

Projected 2009 Fairview Fire Tax

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Executive Summary

The Fairview Fire District in Dutchess County, New York, comprises part of the Town of Hyde Park and part of the Town of Poughkeepsie. This report projects how much fire tax Fairview property owners will pay in 2009, compared with 2008, based on preliminary values of the Fairview Fire District's 2009 budget and the 2008 assessment roll. *For Hyde Park properties* whose assessed value is unchanged from last year, *fire tax will decrease by 14.7 percent.* *For Poughkeepsie properties* whose assessed value is unchanged from last year, *fire tax will increase by 5.3 percent.* *For Poughkeepsie properties* whose assessed value is decreased from last year, *fire tax will decrease by about 5 percent less than property value has decreased.* *The reason that Hyde Park and Poughkeepsie taxes will change differently is that the 2008 tax levy apportionment was inequitable, in violation of New York State law, while 2009 tax levy apportionment is equitable.*

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For most up-to-date copy of this report, see <http://home.roadrunner.com/~billrubin/FairviewFireTax>

Overview

The amount of fire tax paid on a property in the Fairview Fire District supposedly depends only upon the market value of the property, the total market value of the Fairview Fire District, and the total fire tax levy: *The fire tax on any given property is in the same ratio to Fairview's fire tax levy as the property's market value is to the total market value of the Fairview Fire District.* However, in 2008 and most previous years of this decade, mistakes in apportionment of the fire tax levy caused unfair taxation, in violation of New York State law. For details, see my previous report, *Unfairness in Fairview – Inequitable Apportionment of the Fire Tax Levy*, Reference [4]. According to the preliminary Fairview Fire District budget, these mistakes will not be repeated in 2009.

Since taxes were inequitable in 2008, but will not be in 2009, a comparison of 2008 with 2009 fire taxes will show significant differences between Hyde Park properties and Poughkeepsie properties. In 2008, Hyde Park properties paid more than their fair share of fire taxes, but will not do so in 2009. Thus, *Hyde Park fire taxes will decrease in 2009, all other things being equal.* Conversely, in 2008, Poughkeepsie properties paid less than their fair share, but will not do so in 2009. Thus, *Poughkeepsie fire taxes will increase in 2009, all other things being equal.*

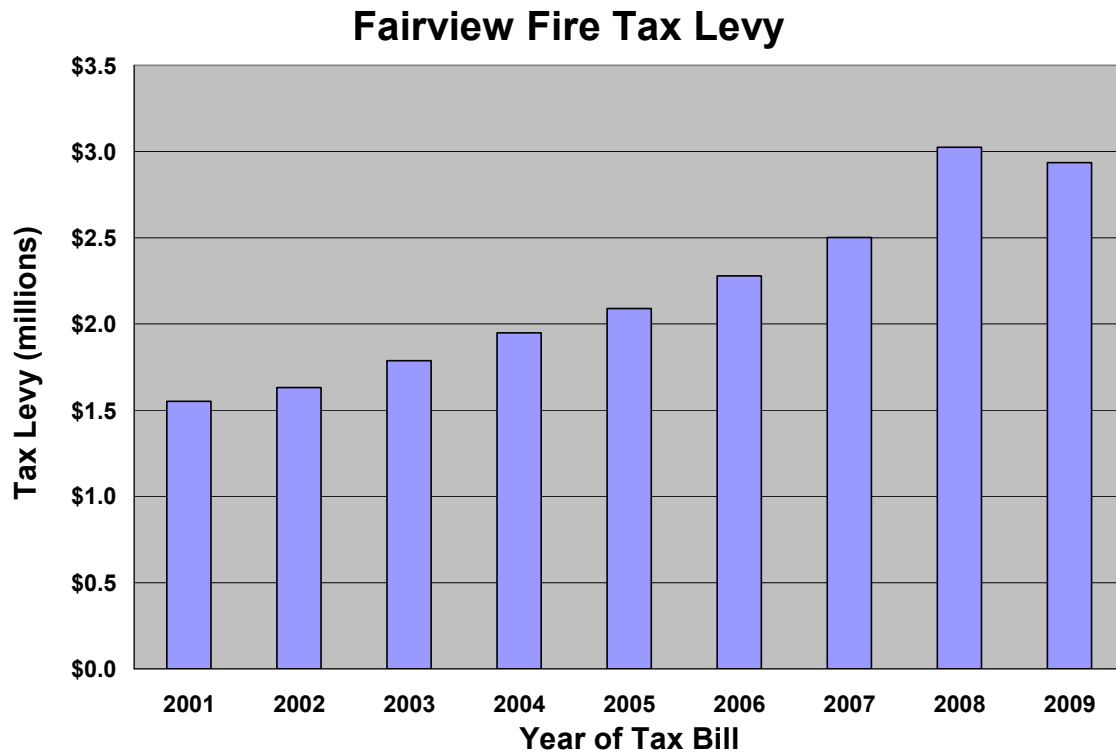
Of course, all other things are not equal, because the market value of individual properties, the market value of Fairview, and the Fairview fire tax levy generally change every year. It turns out that *in 2009, most of these changes will be quite small*, with one significant exception: *The market value of many individual properties in the Poughkeepsie portion of Fairview has decreased by substantial percentages.* For these properties, fire taxes will not increase much, and may even decrease.

