



# **DETERMINING THE SCHOOL TAX RATE**

**EDEN CENTRAL SCHOOL DISTRICT  
AUGUST 8, 2018**

# WHAT IS THE SCHOOL TAX LEVY?

- **The tax levy is the total dollars that a school district collects from property owners within the district.**

# HOW DOES THE LEVY GET DIVIDED TO PROPERTY OWNERS?

- A TAX RATE IS CALCULATED FOR EACH MUNICIPALITY (**TOWN**) WITHIN THE DISTRICT UTILIZING INFORMATION FROM:
  - LOCAL ASSESSORS
  - NYS OFFICE OF REAL PROPERTY TAX SERVICE
  - LEVY DOLLAR VALUE TO BE ADOPTED BY THE BOARD OF EDUCATION

**\$14,342,012**

# TAX RATE CALCULATION

$$\frac{\text{TOTAL TAXABLE VALUE BY TOWN}}{\text{EQUALIZATION RATE}} = \frac{\text{TRUE VALUE PER TOWN}}{\text{TOTAL TRUE VALUE FOR THE DISTRICT}} = \text{PERCENTAGE LEVY PER TOWN}$$

$$\text{PERCENTAGE LEVY PER TOWN} \times \text{TOTAL ADOPTED LEVY} = \text{SCHOOL LEVY PER TOWN} \div (\text{TOTAL TAXABLE BY TOWN}) \times 1,000 = \text{TAX RATE PER 1,000}$$

# WHERE DOES THE INFORMATION COME FROM FOR THE CALCULATION

- TOTAL TAXABLE VALUE – **LOCAL ASSESSORS**
- EQUALIZATION RATE – **NYS OFFICE OF REAL PROPERTY TAX SERVICE (ORPTS)**
- TOTAL ADOPTED LEVY
  - **BOARD OF EDUCATION** – ADOPTION OF THE LEVY BASED UPON VOTER AUTHORIZED EXPENDITURE AMOUNT

# **LOCAL ASSESSOR RESPONSIBILITY**

- **DETERMINES THE ASSESSED VALUE OF ALL PROPERTIES**
- **SUBMITS REPORTS TO NYSORPTS REGARDING EQUALIZATION RATE**
- **SUBMITS REPORTS TO DISTRICT FOR TAX RATE CALCULATION**

# WHAT IS AN EQUALIZATION RATE?

At its simplest, an equalization rate is the state's measure of a municipality's 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; the MV is estimated by the state. The equalization rate formula is:

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

Equalization rates do not indicate the degree of uniformity among assessments within a municipality.

*(More information regarding uniformity is available in the pamphlet, Fair Assessments – A Guide for Property Owners.)*



# WHAT DOES YOUR EQUALIZATION RATE MEAN?

- An equalization rate of 100 means that the municipality is assessing property at 100 percent of market value.
- An equalization rate of less than 100 means that the municipality's total market value is greater than its assessed value. (assessments are lower than market value)
- An equalization rate of greater than 100 means that the total assessed value for the municipality is greater than its total market value. (assessments are higher than market value)

*There would be no need for equalization if all municipalities assessed all property at 100 percent of market value every year.*

[https://www.tax.ny.gov/pdf/publications/orpts/under\\_eqrates.pdf](https://www.tax.ny.gov/pdf/publications/orpts/under_eqrates.pdf)



# WHAT IS THE RELATIONSHIP BETWEEN THE STATE'S EQUALIZATION RATE AND THE MUNICIPALITY'S LEVEL OF ASSESSMENT?

- In New York State each municipality is authorized to assess at market value or some fraction of market value. A level of assessment (LOA) of 50 percent means that assessments are at half of market value; an LOA of 100 percent means a community is assessing at 100 percent of market value. Regardless of the LOA chosen by a municipality, all of the assessments in the municipality are required by law to be at a uniform percentage of market value.
- Equalization rates are the state's measure of each municipality's LOA. Each local assessor is required by law to state the municipal LOA on each year's assessment roll. The state determines the equalization rate by analyzing the locally stated LOA. In accordance with national standards, **ORPTS reviews the work of the assessor and determines whether the stated LOA is within adequate tolerances to be used as the equalization rate.** If certain criteria are met, the LOA becomes the rate. In municipalities where ORPTS cannot accept or confirm the LOA, ORPTS uses its own independent estimate of total market value to compare to the total assessed value.

