordingly: implementation planning for an annual reassessment program

*When the successful implementation of a new law falls on a state agency, it must simultaneously interpret the intent of the legislation and work with the various stakeholders it affects. Learn how one state agency worked with primary stakeholders to develop a collaborative model with which to implement a new program.*

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## Introduction

The New York State Office of Real Property Services (ORPS) is the state agency responsible for leading the state's effort to support the real property tax system and improve equity. Therefore, when the state passed the Annual Reassessment Program law in 1999, the implementation responsibility fell on ORPS. The purpose of the law was to improve statewide property tax equity and increase state aid to municipalities.

Under the provisions of the new law, local property tax assessors and their municipalities could voluntarily implement annual reassessment, but they are not mandated to do so. Instead, the program encourages municipalities to reassess their property tax rolls annually to qualify for an increase in state aid to municipalities (maintenance aid) from \$2 to \$5 for each separate parcel of property on the assessment rolls. Moving to annual reassessment would keep tax rolls up to date and help improve the overall equity in the property tax system.

## The problem of improving property tax equity

Improving real property tax equity, so that each property owner pays a fair share of taxes based upon the current value of the property, is an elusive goal. It is contentious

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because it is a major concern for government financing at both the local and state levels. At the local level, every property owner's wallet is affected by the fairness of local assessments. Moreover, billions of dollars of state aid to local governments and school districts are distributed by formulas that take into account local real property assessments. Therefore any change has major, far-reaching impacts.

One major impact of assessment changes is on local tax burdens. Local property taxes in New York generate over \$25 billion in revenue annually and impact virtually every household and business directly. A second major impact is on distribution of state school aid. Under the previous system of distribution, one locality with assessments far below market value could appear poorer than another with higher assessments, even if the actual property values were equal. The low assessing localities would appear less wealthy and qualify unfairly for more state school aid.



To improve property tax equity ORPS has two primary tools: indirect equalization and encouraging better assessment practices, particularly annual reassessment. Equalization is used to ensure proper property tax allocation, as well as state funding distribution, among assessing units (towns and cities). This allocation is based on ORPS' estimate of the full value of a municipality. However, these estimates are not intended to equalize the assessments or taxes of like valued properties in different towns. Nor has the Legislature vested ORPS with the

authority to enforce the law requiring properties to be assessed uniformly throughout each assessing unit.

Of course, local assessments can be made equitable if kept up-to-date through annual reassessment. So ORPS, having no authority for direct equalization or enforcement of a uniformity standard, has relied, primarily, on administering the maintenance aid program as the primary vehicle for supporting local governments in their pursuit of equity.

The increased maintenance aid, however, does not solve all the potential problems associated with the annual reassessment program. It calls for at least one physical appraisal every 6 years, with market based assessments each of the other five. Under these parameters, municipalities may fully reappraise one sixth of their properties and do market based assessments on the other five sixths every year. These requirements represent a significant change in the way some local property tax assessors do business.

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The maintenance aid also flows to the municipality's general fund, not to the local assessors directly. The law does not guarantee that the funds will flow to the local assessor's office level where most of the additional costs would occur.

To identify how the program would affect the local assessment community, municipalities were categorized

according to when they had completed their last reassessment. Category 1 comprised any municipalities that had completed a reassessment in the past year. Category 2 contained municipalities that conducted at least one reassessment in the past 10 years. Category 3 municipalities had not conducted a reassessment since before 1989.

Qualifying for the annual reassessment program would be costly for Category 3 municipalities because their properties had not been reassessed in over 10 years. Even the increased maintenance may not cover the costs of updating their assessment rolls. Meanwhile the program would be less costly for Category 1 municipalities who have more up-to-date assessment rolls. For them the changes would not be significant and the maintenance aid would likely cover the costs of conducting annual reassessments.

## Program development

Developing the program raised a range of issues for ORPS including:

- how to identify and separate the tasks that needed to be accomplished in the program
- how to encourage municipalities to conduct annual reassessments without a mandate
- how to develop and disseminate a new set of policies

To respond to these issues, ORPS began several initiatives to assist the local assessors to implement annual reassessment. One was exploring the feasibility of a web-based information system that would enable the exchange of market data from municipalities across the state. This system would enable assessors to run market trending reports that would help them conduct accurate assessments without conducting full physical reappraisals every year. The technique is called computer assisted market analysis, or CAMA. A second was to develop methods of estimating the costs and staffing impacts of assessment on local assessors. A third was using the increased maintenance aid as an incentive to implement annual reassessment.

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The ORPS annual reassessment program provided an opportunity for the state agency to better understand and work with the local assessment community. Before offering the technology solution, ORPS set out to identify the services that would best support the local assessment community in its efforts to implement the annual reassessment program.