Data Sources

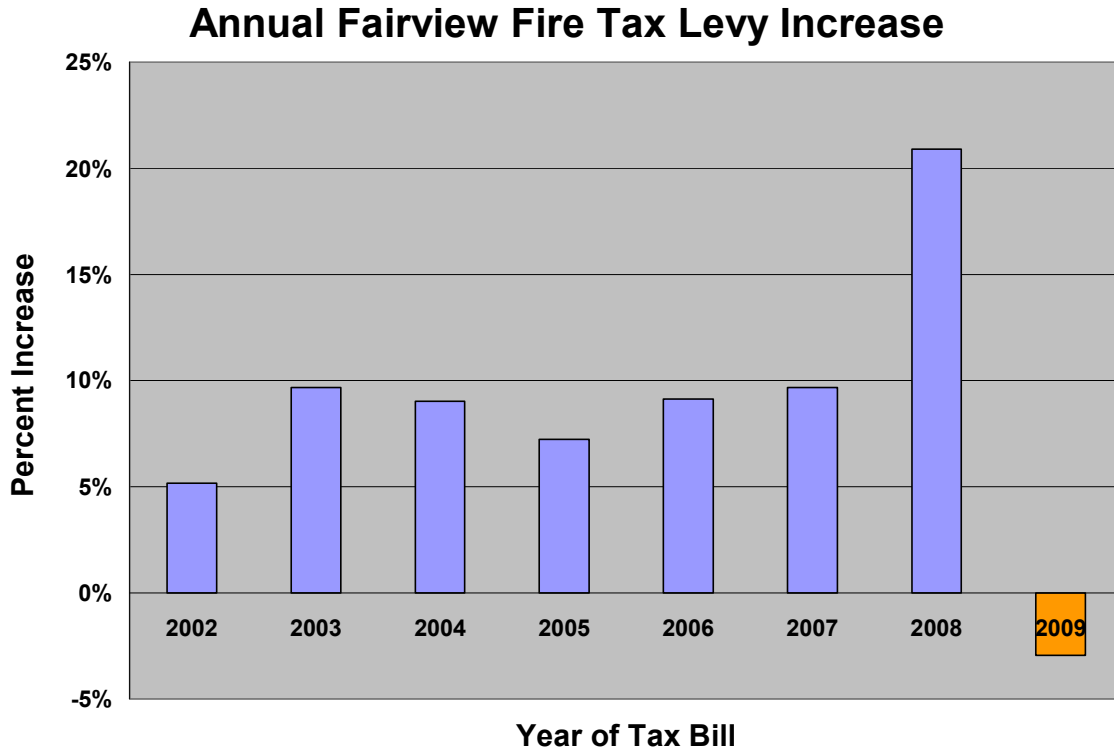
In the following sections, all data for 2008 and earlier is from Reference [1]. All data for 2009 is preliminary data from References [2] and [3], and is subject to change. It is important to understand that *all yearly dates refer to the year of the fire tax bill.* For example, the year 2008 refers to fire taxes due on February 29, 2008. Since market values must be computed retrospectively, fire taxes paid in 2008 are based on the 2007 assessment roll, which in turn is based on the market value of properties on July 1, 2006.