# WHAT IS THE BENEFIT OF HAVING THE LOCALLY DETERMINED LOA ACCEPTED AS THE EQUALIZATION RATE?

- Where assessors are accurately stating the LOA on the tentative assessment roll, they will be indicating the equalization rate upon which **school taxes** are distributed. When municipalities keep assessments up-to-date each year, they will be adjusting assessed values to reflect market changes, resulting in a consistent LOA and equalization rate from year to year.

[https://www.tax.ny.gov/pdf/publications/orpts/under\\_eqrates.pdf](https://www.tax.ny.gov/pdf/publications/orpts/under_eqrates.pdf)

# WHAT DOES IT MEAN WHEN YOUR MUNICIPALITY'S EQUALIZATION RATE DECREASES?

A falling equalization rate means that market values are rising faster than assessed values. Keeping assessments up-to-date annually can result in consistent equalization rates each year

# WHY DO EQUALIZATION RATES NEED TO BE ESTABLISHED EACH YEAR?

The Real Property Tax Law requires that annual State equalization rates be established for each county, city, town and village. Equalization rates are calculated each year to reflect that year's assessment roll and current market values for each assessing unit.

*Historically, final equalization rates are available to district the first week in August*

# WHAT ARE EQUALIZATION RATES USED FOR?

- Aside from apportionment of taxes among municipal segments of school districts and counties, and distribution of State Aid for Education, some of the less recognized uses of equalization rates include:
  - establishment of tax and debt limits;
  - allocation of costs, such as for jointly operated hospitals among participating localities or an injury to a volunteer firefighter, among others;
  - determination of state assessments (special franchise) or approval of local assessments (state-owned land);
  - determination of ceilings (railroad and agricultural values) and exemptions;
  - **determination of level of STAR exemptions;**
  - **apportionment of sales tax revenues and joint indebtedness;**
  - and as evidence in court proceedings on the issue of assessment inequity and small claims assessment review hearings.

# HOW DO EQUALIZATION RATES RELATE TO SCHOOL PROPERTY TAXES?

- In order for a school district to fairly distribute its property tax levy (the total amount of school taxes to be collected), the levy needs to be divided in proportion to the total market value of each municipal segment. This allows for an equitable distribution of taxes based upon the market value of each municipality or segment.



# 2018-19 TAX RATES

- **EQUALIZATION RATES AND TAX RATE PER THOUSAND BY MUNICIPALITY**

<u>MUNICIPALITY</u>	<u>EQUALIZATION RATE</u>	<u>TAX RATE PER THOUSAND</u>
BOSTON	85%	\$21.321840
CONCORD	41%	\$44.203815
EDEN	59%	\$30.717905
EVANS	87%	\$20.831683
NORTH COLLINS	80%	\$22.654455



# TAXES ON A HOME IN EDEN SCHOOL DISTRICT WITH A MARKET VALUE OF \$100,000

TOWN	MARKET VALUE	EQUALIZATION RATE	TAXABLE VALUE	TAX RATE PER \$1,000	TAX BILL
BOSTON	\$100,000	85%	\$85,000	\$21.321840	\$1,812.36
CONCORD	\$100,000	41%	\$41,000	\$44.203815	\$1,812.36
EDEN	\$100,000	59%	\$59,000	\$30.717905	\$1,812.36
EVANS	\$100,000	87%	\$87,000	\$20.831683	\$1,812.36
NORTH COLLINS	\$100,000	80%	\$80,000	\$22.654455	\$1,812.36



**ADDITIONAL INFORMATION CAN BE FOUND:**

**“NYS UNDERSTANDING THE  
EQUALIZATION RATE  
A GUIDE FOR PROPERTY OWNERS”**

[https://www.tax.ny.gov/pdf/publications/orpts/under\\_eqrates.pdf](https://www.tax.ny.gov/pdf/publications/orpts/under_eqrates.pdf)