



## **Nyack School District 2017-18 Tax Rates – Questions & Answers**

### **1. What is the 2017-18 Tax Levy increase for the Nyack School District and how does this relate to tax bills?**

- a. If all other factors remained equal, the average tax bill increase would be very similar to the change in our tax levy, which is 2.09% for 2017/18. Other factors impact the calculation of the school tax bills, however, such as the towns' assessed values, equalization rates, and exemptions (such as STAR, senior, veterans, etc.). The tax bill calculation becomes even more complex when a school district is split between two or more towns. School districts have no control over assessed values, equalization rates and most exemptions. The only factor that the school districts have control over is the change in the annual tax levy, which is capped by New York State law.

### **2. What are the projected 2017-18 tax rate changes for homeowners in our two towns and why are they different?**

- a. Although the State equalization (EQ) rates for the Towns of Orangetown and Clarkstown are still tentative, we expect that the rates will be finalized shortly. The tentative EQ rate released by New York State for Orangetown indicates a sharp drop of approximately 12.09%. By contrast, Clarkstown's tentative equalization rate is relatively unchanged. Since segments of both towns are in the Nyack School District, the sharp drop in one town's EQ rate, while the other town's EQ rate remains relatively flat, causes a shift in the tax burden between the District's two towns. The anticipated change is as follows:
  - i. Orangetown homeowners should anticipate an increase of approx. 8.79%
  - ii. Clarkstown homeowners should anticipate a decrease of approx. 2.93%

**3. What are equalization (EQ) rates and why are they established?**

- a. NY State EQ rates are established annually by the Office of Real Property Services (ORPS), which is a division of NY State Department of Taxation and Finance. One variable that goes into the State's annual EQ rate calculation is the price that properties have sold at within a town during that year. The EQ rate is a ratio intended to measure the level at which a property is assessed within a town to the actual market (sales) value of the property within the town. Theoretically, the EQ rate equalizes the taxes paid by similar valued properties within the same school district, even when the two properties are located in different towns. An EQ rate of 100, for example, indicates that a town's assessments are equal to the anticipated sales price of the property. EQ rates of greater than 100 indicates that the town is assessing property higher than the properties market (or sales) value, while EQ rates of less than 100 means the town is assessing at less than the market (or sales) value of the property.

**4. What does the tentative equalization rate mean to my property?**

- a. In 2016 the Orangetown EQ rate was 50.05%. In 2017, the tentative EQ rate drops significantly to 44%. This sharp drop of approx 12.09% basically means that NYS has determined that property in Orangetown has become more valuable, selling at amounts higher than the previous year.
- b. In 2016, the Clarkstown EQ rate was 33.25%. The tentative EQ rate for 2017 remains relatively flat – with a slight drop to 33%. This means that the price of properties selling in Clarkstown has not significantly changed since the 2016 EQ rate was established.

**5. Have there been sharp drops in equalization rates between our two towns in the past?**

- a. Yes. In 2006, both towns' EQ rates dropped – but both towns dropped by comparable amounts – which negated any severe shift in the tax burden between the two towns.

**6. Does the school district have any discretion relative to using the established EQ rate in calculating tax rates?**

- a. No, the NYS Office of Real Property requires that taxing jurisdictions follow prescribed, complex formulas. The EQ rate is used in the tax

rate calculation to convert the town's assessed value to its true value (or market/sales value) – thereby, theoretically, requiring that two similarly valued properties within the same school district pay similar tax bills, regardless of the town where the property is located and the level at which the town assesses.

**7. How is the equalization rate used in the formula to determine the true value (market value) of my property?**

- a. The assessed value (AV) is divided by the equalization rate to derive the true value (TV) of the property. For example, in 2016, Orangetown's EQ rate was 50.05% while Clarkstown's EQ Rate was 33.25%. A house assessed at \$275,275 in Orangetown would have a true (market) value of \$550,000 ( $\$275,275 \text{ AV} \div 50.05\% \text{ EQ rate} = \$550,000 \text{ TV}$ ). A similar house in Clarkstown with the same true value (or market value) of \$550,000 would be assessed at \$182,875 ( $\$182,875 \text{ AV} \div 33.25\% \text{ EQ rate} = \$550,000 \text{ TV}$ ).

***Conversely,***

- b. In 2017, based on the tentative Orangetown EQ rate, the same home in Orangetown assessed at \$275,275 now has a true (market) value of \$625,625 ( $\$275,275 \text{ AV} \div 44\% \text{ EQ rate} = \$625,625 \text{ TV}$ ). Since the Orangetown home increased in value, it is no longer considered a comparable property to the home in Clarkstown that had a similar market value in 2016. In 2017, a comparable home in Clarkstown is assessed at \$206,456 since they both have the same market value ( $\$206,456 \text{ AV} \div .33 = \$625,624 \text{ TV}$ ); consequently, in 2017 these two properties will receive similar school tax bills.
- c. Between 2016 and 2017, the property in Orangetown assessed at \$275,275 increased in market value by \$75,625 or 13.75%. Over the same time span, the home in Clarkstown which was assessed at \$182,875 in 2016 now has a market value of \$554,167 in 2017 ( $\$182,875 \text{ AV} \div .33 \text{ EQ rate} = \$554,167 \text{ TV}$ ) – an increase in market value of \$4,167 - which is approximately  $\frac{3}{4}$  of 1%.