Fire Tax Levy

The Fairview Fire District's proposed 2009 budget, Reference [3], results in a tax levy of \$2,935,480. This tax levy can be compared with that of previous years using data from Reference [1], as analyzed in Reference [4]:



The tax levy is down 2.9 percent from 2008. *This is the first decrease in the tax levy since at least 2002*, as shown by the following chart. However, in 2008, the tax levy increase was about 21 percent – more than twice the tax levy increase of any previous year in this decade. Thus the average tax levy increase in the last two years is about 9 percent, consistent with the average of previous years. See following chart:



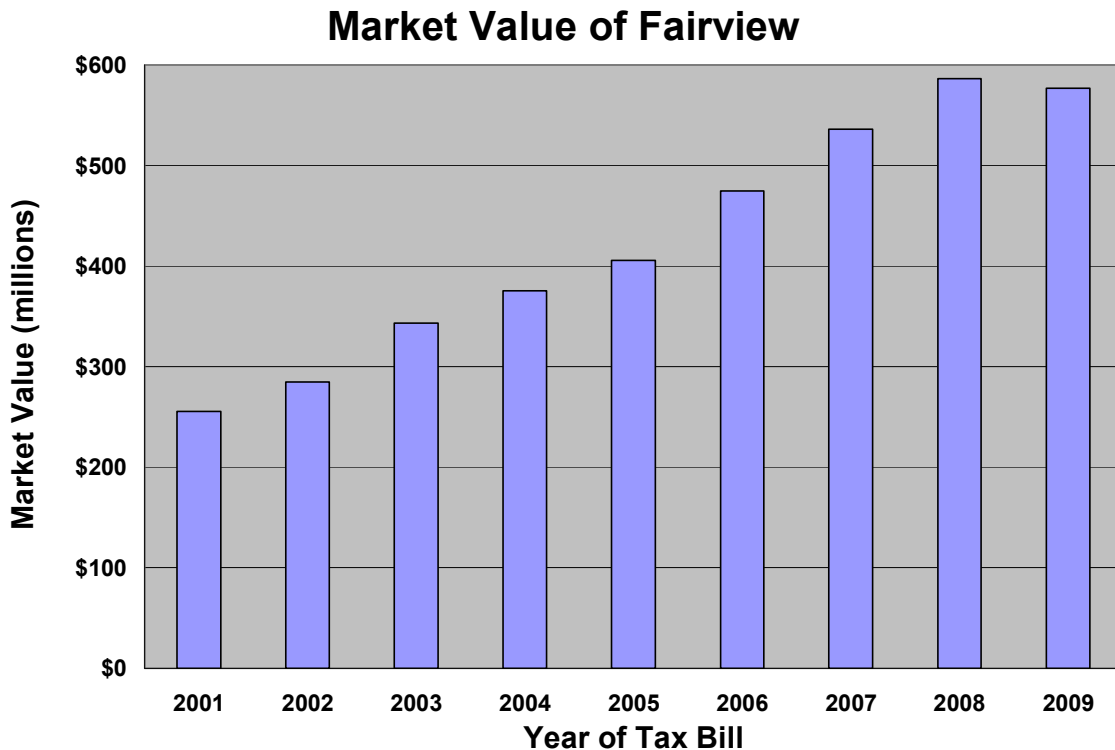
Fairview's Market Value

The following chart shows the market value of Fairview's taxable property for each year of this decade. The data is from References [1], as analyzed in Reference [4], and from Reference [2], similarly analyzed. Reference [2]'s market values are preferred over those in the Fairview Fire District's preliminary budget, since they are more up to date. Presumably, the final budget will use the final market value figures.

