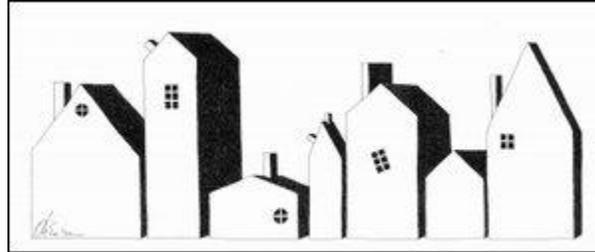


Dissecting the strange Niskayuna school tax situation

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Let me begin with a fact, one known to most readers but perhaps not all: The name Niskayuna Central School District, a district that I deeply respect, the district that educated Jean's and my six children, the district to which our daughter and son-in-law have entrusted three of our grandchildren, is a misnomer. Not every child who lives in Niskayuna may attend the schools of that district, but some children in Colonie, Glenville and Rexford may.

Every school district must be of minimum critical size and be reasonably compact geographically to be of maximum educational and financial effectiveness, and that often requires that a district's boundaries not necessarily coincide with those of any single town. Niskayuna is just one of many school districts that encompass parts of multiple towns. Less usual, though there are examples elsewhere, is one that reaches out into parts of other towns without including all of its largest town. And, ah, that's the rub.

When a district consists of a large and populous slice of one town but only small slices of adjoining towns, however populous those towns as a whole might be, strange things can happen to school tax bills in the smaller parts of the district. If, from one school tax year to the next, a homeowner receives a tax bill that is significantly higher than the advertised tax rate increase for the year, that owner will surely notice and cry foul. If it is significantly lower, the owner tends to smile and not breathe a word of it.

Hard to be fair

At the heart of the cause of these quantum jumps is the extreme difficulty of devising a system that ensures fairness in an inherently unfair system of taxation, the very idea of taxing and re-taxing, year after year, the very same house (or business) that I bought decades ago, one on which I paid (an admittedly small) tax when I closed on its sale.

More specifically, the problem is that the tax imposed is one that is proportional to the supposed market value of the property. Every year, too many people mutter that the "real property tax" is also a misnomer — that a better name would be the "unreal property tax." Who, after all, gets to say what the market value of your property is?

The answer is that your local assessor does, and the referee that does the best it can to oversee and impose fairness is the New York State Office of Real Property (tax) Services (ORPS). That office must so serve because not all towns and cities in a county, or all towns in a school district, reassess at the same time. Some reassess only every few decades or so, some about every decade, and a very few, every year. And the modern norm is to try to assess at 100 percent of supposed market value, "full value assessment," the only understandable kind.

But even when that goal is achieved, and the result can only be an approximation to what an oracle could devise (and there are none), the percentage at which properties are assessed falls below 100 percent over periods of increasing market values and could drift above 100 percent if there is a downturn in values immediately following a townwide or countywide reassessment.

ORPS can tell which is happening by monitoring yearly sales and then, each year, setting for each town an "equalization rate." If, in a given year, two towns in the same county post sales averaging, say, 80 percent and 50 percent of their currently assessed values respectively, then equalization rates of 0.8 for one and 0.5 for the other

are declared for them. Then, if the first town has a house whose assessment is \$160,000 and the other one whose assessment is \$100,000, their host county would impose the same tax on each, because both \$160,000 divided by 0.8 and \$100,000 divided by 0.5 equal \$200,000, the alleged true market value of each. Sounds fair, right?

Volatile figures

Well, that perceived fairness is only as good as the accuracy of the equalization rates, and unavoidable inaccuracies in setting these rates can create extreme volatility in practice. As I wrote earlier this year, volatility would be much less if we adopted countywide reassessment, reassessments done for all towns and our one city in the same year by the same professional company. But even then, there would remain great volatility when equalization rates must be used for those parts of the same school district that lie in different counties.

One year when I was Niskayuna town supervisor — I think it was in the early 1990s — I petitioned ORPS to raise our initially assigned equalization rate because I argued that the market value the office had assigned to the GE R&D Center was too low. And if that value were allowed to stand, our Niskayuna property owners would have to pay greater shares of their school and county taxes than would be the case if the Center's value were left where it had been in the prior year. Lo and behold, and contrary to all those who said that I couldn't prevail, I did.

My triumph was short-lived. The unintended consequence was that, in that year, the school taxes for homeowners in the smaller parts of the "Niskayuna" school district — most particularly those in Colonie — rose very disproportionately, a perfect example of the law of unintended consequences.

This year, there arose yet another example of equalization rate volatility. Niskayuna completed the first townwide revaluation in a decade, and in and of itself, it went very well. Because of steadily increasing property values over that decade, our equalization rate had fallen to about 50 percent. So, on average, most new home assessments doubled, tax rates will be halved, and most homeowners will pay about the same town and county tax this coming January as they did last year. (Yes, the town tax rate will be about 5.5 percent higher due to cost of living expenses, not due to reval. This is a remarkably low rate given the current economy, one less that the coming year's Social Security COLA. The county budget, of course, is under much greater strain.)

But, through no human fault that I can identify, something terrible happened in that part of Niskayuna in the South Colonie school district. School taxes there, which, for a home valued at \$200,000, were once a full thousand dollars per year less than those in the other parts of the Niskayuna school district, took jumps approaching a thousand more. As near as the autopsy can determine, ORPS believes that Colonie homes declined 10 percent in value since the year 2000 while those in Niskayuna rose by about 40 percent over the same period.

Dubious conclusion

I very much doubt that 10 percent downturn; it makes no sense. And even if it were true of Colonie as a whole, it most certainly isn't true of those Colonie homes just across the border from us which are so similar to those in the eastern part of Niskayuna.

A writer of a letter to the editor of the Times Union last Sunday had no sympathy for those Niskayuna residents who live in the South Colonie school district, claiming that they had unfairly benefited from equalization rate disparities in years gone by and were just getting their comeuppance (not his words). He claims that he lives in Niskayuna, but if he does I think he must have moved here recently. The only person of his name with a listed phone number I can find in all of New York state lives in Highland Falls.

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