

**CITY OF RYE
MEMORANDUM**

TO: Honorable Mayor and Council Members

FROM: Scott D. Pickup, City Manager

SUBJECT: Enclosures - Council Packet

DATE: July 23, 2010

Enclosed with this memorandum are the following items:

- 7-12 Memorandum from City Assessor Noreen Whitty regarding the withdrawal of the City's request for a segment special equalization rate.
- 7-13 Litigation Update from the Corporation Counsel dated July 23, 2010.
- 7-14 Meeting notice for the week of July 26, 2010 is available on the City website www.ryeny.gov under Calendar.

SDP/emm
Encs.



CITY OF RYE

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July 21, 2010

Darlene Maloney
State of New York
Department of Taxation and Finance
Office of Real Property Tax Services
WA Harriman State Campus
Albany, New York 12227

RE: Segment Rate Request

Dear Darlene,

On behalf of the City of Rye, I wish to withdraw the City's request for a segment special equalization rate for the Town of Rye segment of the Rye Neck Union Free School District.

Thank you for your assistance in this matter. If you have any questions, please feel free to contact me.

Sincerely,

Noreen Whitty
City Assessor

Memorandum



Jamie Woodward
Acting Commissioner

STATE OF NEW YORK
DEPARTMENT OF TAXATION AND FINANCE
OFFICE OF REAL PROPERTY TAX SERVICES
EQUALIZATION AND CENTRAL SUPPORT SERVICES
WA Harriman State Campus
ALBANY, NEW YORK 12227
TEL. (518) 474-5666 FAX (518) 473-9362
Website: <http://www.orps.state.ny.us>

Victor Mallison
Acting Deputy Commissioner

TO: 2010 Segment Rate Stakeholder

FROM: Jason Ayotte

SUBJECT: Segment Special Equalization Rates for School Apportionment

DATE: July 8, 2010

Segment special equalization rates are established pursuant to section 1314 of the Real Property Tax Law. This law provides that a segment special equalization rate will be established if the use of the town-wide equalization rate would result in an inequitable apportionment of the school tax levy.

The following requests have been made for the establishment of special segment equalization rates for apportionment of the 2010-2011 school levy.

Cold Spring Harbor School District
Ossining Union Free School District
Wallkill School District
Roscoe School District
Rye Neck Union Free School District

Please be aware that Chapter 56 of the Laws of 2010, which became effective when Governor Paterson signed it on June 22, 2010, transferred the responsibility for establishing these rates from the State Board of Real Property Services to the Commissioner of Taxation and Finance.

Attached is a copy of the memo containing staff recommendations on the segment special equalization rate requests. If you have any questions, please contact me by telephone at (518) 474-5666 or by electronic mail at jason.avotte@orps.state.ny.us. If you wish to submit any information concerning this request, please do so by July 29th to:

Patricia Holland, Director
Equalization and Central Services
Office of Real Property Tax Services
Department of Taxation and Finance
W.A. Harriman Campus
Albany, New York 12227

Memorandum



STATE OF NEW YORK
Department of Taxation and Finance
Office of Real Property Tax Services

DATE: July 8, 2010

TO: Ms. Jamie Woodward
FROM: Ms. Holland
SUBJECT: Analysis of Requests for Segment Special Equalization Rates for School Tax Apportionment

Purpose

The purpose of this memorandum is to provide you with an analysis of the request for the establishment of a segment rate for school tax apportionment in the Cold Spring Harbor School District and Rye Neck School District. This analysis is being provided to you in accordance with section 186-5.4 of the rules of the Office of Real Property Tax Services and the Office of Real Property Tax Services procedures.

Recommendations

Current data analysis indicates that staff will recommend establishment of segment rates for the school district segments listed below.

Municipality

Town of Huntington
Town of Oyster Bay

School District

Cold Spring Harbor
Cold Spring Harbor

Current data analysis indicates that staff will recommend denial of a segment rate for the school district segment listed below.