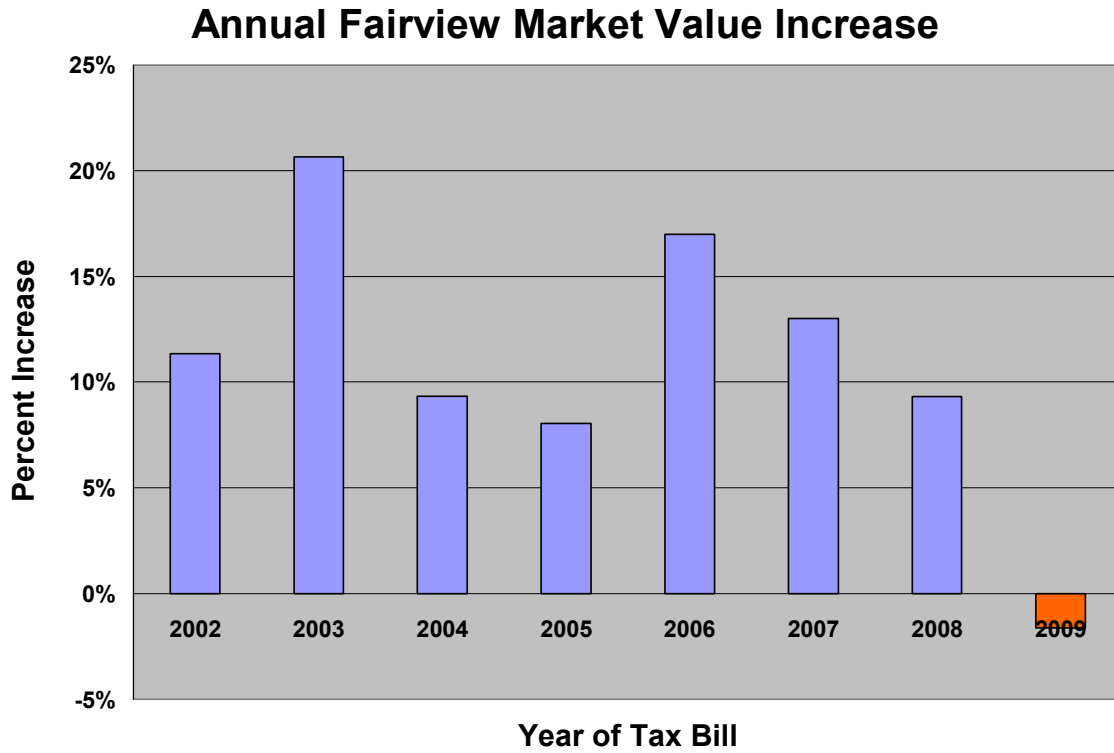
It is important to understand that *the market value shown for a given year is the one used to compute the tax bill for that year*. For example, the year 2008 refers the market value used to compute fire taxes due on February 29, 2008. Since market values must be computed retrospectively, fire taxes paid in 2008 are based on the 2007 assessment roll, which in turn is based on the market value of properties on July 1, 2006. In summary, *the 2008 figure refers to Fairview's market value on July 1, 2006*. For more details on this point, see Reference [4]. Similarly, *the 2009 figure refers to Fairview's market value on July 1, 2007*. This is a preliminary figure, still subject to slight adjustment before being finalized in November 2008.

In addition to the taxable market value numbers presented here, the Fairview Fire District also has substantial amounts of tax exempt property. Tax exempt properties do not participate in fire tax considerations.

