

Our Agenda for meeting with Senator Young and Assemblyman Goodell

Property Taxes in Portland are out of control. Chautauqua County has been in the top ten highest taxed counties in the nation for the past several years. The system is broken and should be revamped or discarded. High property taxes discourage home building, repairs, upgrades and growing businesses.

The methodology the state uses to calculate property taxes and tax burden distribution is untimely, confusing, unpredictable and unfair. Often it flies in the face of market trends and sales, as in the case of the Town of Portland. The state has our property values increasing over 40% in the last 5 years in spite of the fact that nationally and regionally values have decreased.

Very few assessors understand the Equalization Rate (ER) and very few are willing to challenge the spoon fed state suggestions even though they have options for input and to use their own data that may be more favorable for their municipality. Part of this is due to lack of knowledge, time restrictions, part time job with no clerical assistance so they have basically become expensive clerks. For example, the ER is the most confusing and misunderstood part of property taxes but the state does not even offer a continuing education course for assessors for that subject.

Additionally, the assessors are ultimately controlled by the state and not the municipality with a lot of latitude to do as they please, even though the municipality pays their salary. This ends up with the assessor's subjectivity setting property values. In our case, our perception is that the assessor is bent on getting the lakefront and vacation property owners to pay more property taxes. She can do this by lowering, and keeping low, the ER rate. This has been done, even though **it has hurt the whole town, not just the lakefront and vacation property owners.** Unfortunately, out of town owners have no voting rights on the taxes they pay here. Assessors are given too much latitude, do not have to be consistent and have hurt our town tremendously. In our case, the assessor has acted more out of her own feelings than in the best interests of the town. People are reluctant to build, remodel or repair their properties because they know that they are opening their properties up to a spot re-val, not just a reval on the changes made. Repairs shouldn't change assessments at all, unless they received a reduction in assessment because repairs were needed. Hard fast rules/interpretations need to be made.

Example: In 2012, Portland's ER (Equalization Rate) rate dropped from 62% to 54%, increasing "Calculated Market Values" significantly. Thus school and county taxes increased significantly since they are based on market values not assessed values. Budgets are distributed to towns based on percentage of total market values then applied to assessed values.

Here is a summary of the Town of Portland increase due to this shift in burden, extra they have paid compared to if the ER had remained at 62%. Other towns sharing these school districts and in our county paid this much less. This is not a windfall for anyone, just a shift in tax burden and will continue unless our ER is raised.

<u>School Tax Extra</u>	
Brocton Extra	79,618
Chautauqua Lake Extra	7,477
Fredonia Extra	80,333
Westfield Extra	38,794
Total School Taxes Extra	<u>206,224</u>
<u>County Taxes - Town of Portland Extra</u>	\$452,578
Grand Total Extra	\$658,801

Of this, about \$120,000 was paid by lakefront and vacation property owners. \$80K for school & \$40K for town & county.

The Balance of about \$518,000 was paid by the rest of the property owners in our town.

OK, some may say, time to do a re-val in Portland. Here are several problems with that.

1. This will take 2-3 years to implement and we have to live with this huge shift in the meantime.
2. Taxes will go up to pay for this re-val and to keep it up to date. If it is not kept up to date, then we will be right back to where we started. Look at some of our surrounding towns that have done re-vals in the last 5 years and they are no longer at 100% ER.
3. Property Taxes are regressive, essentially paying rent for the property you have purchased. You work on improving your property all your life, pay sales tax on the materials, increased property taxes, retire on a reduced income, continue paying even higher taxes, maybe even having to move because you can no longer afford the higher taxes. If your heirs inherit your property, they may not be able to keep it because of the high taxes. Even if you just make a repair to your property, your taxes may go up, even though they were not reduced as the property deteriorated. When a person sells their property, the buyer expects it to be in good repair, they do not pay extra for that but they do deduct value if repairs are needed.

A Re-val could force many of our older lake front and vacation property owners out. It also could force out many that have inherited their properties as they may not be as well off as their ancestors. Why? A re-val would decimate our most important vacation home area, about 340 properties in Van Buren Point. They are definitely under assessed and could possibly see double to quadruple taxes. They use few local resources, contribute much to the summer local economy, are part time residents and to top it off they have no voting rights here so can't we find a way to treat them better?

The methodology that the state has used to determine the Residential Appraisal Ratio (RAR) part of the ER for the last 4 years is a system called Computer Aided Mass Appraisal (CAMA). This system has taken a list of up to 952 properties, runs them through this program and comes up with a "calculated" market value. The state then uses this "Calculated" market value divided into the assessed value of the same properties to get the RAR. The rules and internal data used for these calculations has not been published and so far has been unavailable. **Over 700 of the same properties have used each year and have seen a straight line increase in "Calculated" market value. See attached chart.**

Oddly, Portland is the **ONLY** town in Chautauqua County since 2009 that the state has used this CAMA method. No sales have been used to determine ER. It seems we have been targeted. **WHY?** We are currently waiting info from a Freedom of Information Law (FOIL) Request with an explanation of this and the internal working of this CAMA program.

Additionally, Portland is the **ONLY** town in our area that has seen this kind of dramatic increase in property values, a "Calculated" pot of gold, not realistic.

We have lost a complaint filed against the state disputing the ER on grounds that they do not follow standard judicial or evidentiary procedures and discarded our supporting documents sent with our filing. It seems they have their own set of standards, mystical ones to keep us confused.

What we are proposing is a total overhaul or replacement of the property tax system, simplifying it, possibly replacing Office of Real Property Services (ORPS) with Sales Tax, Income tax, tax on property sales, or a combination of that. ORPS has a budget of \$44M to \$64M per year with about 25% going to grants, not sure why ORPS needs to give out grants. If we collect the fees with an existing entity, it seems it would be much cheaper than having ORPS do it.

Your assistance is needed; this is needed for our whole state.

Summary

- Property taxes are out of control, system is broken – It needs to be fixed
- State's methodology for property tax distribution is overly complex and misunderstood
- Assessors are under-educated, under-staffed and uncontrolled – in need of new guidelines and education
- Portland has been paying an unfair and increasing burden of property taxes – Due to unpredictable shift in property values
- Lakefront and vacation property owners have been targeted in the Town of Portland – Assessor's have too much latitude.
- Re-val is impractical – costly and just a patch
- Portland has been unfairly subjected to the CAMA studies for RAR – need an explanation
- We have lost our complaint against the state for an increase in the equalization rate – illogical procedures.
- ORPS needs to be replaced, revamped or have some drastic change – too costly and ineffective.
- Portland and the citizens of New York State need your help – Let's get change started