Municipality

Town of Rye

School District

Rye Neck

Discussion

Section 1314 of the Real Property Tax Law specifies that, where it is made to appear to the Office of Real Property Tax Services that the State equalization rate established for a city or town is not appropriate to be applied to real property within a school district in such city or town, the Office of Real Property Tax Services shall determine a segment rate for the segment of the school district in such city or town. A segment rate for a school district segment is necessary where the average level of assessment for a city or town is substantially different than the level of assessment in the school district segment.

A segment rate may be requested by an aggrieved taxpayer or the chief executive officer of an affected municipal corporation or the Office of Real Property Tax Services may initiate a review of its own data to determine if a segment rate is warranted. The rules require all affected parties to be notified when a segment rate is requested or considered by the Office of Real Property Tax Services. Staff recommendations and analysis are presented to the Commissioner of the Department of Taxation and Finance who makes a determination to establish or not establish the segment rate. All affected parties may make comments and submit information throughout this process.

If a segment rate was not established in the previous year a segment rate may not be established unless there is at least a 10 percent difference in the share of the levy of at least one segment of the taxing jurisdiction as the result of the use of the segment rate in place of the equalization rate which would otherwise be used for purposes of apportionment. If a segment rate was established in the previous year a segment rate may not be established unless there is at least a 5 percent difference in the share of the levy of at least one segment of the taxing jurisdiction as the result of the use of the segment rate in place of the equalization rate which would otherwise be used for purposes of apportionment. However, these limitations do not apply where a segment rate is determined pursuant to Subpart 186-5 for another segment within the same assessing unit or school district. The segment rate must be established not later than the last date set by law for the levy of taxes, and all affected municipal corporations must be notified at least 15 days prior to its establishment. If a segment rate is determined to be incorrect, it may be rescinded prior to the last date allowed by law for the levy of taxes.

The purpose of establishing a segment equalization rate is to equalize the school taxes paid by all segments within the school district. When it is demonstrated that it would be inequitable to use the final State equalization rate for a municipality in the apportionment of school district taxes, it is appropriate to establish a segment rate that more accurately measures the percentage at which the property within the segment is assessed. If a segment rate were not established, the aggregate full value of the property within the segment would not be properly calculated for tax apportionment purposes. Use of a segment rate in the apportionment process ensures that each segment of the school district pays its fair share of the taxes.

Cold Spring Harbor School District

The Cold Spring Harbor Central School District is located in two towns, the Town of Huntington in Suffolk County and the Town of Oyster Bay in Nassau County. If segment rates are not established for this school district the 2010-11 school levy will be apportioned using the 2010 State equalization rates. Mr. Jeffrey Nemshin, a taxpayer in the Town of Oyster Bay segment of the school district, requests the establishment of a segment rate for the Cold Spring Harbor School District segment of the Town of Huntington. In support of the request, Mr. Nemshin submitted a sales ratio study. Last year the State Board established segment rates for both segments in the school district.

A review of the 2010 full value measurement data for the Town of Huntington shows that the ratios of assessed value to market value for the property classes are significantly different. The estimated market value ratio for residential property is 0.74 percent, the ratio for commercial property is 1.11 percent and the ratio for utility property is 2.20 percent. The mix of property classes in the Cold Spring Harbor School District segment of the town is significantly different than the mix of property classes town-wide. Approximately 10 percent of the assessed value in the town is in the utility class and 15 percent is in the commercial class. In the school district segment less than one percent of the assessed value is in the utility class and approximately two percent is in the commercial class. Approximately 75 percent of the assessed value in the town is in the residential class and 97 percent of the assessed value in the Cold Spring Harbor School District segment is in the residential class.

The tentative 2010 State equalization rate for the Town of Huntington is 0.88. An estimated segment rate for the Cold Spring Harbor School District segment of the Town of Huntington was computed by dividing the assessed value for each property class in the segment by the town-wide market value ratio for the property class. The result of this calculation is an estimated segment rate of 0.75. The use of this segment rate instead of a State equalization rate of 0.88 to apportion the 2010-11 levy will result in an 11.5 percent smaller share of taxes for the Town of Oyster Bay and a 3.8 percent greater share for the Town of Huntington.