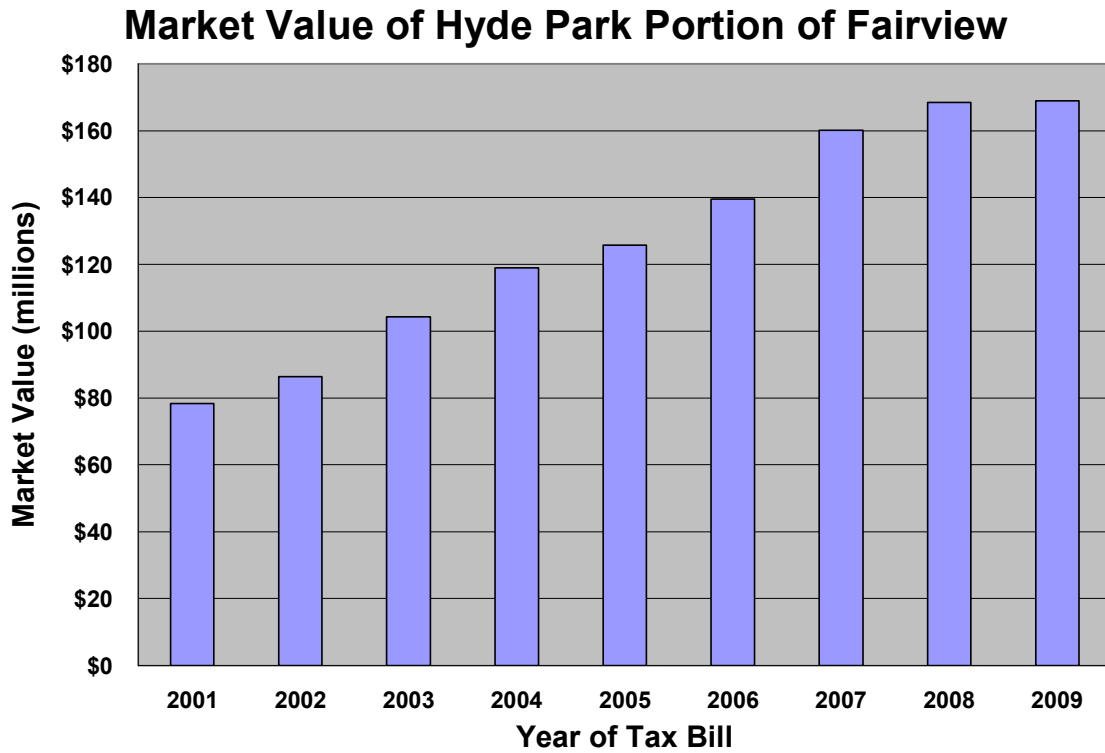
For 2009, preliminary figures show the market value dropping slightly, for the first time in recent history.



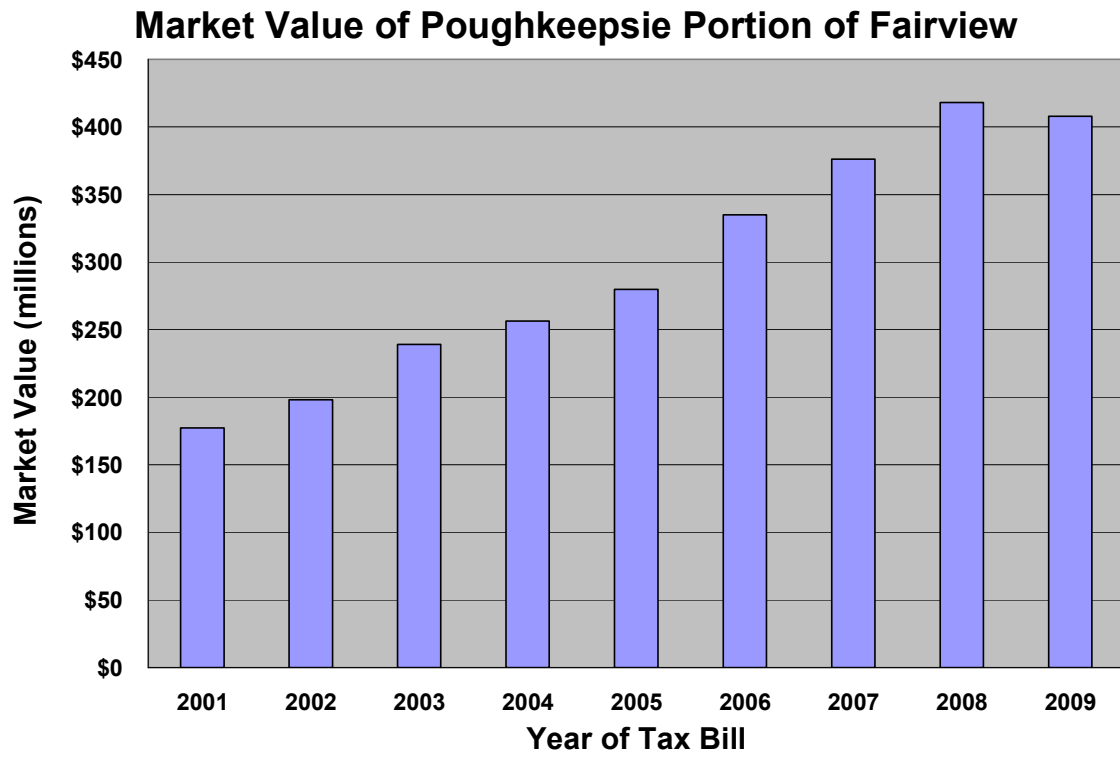
The effect of falling market values can be seen more clearly in the following chart. Fairview's final market value for 2009 tax is projected to drop 1.6 percent. (Once again, this is the market value on July 1, 2007.)



