

OFFICE OF REAL PROPERTY SERVICES

MISSION

The Office of Real Property Services is statutorily charged with the general supervision of local property tax administration in New York. The Office plays a major role in developing the State's property tax policy and helps local governments with property tax administration including the necessary review and equalization of local assessments for purposes of taxation. Through targeted local assistance programs and incentives, the Office is committed to improving and transforming the local property tax system in New York State into a more efficient, equitable and cost-effective operation, statewide.

ORGANIZATION AND STAFFING

The Office of Real Property Services is headed by the State Board of Real Property Services, a five-member Board appointed by the Governor, and its day-to-day administration is the responsibility of an Executive Director appointed by the Board. The agency presently has its central office in Albany and five regional offices in Batavia, Syracuse, Newburgh, Melville and Ray Brook.

BUDGET HIGHLIGHTS

The 2009-10 Executive Budget recommends **\$46.5 million in All Funds appropriations** (\$41.1 million General Fund; \$5.4 million Other Funds) for the Office of Real Property Services. This is a decrease of **\$23.2 million** from the 2008-09 budget, consisting of a \$19.7 million increase in the General Fund offset by a \$42.9 million decrease in Other Funds. This net change reflects savings from ongoing efforts to achieve administrative efficiencies and reductions in discretionary local assistance funding. In addition, the majority of funding for agency operations is shifted to the General Fund with a fee increase necessary to address an accumulated shortfall in dedicated revenues.

The Executive Budget recommends a staffing level of **328 FTEs** for the Office of Real Property Services, a **decrease of 30** from the 2008-09 budget that is attributable to continued application of the hiring freeze and reduced staffing needs from a restructuring of agency administrative support functions.

Major budget actions include:

- **Administrative Efficiencies:** The Executive Budget seeks greater operational efficiencies for the Office through a host agency arrangement with the Department of Taxation and Finance that will reduce overall costs for administrative support by approximately \$700,000 on a full annual basis. The agency also plans to reduce its central office lease expense to achieve approximately \$1.0 million in full-annual savings beginning in 2010-11.
- **Targeted Reductions in Local Assistance:** The Executive Budget proposes to limit the Agency's local assistance funding to its core, statutory aid programs by completing a multiyear phase-out of aid for administration of the STAR program for \$3.3 million in savings and by eliminating \$4.1 million in discretionary grant funding to promote changes in local property tax administration.
- **Restructured Funding of Agency Operations:** The Executive Budget proposes to fund most of the Office's operations directly from the General Fund,

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discontinuing the use of a Special Revenue account that has experienced a deficit in recent years. This accumulated deficit, caused by declining revenues from a real property transfer fee that supports agency operations, is addressed by increasing the fee from \$50 to \$100 for housing cooperatives, from \$75 to \$125 for residential property, and from \$165 to \$250 for commercial property.

PROGRAM HIGHLIGHTS

EQUALIZATION OF MUNICIPAL FULL VALUE

State laws permit New York's local governments to select the percentage of full value they use in assessing properties. At present, State law does not require assessing at full market value (100 percent), so long as the percentage is uniform throughout the local assessing unit. Every assessing unit is required, however, to indicate its assessment ratio – i.e., the ratio of the assessed value to the full value of properties – on the assessment roll and tax bills. Due to the numerous differences in percentage of full value between local assessing units, the Office must establish equalization rates for every applicable unit.

By adhering to statewide standards, the Office ensures that equalization rates can be used to estimate full values of properties in a consistent manner. Full value estimates are necessary to distribute taxes for counties and school districts when tax levies are based upon assessments by more than one assessing unit. They are also used as indicators of local fiscal capacity for several purposes, including allocation of State aid.

Increased coordination between the Office and local assessing units, as well as improvements in local assessment and reporting practices, has resulted in several notable enhancements in the equalization program. Recent accomplishments include the following:

- In 2008, the assessment ratios supplied by 92 percent of local assessors were adopted without change as State equalization rates.
- The preparation of equalization rates has been accelerated so that all school districts across the State can now use current equalization rates for their school tax levies, instead of using modified rates from prior years.
- As a result of the acceleration of the preparation of equalization rates, localities and the State can now analyze market data on the same cycle, creating opportunities for efficiencies in intergovernmental collaboration.
- The number of complaints on preliminary equalization rates by local officials has dropped dramatically over the years, resulting in reduced costs for rate complaint hearings and improved State-local relations. In 2008, only 6 complaints were filed as compared to 360 in the early 1990s.
- Since 1994-95, the continuing base cost of the Office's equalization program has been reduced from \$17 million to \$14 million.

OTHER STATE VALUATION RESPONSIBILITIES

The Office of Real Property Services maintains inventory and valuation data on approximately 4 million acres of State-owned land and conservation easements that are subject to local taxation. Local assessments on taxable State-owned properties are scrutinized by the agency and either certified for payment or brought to administrative and judicial review, as appropriate.

The Office is statutorily authorized to assess property of utility companies in the public right of way. The Office also establishes values of agricultural land, ceilings on assessments of railroad properties and values of oil- and gas-producing facilities.

LOCAL SUPPORT

Support is provided to local governments seeking to reassess property and ensure equity for their taxpayers. Over time the Office has moved to a support model which seeks to build local internal capacity to manage the many complex tasks involved in reassessment. This has resulted in a three-fold increase in cities and towns reassessing in any one year.

The Office of Real Property Services provides a range of services to encourage and support local governments in their assessment responsibilities.