As a result of the data submitted, staff conducted a sales ratio study for the Town of Huntington segment of the Cold Spring Harbor Central School District. Using 114 residential sales for the segment staff determined a market value ratio of 0.62 percent for the residential class. There is a 95 percent level of confidence that the weighted mean ratio of the residential class in the segment is between 0.60 and 0.65 percent (plus or minus 4.4 percent of the weighted mean of the set of sales). This study meets the confidence levels that are required for use in the calculation of State equalization rates. The town-wide residential sales ratio study that was used in the calculation of the 2010 equalization rate consists of 983 sales and results in a ratio of 0.74 percent with a 95 percent level of confidence that the weighted mean ratio of the residential class in the town is between 0.73 and 0.75 percent.

An estimated segment rate of 0.63 was computed using the results of the sales ratio study to estimate the market value of residential property in the segment and using town-wide market value ratios to estimate the market values of the other property types. The use of this segment rate instead of a State equalization rate of 0.88 to apportion the 2010-11 levy will result in a 22.9 percent smaller share of taxes for the Town of Oyster Bay and a 7.7 percent greater share for the

Town of Huntington. Since the sales ratio study for the segment meets the confidence levels that are required for use in the calculation of State equalization rates and the impact of this estimated segment rate is greater than 5 percent in one of the segments, staff recommends the establishment of a segment rate of 0.63 for the Cold Spring Harbor School District segment of the Town of Huntington.

In accordance with the State Board's procedures staff also reviewed the full value measurement data for the Town of Oyster Bay in Nassau County. This year Nassau County has declared a level of assessment for class 1 (residential property) of 0.25 percent and a level of assessment of 1.0 percent for classes 2, 3 and 4. The equalization rate for the Town of Oyster Bay is used in the apportionment of taxes in the Cold Spring Harbor School District. The mix of property classes in the Cold Spring Harbor School District segment of the town is significantly different than the mix of property classes town-wide. Approximately 90 percent of the market value in the town is in the residential class and approximately 97 percent of the market value in the Cold Spring Harbor School District segment is in the residential class. Since the market value ratios for the other property classes is significantly higher than the residential class, the use of the equalization rate for the town will overstate the level of assessment in the segment and thus understate the full value of property in the segment.

In preparation for the calculation of the State equalization rate for Nassau County staff reviewed the full market values that were used to determine the assessed values on the 2010 assessment roll. As part of this review staff conducted a residential sales ratio study using 6,992 sales to confirm that the full market values on the roll in the residential class are at 100 percent of value. Staff also conducted a residential sales ratio study for the Town of Oyster Bay segment of the Cold Spring Harbor Central School District. Using 25 residential sales from a two-year period staff determined a market value ratio of 0.27 percent for the residential class. There is a 80 percent level of confidence that the weighted mean ratio of the segment is within plus or minus 4.7 percent of the weighted mean of the set of sales. This study does not meet the confidence levels that are required for use in the calculation of State Equalization rates.

Based on preliminary data we estimate a 2010 State equalization rate of 0.33 for the Town of Oyster Bay. An estimated segment rate for the Cold Spring Harbor School District segment of the Town of Oyster Bay was computed by dividing the assessed value for each property class in the segment by the town-wide market value ratio for the property class. The result of this calculation is an estimated segment rate of 0.26. The use of this segment rate instead of the State equalization rate of 0.33 to apportion the 2010-2011 levy will result in a 18.9 percent greater share of taxes for the Town of Oyster Bay and a 6.3 percent smaller share for the Town of Huntington. Since the impact of this estimated segment rate is greater than 5 percent in one of the segments, staff recommends the establishment of a segment rate of 0.26 for the Cold Spring Harbor School District segment of the Town of Oyster Bay.

