

## HOW MUCH WILL MY TAXES INCREASE WHEN I BUY THIS PROPERTY?

This is a question I get almost every day and as much as I would like to give a definitive answer, that is simply just not possible. The Assessor's sole responsibility is to put a value on every parcel in the Town of Putnam Valley. The Assessor does not set the budgets, take part in the negotiations of the budgets nor does the Assessor vote on budgets with the exception of the school budget which everyone is entitled to vote for. However, I do like to educate the public about assessments and taxes and what I have prepared below will give you some insight into assessments and taxes and why it is impossible to predict taxes in the future.

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 the budget 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.

BUDGET – REVENUE = LEVY

LEVY/TOTAL ASSESSED VALUE = TAX RATE

TAX RATE x ASSESSED VALUE = AMOUNT OF TAX DUE

The assessor's sole responsibility is to make sure that your assessment is at 100% market value as of valuation date. For the 2023 tax year values will be based on the real estate market as of July 1, 2022 and its condition as of March 1, 2023 by law. 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.

**EXAMPLE #1** = In example #1 the total tax due will equal the total amount of the levy. For this 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.

**EXAMPLE #2** - 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 although the assessments have been increased 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 with the levy staying the same as the year before does not make your taxes increase.

**EXAMPLE #3** - 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) from our original example and no increase in our original levy of \$38,250. Each house still pays the same amount of taxes as noted in example #1 and #2 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 and example #2 which was at \$21.74 per thousand BUT STILL PAYING A TOTAL OF \$38,250.

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

**EXAMPLE #4** - Example #4 shows that there has been no increase in the assessment of each house from our original example but now 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.

**EXAMPLE #5** – In example #5 House #2 has been approved for a 50% senior exemption. House #2 is now paying \$4,456 less than the original example. The rest of the town needs to make up the difference. House #1 is now paying \$972 more and House #3 is now paying \$3,526 more than their original tax burden. You can see that the tax rate has increased.

If you take into consideration that the Town of Putnam Valley has approximately 4,500 residential homes and that

Budgets are prepared and voted on without the input of the Assessor  
Property values of different styles of home increase and decrease at different rates  
Property location can have an impact on values depending on market demand  
Exemptions change each year

then I am sure you can appreciate how the up and down of the real estate market, changes in exemption amounts and changes to budgets and levies make it impossible for anyone to predict what your tax burden will be next year.

If you have any questions please do not hesitate to contact me.

Sheryl Luongo  
845-526-2517  
[sluongo@putnamvalley.gov](mailto:sluongo@putnamvalley.gov)

**EXAMPLE 1**

	ASSESSED VALUE	TAX RATE	TOTAL TAX DUE
LEVY OF \$38,250			
HOUSE #1	230,000	25.00	5,750
HOUSE #2	425,000	25.00	10,625
HOUSE #3	875,000	25.00	21,875
TOTAL ASSESSED VALUE	1,530,000		
TOTAL TAX COLLECTED			38,250
LEVY/TOTAL AV = TAX RATE			
$38,250/1,530,000 = 25.00$			

**EXAMPLE 2**

	ASSESSED VALUE	TAX RATE	TOTAL TAX DUE
LEVY OF \$38,250			
HOUSE #1 (230,000*15%)	264,500	21.74	5,750
HOUSE #2 (425,000*15%)	488,750	21.74	10,625
HOUSE #3 (875,000*15%)	1,006,250	21.74	21,875
TOTAL ASSESSED VALUE	1,759,500		
TOTAL TAX COLLECTED			38,250
LEVY/TOTAL AV = TAX RATE			
$38,250/1,759,500 = 21.74$			

**EXAMPLE 3**

	ASSESSED VALUE	TAX RATE	TOTAL TAX DUE
LEVY OF \$38,250			
HOUSE #1 (230,000/40%)	138,000	41.66	5,750
HOUSE #2 (425,000/40%)	255,000	41.66	10,625
HOUSE #3 (875,000/40%)	525,000	41.66	21,875
TOTAL ASSESSED VALUE	918,000		
TOTAL TAX COLLECTED			38,250
LEVY/TOTAL ASSESSED VALUE = TAX RATE			
$38,250/918,000 = 41.66$			

**EXAMPLE 4**

	ASSESSED VALUE	TAX RATE	TOTAL TAX DUE
LEVY OF \$42,075 (increase of 10%)			
HOUSE #1 (original assessment)	230,000	27.50	6,325
HOUSE #2 (original assessment)	425,000	27.50	11,688
HOUSE #3 (original assessment)	875,000	27.50	24,062
TOTAL ASSESSED VALUE	1,530,000		
TOTAL TAX COLLECTED			42,075
LEVY/TOTAL ASSESSED VALUE = TAX RATE			
$42,075/1,530,000 = 27.50$			

EXAMPLE 5	ASSESSED VALUE	TAXABLE VALUE	TAX RATE	TOTAL TAX DUE	TAX PAYMENT FROM EXAMPLE #1	DIFFERENCE FROM ORIGINAL TAX AMOUNT DUE
LEVY OF \$38,250						
HOUSE #1	230,000	230,000	29.03	6,677	5,750	927
HOUSE #2 (50% exemption)	425,000	212,500	29.03	6,169	10,625	(4,456)
HOUSE #3	875,000	875,000	29.03	25,401	21,875	3,526
TOTAL ASSESSED VALUE	1,530,000	1,317,500				
TOTAL TAX COLLECTED				38,247		
LEVY/TOTAL AV = TAX RATE						
38,250/1,530,000 = 25.00						
38,250/1,317,500 = 29.03						