



# **UNDERSTANDING PROPERTY VALUES AND EQUALIZATION RATES**

**How they affect school tax  
apportionment and tax rates**

# Defining the terms

- Market Value (MV)
- Assessed Value (AV)
- Level of Assessment (LOA)
- Equalization Rate (ER)
- Tax Levy (TL)
- Tax Rates (TR)

# Market Value

- As defined by ORPTS, “The price most people would pay for a property in its current condition.”
- The market value of each property added together in a town would produce that town’s total market value

# Assessed Value

- A value placed on property based either on the full market value or some uniform percentage of the market value. This is different for each town.

Example: One town may assess at 50% of market value while another might assess at 20% of market value; still another might assess at 100% of market value

# Apples and Oranges

**If all towns are not assessing at 100% of full market value then:**

**Assessed Value**

**Market Value**

**A.V.**

**M.V.**

**≠**

**Apples**

**Oranges**

# Equalization Rate and Level of Assessment as defined by ORPTS

- Equalization seeks to measure the relationship of locally assessed values to an ever-changing real estate market
- An equalization rate is the state's measure of a municipality's average level of assessment (LOA). This is the ratio of total assessed value (AV) to the municipality's total market value (MV). The municipality determines the AV; MV is estimated by the state

$$\frac{\text{Total Assessed Value (AV)}}{\text{Total Market Value (MV)}} = \text{Equalization Rate (ER)}$$

# Do we need the equalization process?

- ORPTS says, “There would be no need for equalization if all municipalities assessed all properties at 100% of market value every year.

## Is that task even possible?

- Check out:

**Westchester Collaborative Assessment Commission  
Final Report**

<http://www.wmoaonline.com/reports/Westchester-Collaborative-Assessment-Commission-Final-Version.pdf>

# How School District Apportions the Tax Levy - Step 1

- Each town's Assessed Value is converted to Market Value by dividing it by the Equalization Rate

$$\frac{\mathbf{A.V.}}{\mathbf{E.R.}} = \mathbf{Market Value}$$



## Step 2

- Each town's Market Value (MV) is added to other town's MV to get the total Market Value for our school district

Town of Bedford	\$ Market Value
Town of Mt. Kisco	\$ Market Value
Town of Pound Ridge	\$ Market Value
Town of New Castle	\$ Market Value
Town of North Castle	\$ Market Value

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District Total M.V.	\$Total all M.V.
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# Step 3

- Each town's Market Value is divided by the district's total Market Value to determine what % of the tax levy is apportioned to each town

$$\frac{\text{Bedford's M.V.}}{\text{District's Total M.V.}} = \text{Bedford's \% Levy Apportionment}$$

$$\frac{\text{Mt. Kisco's M.V.}}{\text{District's Total M.V.}} = \text{Mt. Kisco's \% Levy Apportionment}$$

and so on .....

# Apportioning the Estimated \$108.06 Million Tax Levy

Item	Bedford	Mt. Kisco	Pound Ridge	New Castle	North Castle
Est. Assessed Value (AV)	\$403.3 million	\$302.1 million	\$352.1 million	\$64.9 million	\$4.2 million
Equalization Rate (ER)	9.93%	19.05%	16.85%	20.05%	2.30%
Derived Full or Market Value (MV) per town	\$4.06 billion	\$1.59 billion	\$2.09 billion	\$323.6 million	\$182.6 million
Total District Market Value (MV)	<b>All market values added together = \$8.2 billion</b>				
Each Town's % of Market Value and % of Levy	49.27%	19.24%	25.35%	3.93%	2.21%
\$108.06 Million Tax Levy Apportioned to Each Town	\$53.24 million	\$20.79 million	\$27.40 million	\$4.24 million	\$2.39 million

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# Change in Assessed Value

Town	2011-2012 Assessed Value	2012-2013 Estimated Assessed Value	Change In Value	% Change
Bedford	407,393,537	403,285,447	(4,108,090)	(1.01%)
Mt. Kisco	306,168,063	302,053,487	(4,114,576)	(1.34%)
Pound Ridge	352,115,938	352,130,985	15,047	0%
New Castle	65,503,177	64,889,225	(613,952)	(0.94%)
North Castle	4,204,645	4,199,508	(5137)	(0.12%)
<b>TOTAL</b>	<b>1,135,385,360</b>	<b>1,126,558,652</b>	<b>(8,826,708)</b>	<b>(0.78%)</b>