The use of a segment rate of 0.63 for the Huntington segment and a segment rate of 0.26 for the Oyster Bay segment to apportion the 2010-2011 levy instead of the State equalization rates will result in a 7.0 percent smaller share of the levy paid by the Oyster Bay segment and a 2.3 percent greater share for the Huntington segment.

Compared to last year's school levy the use of the segment rates will result in a 8.0

percent decrease in the share of the levy paid by the Oyster Bay segment and a 2.7 percent increase for the Huntington segment.

Rye Neck School District

Mr. Frank Culcross, Manager for the City of Rye, requests the establishment of a segment rate for the Rye Neck School District segment of the Town of Rye, Westchester County. A segment rate was not established for this segment last year and therefore a segment rate may not be established this year unless there is at least a 10 percent difference in the share of the levy of at least one segment of the taxing jurisdiction as the result of the use of the segment rate in place of the equalization rate which would otherwise be used for purposes of apportionment. If a segment rate is not established for this segment the 2010-11 school levy will be apportioned using the 2009 State equalization rates.

The 2009 State equalization rate for the Town of Rye is 100.00. Using 2009 full value measurement data, an estimated market value for each property class in the Rye Neck School District segment of the Town of Rye was computed by dividing the assessed value for the property class in the segment by the town-wide market value ratio for the property class. The Town of Rye conducted a 2009 reassessment and all classes of property town-wide were assessed at full value, resulting in no difference in the level of assessment town-wide compared to the Rye Neck School District segment of the Town of Rye.

Staff also conducted a sales ratio study for the Town of Rye segment of the Rye Neck School District. Using 42 residential sales for the segment staff determined a market value ratio of 95.99 percent for the residential class. There is a 95 percent level of confidence that the weighted mean ratio of the segment is within plus or minus 3.7 percent of the weighted mean of the set of sales. This study meets the confidence levels that are required for use in the calculation of State equalization rates. The town-wide residential sales ratio study that was used to calculate the 2009 equalization rate consisted of 212 sales and resulted in a ratio of 98.48 percent.

An estimated segment rate of 96.41 was computed using the results of the sales ratio study to estimate the market value of residential property in the segment and using town-wide market value data to estimate the market values of the other property types. The use of this segment rate instead of the State equalization rate of 100.00 to apportion the 2010-11 levy will result in a 1.1 percent greater share of taxes for the Town of Rye segment and a 2.4 percent smaller share for the City of Rye segment.

Since the sales ratio study for the segment meets the confidence levels that are required for use in the calculation of State equalization rates and the impact of this estimated segment rate is less than 10 percent in all of the segments, staff recommends the denial of the request for a segment rate for the Rye Neck School District segment of the City of Rye.

**CITY OF RYE
MEMORANDUM**

TO: Honorable Mayor and Rye City Council
FROM: Kristen K. Wilson, Interim Corporation Counsel
SUBJECT: Litigation Update
DATE: July 23, 2010

LITIGATION

OSBORN v. CITY OF RYE

No new developments.

BEAVER SWAMP BROOK – (DEC Administrative proceeding)

No new developments.

151 PURCHASE STREET ASSOCIATES V. CITY OF RYE, ET AL.

No new developments.

SCHUBERT V. CITY OF RYE, ET AL.

No new developments.

R.B. CONWAY V. CITY OF RYE

No new developments.

DELLI PAOLI V. ZONING BOARD OF APPEALS

No new developments.

SHEW v. CITY OF RYE

No new developments.

MOLLOY v. PLANNING COMMISSION

No new developments.

TOWNSEND v. BOARD OF APPEALS

No new developments.

PANETTA v. PLANNING COMMISSION

No new developments.

HEAL the HARBOR v. CITY OF RYE

No new developments.

SCHUBERT v. PLANNING COMMISSION, et al

No new developments.

CITY COURT

Routine calendar with no unusual dispositions.

Respectfully submitted,

Kristen K. Wilson

Kristen K. Wilson
Interim Corporation Counsel

KKW/dfn