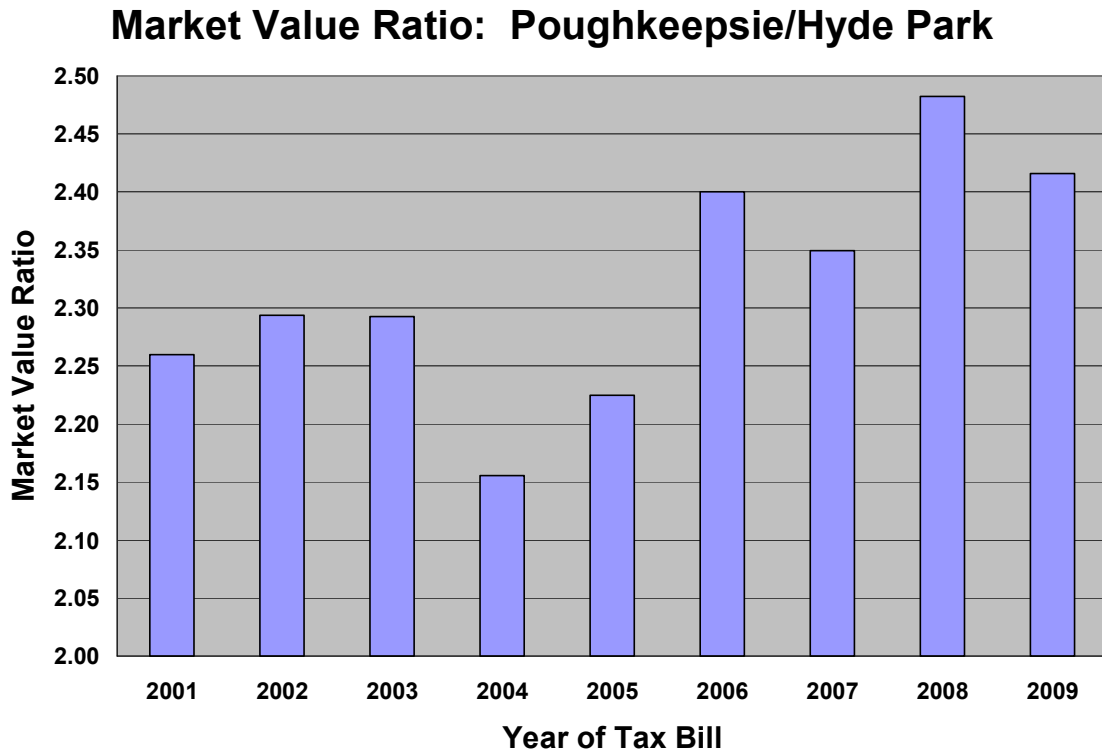
This small drop in Fairview's market value is caused entirely by a drop in the Poughkeepsie portion, as Hyde Park's market value shows a small (0.3 percent) increase:



Poughkeepsie's market value has dropped 2.4 percent for the 2009 tax bill:



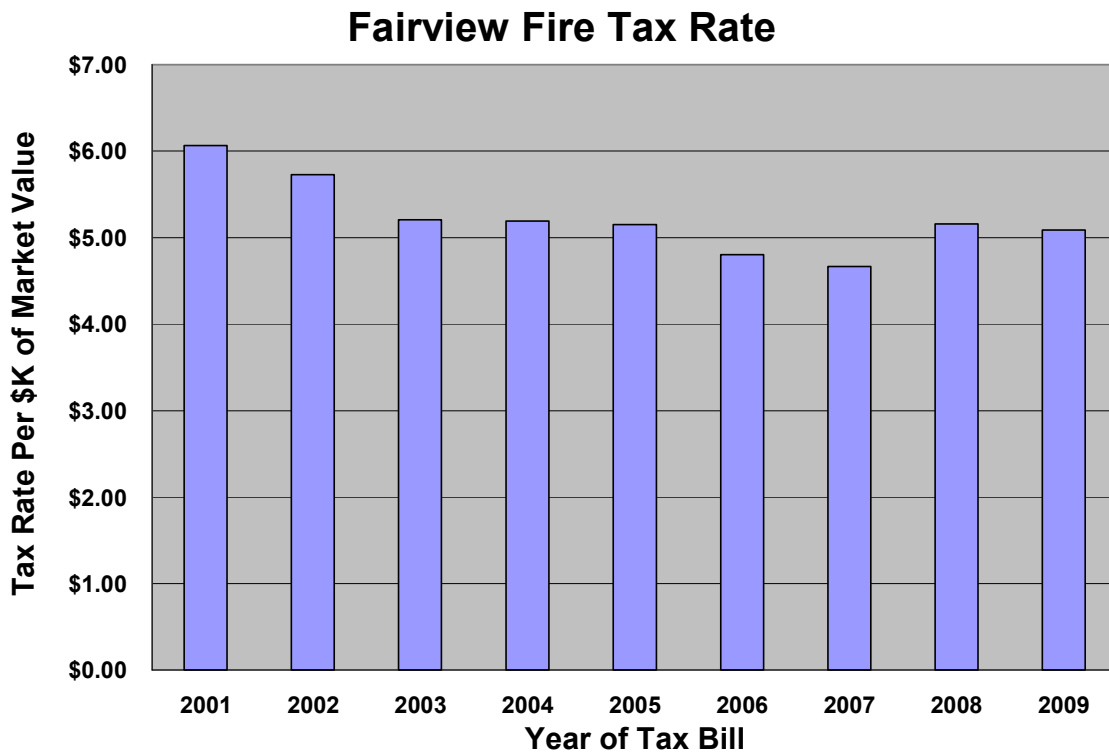
The above small changes in the market values of Poughkeepsie and Hyde Park are reflected in small changes in the ratio between the market values of the Poughkeepsie and Hyde Park portions of Fairview. This ratio has hovered around 2.4 for the last few years. Thus, Poughkeepsie's taxable market value is approximately 2.4 times that of Hyde Park.



Equitable Fire Tax Rate

The equitable fire tax rate is simply the ratio of the fire tax levy to the (taxable) market value of Fairview. According to the above charts, the fire tax levy will drop 2.9 percent for 2009, while Fairview's market value dropped 1.6 percent. Therefore, Fairview's equitable fire tax rate for 2009 will drop a small amount, compared with 2008. The chart below shows that this is indeed the case: The fire tax rate will drop \$0.07 from \$5.16 to \$5.09 per thousand dollars of market value.

According to New York State law, *the fire tax paid on a given property is simply the market value of the property multiplied by the equitable fire tax rate*. For more details, see Reference [4]. Fairview's fire tax rate has remained remarkably steady over the years at about \$5 per thousand dollars of market value, even as property values and the tax levy have changed significantly:



The above chart shows the *equitable* fire tax rate – the rate to be used in tax calculations according to New York State law. For 2009, this is the rate that is expected to be used. For 2007, it is the rate that was actually used. *However, for 2008, 2006, and all previous years, no properties in Fairview paid according to the equitable rate*. Generally, Hyde Park properties paid at a higher than equitable rate, while Poughkeepsie properties paid at a lower than equitable rate. For details, see Reference [4].

For historical reasons, tax bills show fire tax rate in units of per thousand dollars of *assessed* value, rather than per thousand dollars of *market* value. Conversion between the two units is through the equalization rate. For more details on equalization rate, and how it unnecessarily confuses property tax issues, see Reference [4].

2009 Fire Taxes

Appendix A calculates the projected 2009 fire taxes using the most recently available projections for 2009 (References [2] and [3]), and the methodology of Reference [4]. The results can be summarized as follows:

For properties in the Hyde Park portion of Fairview:

- If your assessed value is unchanged since last year's, your fire tax will decrease by 14.7 percent, compared with last year's tax.