# Change in Equalization Rates

TOWN	2011-2012 Equal. Rate	2012-2013 Equal. Rate	Change In ER Value	% Change In ER
Bedford	10.30%	9.93%	(0.37%)	-3.59%
Mt. Kisco	18.05%	19.05%	1.00%	+5.54%
Pound Ridge	16.07%	16.85%	0.78%	+4.85%
New Castle	18.47%	20.05%	1.58%	+8.55%
North Castle	2.13%	2.30%	0.15%	+7.04%

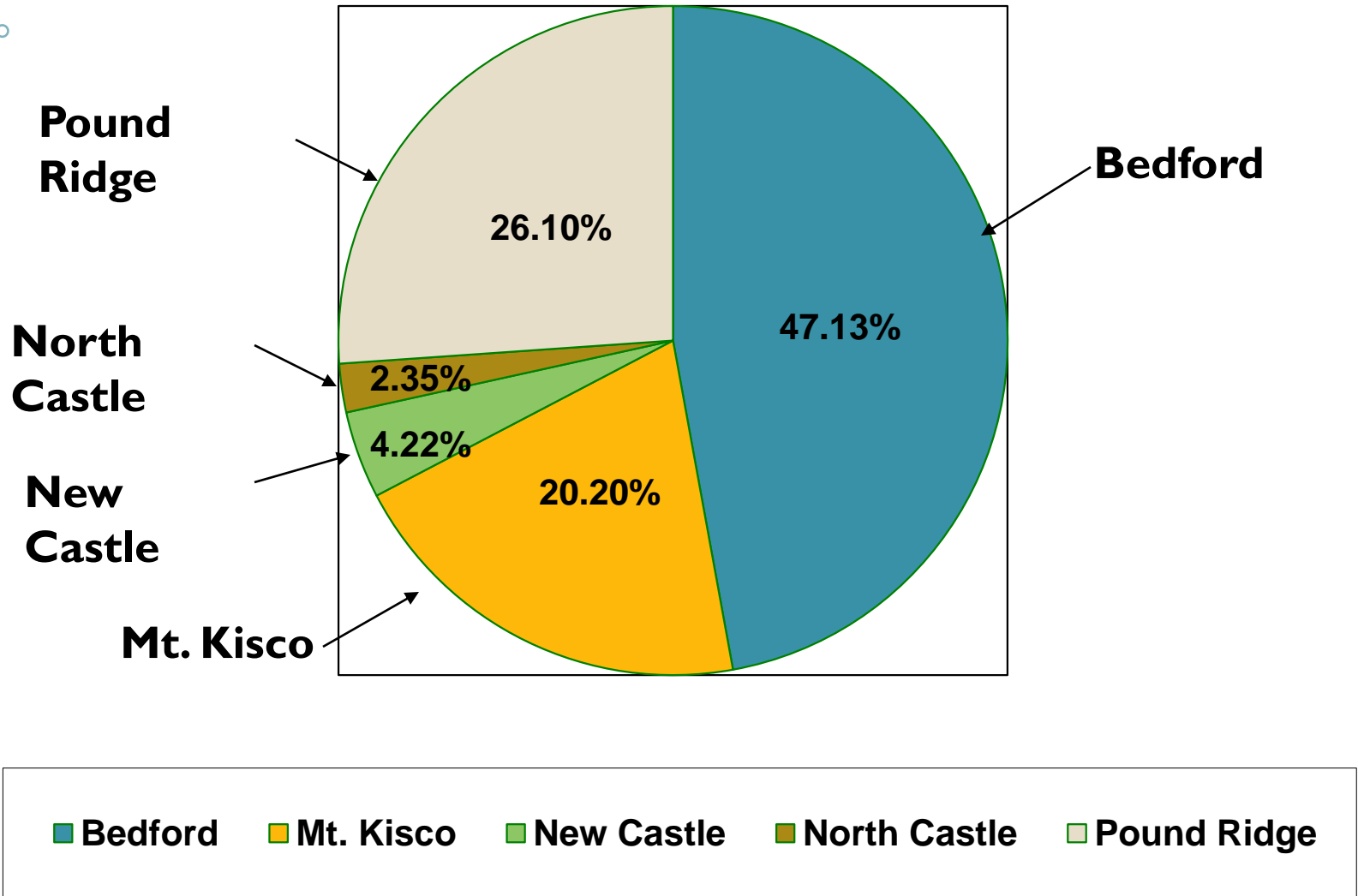
**If ER goes down in one town then Market Value goes up in that town thereby increasing the proportion of the tax levy to that town.**