- 95% of assessing units use computer software developed and supported by the Office for effective and efficient assessment administration.
- The Office performs advisory appraisals for certain complex properties – such as utilities and large manufacturing plants – which require highly specialized resources that are not available to most local assessors.
- The Office collects and audits school tax apportionment data and certifies more than \$2.6 billion of STAR reimbursement payments to school districts.
- The Office provides timely property ownership information to the Department of Taxation and Finance to ensure that 3 million taxpayers promptly receive STAR rebate checks.
- A grant program was developed to encourage local governments to examine the effectiveness of their assessment and property tax collection practices and to explore options which would provide a greater role for county government. Fifty-one counties encompassing 975 assessing units have undertaken a study of options to improve the assessment function and 45 counties are studying options for better coordinated tax collection.

The Office will continue to administer additional State aid programs in support of local assessment administration and property tax relief, including:

- Local assistance of up to \$5 per parcel for assessing units that meet State standards, including annual or triennial revisions of assessments and comprehensive re-inventory and revaluation at least once every six years;
- Financial incentives for consolidation or coordination of local assessment functions;
- Targeted state assistance to affected municipalities pursuant to the 2002 Railroad Infrastructure Act; and,
- Assessor training aid to reimburse county, city and town assessment officials for their cost of attending State mandated training and continuing-education courses.

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ALL FUNDS APPROPRIATIONS (dollars)

Category	Available 2008-09	Appropriations Recommended 2009-10	Change	Reappropriations Recommended 2009-10
State Operations	48,373,000	32,557,000	(15,816,000)	0
Aid To Localities	21,397,000	13,965,000	(7,432,000)	0
Capital Projects	0	0	0	0
Total	69,770,000	46,522,000	(23,248,000)	0

ALL FUND TYPES PROJECTED LEVELS OF EMPLOYMENT BY PROGRAM FILLED ANNUAL SALARIED POSITIONS

Full-Time Equivalent Positions (FTE)

Program	2008-09 Estimated FTEs 03/31/09	2009-10 Estimated FTEs 03/31/10	FTE Change
Policy and Organizational Support Services			
General Fund	0	293	293
Special Revenue Funds - Other	358	35	(323)
Total	358	328	(30)

STATE OPERATIONS ALL FUNDS FINANCIAL REQUIREMENTS BY FUND TYPE APPROPRIATIONS (dollars)

Fund Type	Available 2008-09	Recommended 2009-10	Change
General Fund	0	27,100,000	27,100,000
Special Revenue Funds - Other	48,373,000	5,457,000	(42,916,000)
Total	48,373,000	32,557,000	(15,816,000)

Adjustments:	
Transfer(s) From	
Special Pay Bill	
Special Revenue Funds - Other	(3,330,000)
Appropriated 2008-09	45,043,000

STATE OPERATIONS ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM APPROPRIATIONS (dollars)

Program	Available 2008-09	Recommended 2009-10	Change
Policy and Organizational Support Services			
General Fund	0	27,100,000	27,100,000
Special Revenue Funds - Other	48,373,000	5,457,000	(42,916,000)
Total	48,373,000	32,557,000	(15,816,000)

STATE OPERATIONS - GENERAL FUND SUMMARY OF PERSONAL SERVICE APPROPRIATIONS AND CHANGES 2009-10 RECOMMENDED (dollars)

Program	Total		Personal Service Regular (Annual Salaried)	
	Amount	Change	Amount	Change
Policy and Organizational Support Services	20,800,000	20,800,000	20,800,000	20,800,000
Total	20,800,000	20,800,000	20,800,000	20,800,000

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STATE OPERATIONS - GENERAL FUND SUMMARY OF NONPERSONAL SERVICE AND MAINTENANCE UNDISTRIBUTED APPROPRIATIONS AND CHANGES 2009-10 RECOMMENDED (dollars)

Program	Total		Supplies and Materials	
	Amount	Change	Amount	Change
Policy and Organizational Support Services	6,300,000	6,300,000	250,000	250,000
Total	6,300,000	6,300,000	250,000	250,000

Program	Travel		Contractual Services	
	Amount	Change	Amount	Change
Policy and Organizational Support Services	350,000	350,000	5,000,000	5,000,000
Total	350,000	350,000	5,000,000	5,000,000

Program	Equipment	
	Amount	Change
Policy and Organizational Support Services	700,000	700,000
Total	700,000	700,000

STATE OPERATIONS - OTHER THAN GENERAL FUND SUMMARY OF APPROPRIATIONS AND CHANGES 2009-10 RECOMMENDED (dollars)

Program	Total		Personal Service	
	Amount	Change	Amount	Change
Policy and Organizational Support Services	5,457,000	(42,916,000)	3,300,000	(23,634,000)
Total	5,457,000	(42,916,000)	3,300,000	(23,634,000)

Program	Nonpersonal Service	
	Amount	Change
Policy and Organizational Support Services	2,157,000	(19,282,000)
Total	2,157,000	(19,282,000)

AID TO LOCALITIES ALL FUNDS FINANCIAL REQUIREMENTS BY FUND TYPE APPROPRIATIONS (dollars)

Fund Type	Available 2008-09	Recommended 2009-10	Change
General Fund	21,397,000	13,965,000	(7,432,000)
Total	21,397,000	13,965,000	(7,432,000)

AID TO LOCALITIES ALL FUNDS FINANCIAL REQUIREMENTS BY PROGRAM APPROPRIATIONS (dollars)

Program	Available 2008-09	Recommended 2009-10	Change
Policy and Organizational Support Services			
General Fund	21,397,000	13,965,000	(7,432,000)
Total	21,397,000	13,965,000	(7,432,000)