For properties in the Poughkeepsie portion of Fairview:

- If your assessed value is unchanged since last year's, your fire tax will increase by 5.3 percent, compared with last year's tax.
- If your assessed value decreased since last year's, your fire tax will decrease by approximately 5 percent less than your assessed value decreased.

Once again, as noted on page 2, the differences between Hyde Park and Poughkeepsie tax changes are due entirely to mistakes made in 2008 tax apportionment, as explained in detail in Reference [4].

References

- [1] Pamphlet *2008 County, Town, School & Village Tax Rates*, and similar pamphlets for previous years, published by the Dutchess County Real Property Tax Service Agency (RPTSA), 22 Market St., Poughkeepsie, NY 12601. All these pamphlets are available at <http://www.co.dutchess.ny.us/CountyGov/Departments/RealPropertyTax/12485.htm>

- [2] Preliminary 2009 taxable assessed values for the Hyde Park and Poughkeepsie portions of the Fairview Fire District as of October 6, 2008, obtained from the Dutchess County Real Property Tax Service Agency (RPTSA), 22 Market St., Poughkeepsie, NY 12601 (private communication). These preliminary assessed values are slightly more up-to-date than the values used in Reference [1]. Final values will be available in November 2008.

- [3] Fairview Fire District's proposed 2009 budget, available on the web at <http://fairviewfd.net>.

- [4] *Unfairness in Fairview – Inequitable Apportionment of the Fire Tax Levy*, by Bill Rubin, September 11, 2008. Available as **Document #5** at <http://home.roadrunner.com/~billrubin/FairviewFireTax>.

Appendix A – Preliminary 2009 Tax Calculations

The following data is from References [1] and [2]. Not shown are the equalization rates for Hyde Park (45 percent) and Poughkeepsie (100 percent).

Market Value

Market Value	Hyde Park	Poughkeepsie	Fairview	Hyde Park Assessed Value
2008 tax year	\$168,360,633	\$417,903,094	\$586,263,727	\$75,979,941
2009 tax year	\$168,844,313	\$407,919,224	\$576,763,537	
Increase amount	\$483,680	-\$9,983,870	-\$9,500,190	
Increase percent	0.29%	-2.39%	-1.62%	

The following table shows the apportionment and tax rate calculations, similar to those of Reference [4]. The 2009 tax levy is from Reference [3]. Small differences in results, compared with Reference [3], are caused by my using more up-to-date market values (Reference [2]).

Apportionment

2009 Tax Year	Hyde Park	Poughkeepsie	Total or Difference	Hyde Park (Assessed Value)
Market value	\$168,844,313	\$407,919,224	\$576,763,537	\$11.310
Percent of total market value	29.27%	70.73%	100.00%	
Tax levy	\$859,345	\$2,076,135	\$2,935,480	
Tax rate per \$K of market value	\$5.090	\$5.090	\$0.00	
2008 tax rate per \$K market	\$5.965	\$4.834	\$1.131	
Rate increase amount	-\$0.875	\$0.256	\$1.131	
Rate increase percent	-14.68%	5.29%	19.97%	
2008 tax levy			\$3,024,305	
tax levy decrease amount			\$88,825	
tax levy decrease percent			2.94%	

The following table applies the tax rate results of the above apportionment table to Hyde Park and Poughkeepsie properties whose market values have increased or decreased since the 2008 tax year. These results are summarized in the main text.

2008–2009 Tax Increase				
Comment	Property Value Increase	Hyde Park	Poughkeepsie	Pok. Tax increase minus property increase
Hyde Park tax unchanged	17.20%	0.00%	23.40%	6.20%
average Hyde Park property	0.29%	-14.43%	5.59%	5.31%
property value unchanged	0.00%	-14.68%	5.29%	5.29%
average Poughkeepsie property	-2.39%	-16.71%	2.78%	5.17%
	-5.00%	-18.94%	0.03%	5.03%
Poughkeepsie tax unchanged	-5.03%	-18.96%	0.00%	5.03%
	-10.00%	-23.21%	-5.24%	4.76%
	-15.00%	-27.47%	-10.50%	4.50%
	-20.00%	-31.74%	-15.77%	4.23%