$$\frac{A.V.}{E.R. \downarrow} = M.V. \uparrow$$

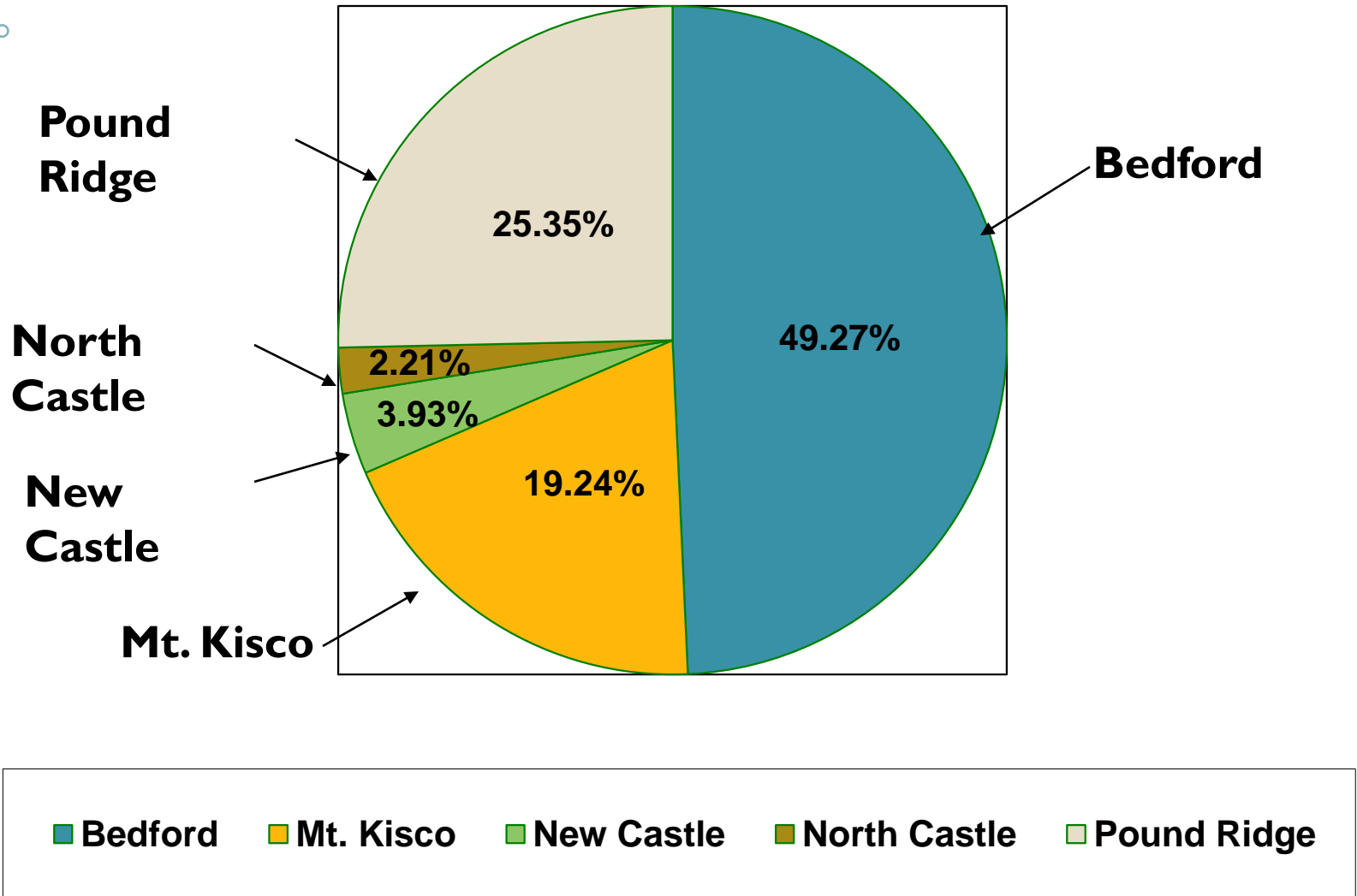
# Resulting Change in Market Value

TOWN	2011-2012 Market Value	2012-2013 Est. Market Value	\$ Market Value Change	% Market Value Change
Bedford	3,955,277,058	4,061,283,454	106,006,396	+2.68%
Mt. Kisco	1,696,221,956	1,585,582,609	(110,639,347)	-5.93%
Pound Ridge	2,199,138,382	2,089,798.131	(109,340,251)	-4.97%
New Castle	354,646,329	323,637,032	(31,009,297)	-8.74%
North Castle	197,401,174	185,587,304	(11,813,870)	-5.98%
<b>TOTAL</b>	<b>8,402,684,899</b>	<b>8,245,888,530</b>	<b>(156,796,369)</b>	<b>-1.87%</b>

# Levy Apportioned by Town in 2011-12









# Levy Apportioned by Town in 2012-13



## Effect of Changing Assessed Values on Equalization Rates

- If the gap between a town's Assessed Value and its Full Market Value increases, the state's equalization rate for that town decreases thereby revealing a growth in Market Value
- If a town's Full Market Value increases more than the other towns' market values, that town picks up a greater portion of the tax levy that year

# What Affects Tax Rate Changes Next Year?

Town	AV Change Effect on Tax Rates 	ER Change Effect on Tax Rates  	Levy Change Effect on Tax Rates 	Total Combined Effect on Tax Rates  
Bedford	+0.80%	+4.80%	+2.70%	+8.49%
Mt. Kisco	+0.80%	-4.25%	+2.70%	-0.88%
Pound Ridge	+0.80%	-3.65%	+2.70%	-0.25%
New Castle	+0.80%	-6.93%	+2.70%	-3.65%
North Castle	+0.80%	-6.44%	+2.70%	-3.14%

# What Affects Tax Rate Changes Next Year?

Town	AV Change Effect on Tax Rates →	ER Change Effect on Tax Rates ↗ ↘	Levy Change Effect on Tax Rates →	Total Combined Effect on Tax Rates ↗ ↘
