

# Assessment and Equalization

**Assessment** Assessment is a process of determining the value of real property in a town. To levy town taxes, town assessors determine the value of the town's property; then using a rate pre-determined by the town, they assign an assessed value to the parcel. When taxes are paid to a taxing agency (such as a county or school district) encompassing a number of towns, the total levy is distributed according to total market value of each town's property through the equalization process.

**Equalization** Equalization rate = ratio of assessed value of real property to the estimate of its actual market (real, full, true) value:  

$$ER = AV/MV$$

For example, a town's assessed value of \$1 million when its market value is \$10 million, has a 0.10 equalization rate (property assessed at 10% of actual value). By law, all property in our state is now re-evaluated regularly and assessed for 100% of its market value, but not all evaluations are done using the same standards, or on-site visits, or equally trained staff.

Likewise, a town that assesses its total property value at \$14.5 million when its actual worth is \$16 million will have a 0.91 equalization rate (property assessed at 91% of market price).

The NYS Board of Equalization and Assessment establishes rates for 1,500 municipalities each July-August using a process that samples the ratio of assessments the ratio of assessments to market value in those municipalities. Equalization rates are used to apportion school, special district, and most county tax levies among various municipalities that constitute these taxing units.




From Assessment to Tax Rate *				
Assessing Practice		Assessed Value	Tax Rate	Taxes
Town A @ 25%		\$5,000	\$80.00	\$400
Town B @ 50%		\$10,000	\$40.00	\$400
Town C @ 75%		\$15,000	\$26.67	\$400

Table I: Deriving the tax bill from assessed property values.

Involved Towns	Equal. Rate	Assessed Value	Actual Value	% of Total Tax Levy
Town A	1.0	\$20,000,000	\$20,000,000	40%
Town B	1.0	\$30,000,000	\$30,000,000	60%
			\$50,000,000 TOTAL	
Town C	1.0	\$20,000,000	\$20,000,000	40%
Town D	0.50	\$15,000,000	\$30,000,000	60%
			\$50,000,000 TOTAL	
Town E	1.0	\$20,000,000	\$20,000,000	22.22%
Town F	0.50	\$15,000,000	\$30,000,000	33.33%
Town G	0.25	\$10,000,000	\$40,000,000	44.44%
			\$90,000,000 TOTAL	

TABLE II: Comparing ways that the same levy is raised based on differing property values.

**Equalization Issues** Difficulty in understanding among taxpayers;  
 Length of time to process rates;  
 Timing of rate availability in August when school tax bills must be mailed by September 1;  
 Potential large shifts in the tax levy among towns when individual towns reassess and equalization rates change—as well as difficulty in estimating such changes.

\* Tax rate/\$1,000 of assessed value

Sources: *The NYS Board of Equalization & Assessment and Your Property Taxes*. NYS Board of Equalization & Assessment, 1977.  
 M.H.Rott. *The State Aid Formula and School District Wealth*. Lancaster, NY: Committee on School Finance, 1976, p.5.