MULTI-YEAR ASSESSMENT AVERAGING IS GOOD FOR TICONDEROGA AND FOR HAGUE

School Budget and Revenues

The Ticonderoga Central School District Budget for 2023-2024 is $22,207,074. Revenues to support this budget are essentially comprised of a property tax levy which provides 58% and state aid which provides 38%. Both revenues streams are driven by property assessments.

Property Taxes Apportionment

The total tax levy increase was a nominal increase of 0.9%. The split in property tax obligations between Ticonderoga and Hague is generally based on the total assessment of properties in each town. This year Hague's 56% share of the tax amounted to $7.2 Mil. which required an 11% increase for taxpayers, while Ticonderoga's 44% share amounted to $5.6 Mil. and represented a 11% decrease in taxes for taxpayers in Ticonderoga. Changes in apportionments of this magnitude can impose undue burdens on taxpayers.

Assessments

Property tax levies are distributed to taxpayers according to annual assessments. This process estimates the Full Market Value (FMV) of each property in each town. The FMV is the estimated sale price a property would bring each year. This estimate is based on recent sales prices of similar properties with adjustments for differences.

Multi-Year Assessment Averaging

The characteristics of the properties and real estate markets in the two towns are markedly different. Further, the assessment processes have produced significantly different results over time. These differences result in large and unplanned changes in School Tax bills. The details of these differences are quantified in the Appendix.

NYS Law provides a mechanism for school districts within multiple towns to moderate the magnitude of these large and unplanned changes in School Tax bills, known as Multi-Year Assessment Averaging (MYAA). The assessments of the towns can be averaged up to five years.

Over these averaging periods, annual changes in tax bills can be fairly estimated and planned for while also equitably sharing the costs between Ticonderoga and Hague.

Board of Education Decisions

Once the annual assessments are finalized, the Ti CSD Board of Education (BOE) sets the property tax rates for Ticonderoga and Hague. Integral to that process, the BOE decides the portion of taxes to be paid by both towns. The BOE can decide to implement MYAA on an annual basis which will provide fair and equitable benefits for both towns.

MULTI-YEAR ASSESSMENT AVERAGING

APPENDIX

The property tax is the largest source of revenue for the Ticonderoga Central School District (Ti CSD). The Tax Levy is nearly 58% of the income for the Ticonderoga School. This tax levy is raised through the assessment of the value of real property in the district multiplied by the tax rate approved by the Board of Education. The apportionment of the Tax Levy is each Town's proportion of the combined adjusted assessment.

All taxpayers and the Ti CSD will benefit from stable and predictable assessments and tax rates.

Variations and inconsistencies in the assessment processes and timing as well as real estate market dynamics can and do lead directly to perturbations in the division of Tax Levy to each town. Such changes are difficult to plan for and can raise questions about the fairness and equity of the division of the Tax Levy.

Larger databases increase the likelihood that a few events will not tilt an entire process unfairly. It follows that the likelihood of fair and equitable assessments increases with increases in the number of parcels, the number of sales, and the close correlation with sales prices and assessment values. Assessments are based upon an inventory of real property and adequate and accurate reports of sales from the examination of Real Property Transfer Reports (RP-5217) as reported by the NYS Office of Real Property Tax Services.[i] The RPTS reports were reviewed for Hague and Ticonderoga for the period 2014 to October 2023. Tax Rolls were also reviewed for the period. The review sought to identify patterns of similarities between the Towns as well as to identify distinct differences and therefore identify the possibilities that these differences could lead to biased results. Ticonderoga's assessment roll contains twice as many parcels as Hague's. The annual number of "arm's length sales," which is the key input to assessments, was consistently greater in Ticonderoga's more robust market. The average percentage of parcels sold in Ticonderoga was approximately 2% while the average in Hague was less than 1%.

Table 1 quantifies the differences in the real estate markets and the assessment processes between the towns. Table 1 reports each Town's variations in Full Market Value (FMV), the value and number of arm's length sales, the proportion of total assessments represented by the sales, and the ratio of the value of sales to assessments. It is observed first that Ticonderoga's sales volumes are robust compared to Hague's. The average number of annual sales during the period in Ticonderoga was 62, whereas the average in Hague was only 15. Second, it is noted that the percentage of properties sold in Ticonderoga is twice that reported in Hague. A third differentiating observation is the higher prices realized in Hague. A fourth observation is the much lower assessment to sales price ratio in Hague compared to Ticonderoga. These observations support the conclusions that the two towns have distinctly different real estate characteristics, levels of real estate market activities, and differences in assessing methods and process. The changes in the smaller volume of sales in Hague in a small time period are more likely to skew the overall assessment results.