To help the community do that, ORPS submitted a project proposal, "Development and Deployment of a New Annual Reassessment Maintenance Aid Program," to CTG under their Using Information in Government Program. That research program has been devoted to helping local and state governments get full value out of the information they collect, create, and maintain. CTG worked with ORPS to develop and implement an approach for gathering feedback from the assessment community. That information could then be used to develop a set of recommendations for investment in programs and technologies to support the transition to the new annual reassessment model.

### Identifying the tasks and resource implications

Part of the problem of implementing annual reassessment is that it can have major impacts on the staffing and operations of local assessors. ORPS decided to construct a model of these staffing and task impacts to analyze the feasibility and resource implications of the annual reassessment program. ORPS worked together with Professor David Andersen, from the Center for Policy Research at the University of Albany to identify the various tasks and resources needed to model an implementation of the annual reassessment program. To obtain the data for the calculations, ORPS managers mapped the process for conducting a reassessment and identified 25 categories of tasks. Then using the state's Central Region as a test case, Andersen developed a simulation model that analyzed the staffing and cost implications of moving toward annual reassessment. Each of the 25 tasks was analyzed for its impact on regional staff, county staff, and local assessors. Detailed estimates for accomplishing each task were taken from benchmarking those local and county governments where continuous reassessments were already being conducted, supplemented by expert judgment where appropriate.

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Separating the tasks allowed ORPS to better understand the bigger project picture and to begin to consider the resources that would be required to complete each task. As a result of the analysis, a set of specific approaches to implementing the new program began to emerge, including:

- autonomous local initiative
- central hi-tech and town led collaboration
- central hi-tech and county led collaboration

### Listening to users

Prior to pursuing any of the specific approaches further, the ORPS project team decided to ask local assessors and county directors about the resources they felt would be necessary to implement annual reassessment.

The team organized six workshops with local assessors and county directors across the state to identify the resources that they believed would be required to implement the program. The half-day workshops were designed to ensure broad representation from the state's diverse assessment community. Following these six workshops, a final full-day workshop brought together ORPS staff and representatives from the local assessment community to make recommendations on how to proceed with the annual reassessment program.

Workshop participants provided feedback on additional items related to annual reassessment. In particular, ORPS learned from these workshops that there were "concerns in the assessment community that the annual reassessment program seems to be moving quicker than it can be adequately planned for." As a result, the expectations that ORPS had about compliance were adjusted to better reflect the needs of the assessment community.

Because of the time constraints built into the legislation, ORPS was charged with developing the program at the same time it was gathering input from the local assessment community. Local assessors and county directors were asking for program rules and guidelines before ORPS had finalized them. As a result, a set of draft policies was disseminated before they had the chance to be finalized, which frustrated and confused the assessment community, including ORPS regional staff.

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Since then, a number of policies were developed and published on the Web in the Annual Reassessment pages of the ORPS Web site. Some of those policies include:

- Rules, Procedures and Statutes—a page linking to the 1999 statute, the rules for qualifying for the maintenance aid and the procedures for conducting annual reassessments
- Guidelines for Annual Reassessment—assists local officials in planning for the process of annual reassessment
- Templates for Six-Year Annual Reassessment Plans—provided models for how the annual reassessment plans should be developed by local assessors and county directors
- Review Form—to help ORPS staff review proposed six year plans submitted by assessors
- Local Reassessment Project Review and Analysis—were designed to assist ORPS staff in helping local assessors qualify for the program

### The importance of agreement on data

One problem facing some localities in implementing annual reassessment is the lack of adequate sales data. If a locality has too few property sales of one type or another, it cannot adequately use market trends to adjust property values from year to year. They are then forced to conduct complex, expensive physical reappraisals instead. ORPS proposed developing a web-based information system that would enable the exchange of market data from municipalities across the state. This system could enable assessors to run market trending reports that would help them conduct accurate assessments without conducting full physical reappraisals every year.

This approach was resisted by many assessors, however. These assessors believed that their municipality's data was not comparable to market data from other municipalities. According to the local assessment community representatives at the six half-day workshops, tax communities differ greatly based on their population size and density, economic conditions, rural or urban character, physical geography, real property market conditions, and governmental structure and operations. They understand their own communities, and they do not always see or acknowledge their resemblance to neighboring or otherwise similar municipalities.

For the proposed technology system to work then, assumptions had to be made that the data from one municipality could be similar enough to another municipality that they can be compared to run trending reports and conduct CAMAs. The assessment community did not agree on the validity of the data for comparisons, and so was not prepared to accept these assumptions at the start of the program. Today ORPS is continuing to work collaboratively with the local assessment community to resolve the data issues that arose throughout the process.