Bedford	+0.80%	+4.80%	+2.70%	+8.49%
Mt. Kisco	+0.80%	-4.25%	+2.70%	-0.88%
Pound Ridge	+0.80%	-3.65%	+2.70%	-0.25%
New Castle	+0.80%	-6.93%	+2.70%	-3.65%
North Castle	+0.80%	-6.44%	+2.70%	-3.14%

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Mt. Kisco	+0.80%	-4.25%	+2.70%	-0.88%
Pound Ridge	+0.80%	-3.65%	+2.70%	-0.25%
New Castle	+0.80%	-6.93%	+2.70%	-3.65%
North Castle	+0.80%	-6.44%	+2.70%	-3.14%



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Mt. Kisco	+0.80%	-4.25%	+2.70%	-0.88%
Pound Ridge	+0.80%	-3.65%	+2.70%	-0.25%
New Castle	+0.80%	-6.93%	+2.70%	-3.65%
North Castle	+0.80%	-6.44%	+2.70%	-3.14%

Even with all the “ups” & “downs” in tax rate changes from year-to-year and in different towns, the average annual tax rate increase in each town tends to even out over the long haul

Town	2009-2010	2010-2011	2011-2012	Est. 2012-2013	Avg./Yr Last 20 Years	Avg./Yr Last 4 Years
Bedford	-3.26%	+3.72%	-2.84%	+8.49%	4.50%	1.53%
Mount Kisco	-0.35%	+1.10%	+11.38%	-0.88%	5.82%	2.81%
Pound Ridge	--0.32%	-2.96%	+3.04%	-0.25%	3.55%	-0.12%
New Castle	-3.12%	+0.13%	+7.44%	-3.65%	4.95%	0.20%
North Castle	+0.88%	+1.19%	+3.58%	-3.14%	5.67%	0.63%

# Will anything help to prevent school tax rate shifts between towns?

- Will a revaluation of all properties in Westchester help?
- Will adopting uniform assessing practices in each town help?
- Even if we embark on the two above will it have lasting effects?
- Does the school district have any control over this process or the effects of it? **No!**
- Can our school district advocate for change? **Yes!**