The Level of Assessment (LOA) analysis compares the average relationship between assessed values and market values. It is conducted to identify variations from the uniform percentage of value (equalization rate). In this case, we have also compared the results of the LOAs for both Towns. The results of the LOA analysis using NYS Office of Real Property Tax Services criteria are reported in Table 2. Both towns have results that do not meet the NY standards. Comparing Hague and Ticonderoga in terms of differences measured in absolute values, we find the net effects of differing markets and assessment procedures lead directly to significant differences in year-to-year variations between the towns. This result is most notable for the Price Related Differential absolute differences between the towns and appears to be driven by Ticonderoga's

results. If both Towns had similar real properties, similar assessment processes and overall schedules, and closely tied markets we would expect the third section of Table 2 to report nearly zeros for all metrics. The magnitude and variation of these over time argues for the use of time-based averaging to reduce the impact of these volatile perturbations on the taxpayers of both towns.

New York State Real Property Tax Law (RPTL) Section 1314(d)(i) provides a mechanism for mitigating the results of these variations in school districts which are located in more than one town. The law provides that the apportionment of the Tax Levy may be made on the average full value assessment over either a three-year or five-year period.

Multi-Year Assessment Averaging (MYAA) reduces the magnitude of variations and inconsistencies unique to each town, thus yielding a less volatile and more predictable tax bill.

The Ti CSD has, in fact, engaged in multi-year assessment averaging for the BOCES CVTEC program which averages costs over a five-year period.

To summarize, the assessment process in Hague is based on a more limited number of sales of higher priced parcels which can lead to biasing the assessments above the more accurate level as compared to the process in Ticonderoga. Periods of market perturbations such as the COVID-driven sales increases will accentuate these biases. Conversely, market downturns, such as those driven by significant increase in interest rates and decreased sales volumes, may lead to depressed valuations in Hague compared to Ticonderoga.

Multi-Year Assessment Averaging will provide a fair, reasonable and balanced mechanism to smooth out the effects of these market perturbations which will be beneficial to individual taxpayers.

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[1] https://swcf.orpts.ny.gov/cfapps/salesWebProd/salesWeb/main.cfm?page=salesSelection&set=Y

Table 1

REAL ESTATE MARKETS AND THE ASSESSMENT PROCESSES BETWEEN THE TOWNS OF TICONDEROGA AND HAGUE – 2014 – 2023

	Sale Price	Assessment	Sales	# Parcels Assessed	% Parcels Sold	Assessment/Sale Price	Equalization Rate	Average Sale Price	FMV Annual Change	% of Total Assessment Sold
Town of Hague										
2023	$ 4,175,800	$ 3,770,100	6	1759	0.34%	90%	100.0%	$ 695,967	41.93%	0.39%
2022	$ 18,182,500	$ 8,107,300	19	1759	1.08%	45%	69.5%	$ 956,974	10.01%	1.18%
2021	$ 16,200,300	$ 8,525,640	24	1753	1.37%	53%	75.9%	$ 675,013	-1.96%	1.37%
2020	$ 14,847,100	$ 8,853,400	20	1757	1.14%	60%	73.4%	$ 742,355	3.40%	1.39%
2019	$ 6,823,500	$ 4,973,900	17	1749	0.97%	73%	75.5%	$ 401,382	1.09%	0.81%
2018	$ 6,523,900	$ 5,178,800	16	1749	0.91%	79%	76.0%	$ 407,744	1.27%	0.85%
2017	$ 11,980,001	$ 8,917,700	13	1748	0.74%	74%	76.6%	$ 921,539	0.58%	1.49%
2016	$ 6,101,500	$ 4,672,800	10	1748	0.57%	77%	76.6%	$ 610,150	0.06%	0.78%
2015	$ 6,393,500	$ 4,967,600	12	1751	0.69%	78%	76.6%	$ 532,792	4.46%	0.83%
2014	$ 5,716,500	$ 3,770,100	8	1753	0.46%	66%	78.5%	$ 714,563		0.66%
Average	$ 10,307,645	$ 6,440,804	15		0.83%	62%	75.4%	$ 662,501		1.04%
Town of Ticonderoga										
2023	$ 9,129,112	$ 7,044,000	43	3294	1.31%	77%	87.0%	$ 212,305	-1.04%	0.93%
2022	$ 18,116,470	$ 13,464,900	83	3284	2.53%	74%	100.0%	$ 218,271	5.58%	1.76%
2021	$ 20,875,630	$ 16,190,400	87	3284	2.65%	78%	100.0%	$ 239,950	1.81%	2.24%
2020	$ 20,390,603	$ 18,806,500	67	3282	2.04%	92%	100.0%	$ 304,337	2.39%	2.65%
2019	$ 10,565,903	$ 9,888,800	62	3281	1.89%	94%	100.0%	$ 170,418	4.16%	1.42%
2018	$ 18,781,471	$ 19,144,200	54	3276	1.65%	102%	100.0%	$ 347,805	0.00%	2.87%
2017	$ 9,398,279	$ 9,579,200	54	3283	1.64%	102%	100.0%	$ 174,042	0.09%	1.44%
2016	$ 10,113,300	$ 9,830,500	60	3283	1.83%	97%	100.0%	$ 168,555	0.23%	1.48%
2015	$ 8,388,745	$ 8,318,500	60	3280	1.83%	99%	100.0%	$ 139,812	0.49%	1.25%
2014	$ 8,078,134	$ 8,616,100	47	3279	1.43%	107%	100.0%	$ 171,875		1.30%
Average	$ 13,383,765	$ 12,088,310	62		1.94%	92%		$ 214,737		1.82%

