

November 2009

SHERYL LUONGO, Assessor
TOWN OF PUTNAM VALLEY

ASSESSOR'S OFFICE NEWSLETTER

DO YOU WANT TO KNOW MORE ABOUT ASSESSMENTS?
HAVE QUESTIONS ABOUT YOUR TAXES?

MAYBE THIS WILL HELP YOU UNDERSTAND.

The town, county and school arrive at a budget each year (proposed total expenditures) and deduct any anticipated revenue (state aid, fees, etc.). The difference between expenditures and revenue is the levy which represents the total amount to be raised by taxes. The levy is divided by the total taxable assessed value to obtain the tax rate per thousand dollars of assessed value.

$$\begin{aligned} \text{BUDGET} - \text{REVENUE} &= \text{LEVY} \\ \text{LEVY} / \text{TOTAL ASSESSED VALUE} &= \text{TAX RATE} \\ \text{TAX RATE} \times \text{ASSESSED VALUE} &= \text{AMOUNT OF TAX DUE} \end{aligned}$$

The assessor's sole responsibility is to make sure that your assessment is at 100% market value as of a valuation date. For the 2010 tax year values will be based on the real estate market as of July 1, 2009. If your assessment is correct, then the Assessor has done her job.

The following will show the relationship between taxes and assessments. In the attached example, you will see that the houses used are a sample of any home in Putnam Valley. For this exercise, we will assume that each house is assessed correctly.

In example #1 the total tax due will equal the total amount of the levy. For our example the levy is \$38,250. Each house is paying their fair share of taxes based on their assessments (100% of market value). House #1 assessed at \$230,000 will pay \$5,750, House #2 assessed at \$425,000 will pay \$10,625 and House #3 assessed at \$875,000 will pay \$21,875 which when added together equals the levy of \$38,250.

In example #2 let's say there is an increase of 15% in sales prices in Putnam Valley and the levy stays the same (\$38,250). You will see that the amount of taxes each house pays is still the same but the tax rate per thousand has been reduced from the original example. The increase in assessments does not necessarily mean that the taxes will increase.

What happens when the real estate market is on a downward trend? In that case, we are still obligated to keep assessment at 100% of market value. Example #3 shows a 40% reduction in market value (assessments) and no increase in our original levy of \$38,250. Each house still pays the same amount of taxes as noted in example #1 even though their assessments have been lowered by 40%. The tax rate is now 41.66 per thousand compared to example #1 which was at \$25.00 per thousand.

What happens when the levy goes up but the assessments stay the same? Example #4 shows that there has been no increase in the assessment of each house but the levy has increased 10%. Each house has to make up the new levy amount and therefore pay more taxes. Even though the assessments have not increased your taxes have.

What does this tell us? It shows that when the assessments go up and down and the levy stays the same so does your tax bill. BUT, as soon as the levy goes up the residents need to make up the increase and therefore pay higher taxes.

The housing market in Putnam Valley seems to be on a downward trend and as the real estate market fluctuates, so do the assessments. Many homeowners are becoming alarmed when their assessments are decreased and the amount of taxes increases. As we saw above when assessments decrease it does not necessarily mean that taxes decrease. If the levy increases so does your share of taxes.

I hope this will make you more aware of the relationship between assessments and taxes. Although taxes are based on assessments, assessments do not drive the taxes.

The urge to blame the Assessor about higher taxes is understandable however, it is the wrong place to vent one's frustration. You should be directing your comments to your town, county and school officials.

***MAKE NO MISTAKE – YOUR TAXES ARE
DETERMINED BY GOVERNMENT AND
SCHOOL SPENDING – NOT BY
ASSESSMENTS.***

During the first week of March 2010 and again in May 2010 you will receive a letter from this office stating your new assessment for the upcoming tax year. If you disagree with your assessment I urge you to come into my office and speak to me. You will need to provide me with sales of similar homes that closed around the July 2009 valuation date as noted above. If we cannot come to an agreement regarding your assessment, your next step would be to go to the Board of Assessment Review Board which always meets on the 4th Tuesday in May in the evening. You can find an application and instructions on the website www.orps.state.ny.us under "What to do if you disagree with your assessment."

As always you are more than welcome to come into my office any time of the year if you have questions or comments. MY DOOR IS ALWAYS OPEN!

Sheryl Luongo, Assessor