Note 2023 values are for a partial year and not included in the averages

Table 2

LEVEL OF ASSESSMENT (LOA) ANALYSIS COMPARING THE AVERAGE RELATIONSHIP BETWEEN ASSESSED VALUES AND MARKET VALUES.

Hague Level of Assessement (LOA) Analysis								
	2023	2022	2021	2020	2019	2018	2017	2016
Median	0.70743	0.4118	0.63455	0.6673	0.6702	0.7136	0.7262	0.7572
Mean	0.77693	0.4483	0.77012	0.7564	0.7529	0.9142	0.7532	0.7384
Weighted Mean	0.85591	0.4521	0.56182	0.5973	0.7485	0.7726	0.7287	0.7729
Average Absolute Deviation	0.23338	0.0956	0.30072	0.2613	0.2687	0.2101	0.1552	0.1383
Coefficient of Dispersion	32.99041	23.2231	47.39074	39.1622	40.0944	29.4442	21.3719	18.2674
Price Related Differential	0.90772	0.9915	1.37077	1.2662	1.0059	1.1833	1.0336	0.9553

Ticonderoga Level of Assessement (LOA) Analysis								
	2023	2022	2021	2020	2019	2018	2017	2016
Median	0.7710	0.8000	0.8681	0.9345	0.9531	0.9500	0.9653	0.9958
Mean	0.8909	0.8230	0.8875	0.9725	1.5553	1.4061	1.8286	1.0514
Weighted Mean	0.7324	0.7430	0.7746	0.9283	0.9492	1.0175	1.0244	0.9720
Average Absolute Deviation	0.3010	0.2189	0.2072	0.2208	0.7745	0.6313	1.0036	0.2224
Coefficient of Dispersion	39.0441	27.3630	23.8627	23.6285	81.2621	66.4572	103.9722	22.3292
Price Related Differential	1.2163	1.1077	1.1457	1.0477	1.6385	1.3820	1.7849	1.0816

Variation Between Hague and Ticonderoga LOA Results (ABS)								
	2023	2022	2021	2020	2019	2018	2017	2016
Median	0.0635	0.3882	0.2336	0.2672	0.2829	0.2364	0.2391	0.2386
Mean	0.1139	0.3748	0.1173	0.2161	0.8024	0.4919	1.0754	0.3130
Weighted Mean	0.1235	0.2909	0.2128	0.3309	0.2008	0.2448	0.2957	0.1991
Average Absolute Deviation	0.0676	0.1233	0.0936	0.0405	0.5058	0.4212	0.8484	0.0840
Coefficient of Dispersion	6.0537	4.1399	23.5280	15.5337	41.1677	37.0129	82.6002	4.0618
Price Related Differential	0.3086	0.1162	0.2250	0.2185	0.6326	0.1987	0.7513	0.1263

Note: Shaded values exdeed criteria of the International Association of Assessing Officers which is endorsed by the NYSORPTS

Median is the middle ratio of average sale price to average assessment value

Mean is the average ratio of sale price to average assessment value

Weighted Mean is the weighted average (price included) ORPS uses this to determine equalization rates

Average Absolute Deviation reports the span of the data set (narrow or smaller is better)

Coefficient of Dispersion is the average error

Price Related Differential is the measure of equity between high and low value properties