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County tax bite uneven  
Steinhaus' plan wouldn't freeze landowners' bills  
**By David Paulsen**  
***Poughkeepsie Journal***

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PINE PLAINS — Carl Popp's property on the Columbia County line isn't the most obvious case study in the ongoing debate over property tax reform.

There doesn't seem to be much to tax on Popp's 232 acres other than woods and fields. The farmhouse there is in need of repairs, so Popp and his wife live in LaGrange.

Popp, 57, loves northern Dutchess County, but owning land there comes at a price. He and other Pine Plains property owners are on the receiving end of some of the largest tax rate increases in the county this year.

They aren't the only ones getting hit. A Journal analysis of Dutchess County's 2007 budget proposal and state tax data found county tax rates in most Dutchess municipalities would increase even if the county freezes its base rate, as proposed by County Executive William Steinhaus.

So far, much of the debate in the Hudson Valley over tax reform has focused on school taxes, typically the largest piece of the local tax pie. But county taxes are part of that pie, and the Journal found the cost could increase dramatically for many Dutchess taxpayers.

Pine Plains would be hit the hardest, according to the Journal's analysis. The town's county tax rate would increase by more than 20 percent under the proposed county budget. Smaller double-digit rate increases would be in store for 12 other towns and the City of Beacon.

About 200 acres of Popp's property is in Pine Plains. A 20 percent rate increase there would add more than \$200 to his county bill. His school taxes on that land already went up \$550 this year.

"It would break my heart if I had to sell it for development, but it might come to that if these taxes keep going up," Popp said.

Steinhaus and other Dutchess officials say there is no way of knowing precisely how the 2007 budget will affect individual taxpayers until the budget is approved in December.

"That's not an analysis that we do," Budget Director Valerie Sommerville said. "It's going to vary from town to town based on other variables that are really beyond our control."

It is true that individual tax bills depend on a number of factors, including the property owner's tax exemptions, new construction on the property and differences in the housing market from community to community.

But the county already has access to the key data — equalization rates updated annually by the state — that it will use to convert its base tax rate into the adjusted rates reflected in taxpayers' bills.

An equalization rate is a ratio between the assessed value of a property and what the state Board of Real Property Services estimates its market value to be. Those assessed values tend to be a fraction of market values.

The rates are necessary because not all municipalities assess property values the same. They are used to balance tax burdens within school districts and counties that draw property taxes from more than one municipality. Dutchess County imposes property taxes on landowners in 20 towns, eight villages and two cities.

## **Balancing act**

The equalization rates seek to ensure that a person living in a municipality with low property-value assessments pays a fair share of taxes when compared to a landowner who lives in a municipality with assessments that are much closer to market values.

The ratio is derived by dividing the total assessed value of all property in a municipality by the total market value. If the assessed value of all property in a town was \$50 million and the market value was actually \$250 million, its equalization rate would be 20 percent.

With the adjusted rates, property owners can use their most recent property assessments to estimate their 2007 county taxes.

For example, the 2007 county rate in the Town of Poughkeepsie would be \$5.78 per \$1,000 in assessed value, according to the Journal's analysis. That's a 12 percent increase over the 2006 rate.

It would add \$80 to Roger Higgins' tax bill.

Higgins, the Democratic leader in the Legislature, owns a home in the Poughkeepsie hamlet of New Hamburg. In the last budget cycle, his county taxes went up about 7 percent even though the county's base property tax rate fell.

"I think a lot of people misunderstood and felt there would be no tax increase," Higgins said.

Part of the confusion stems from the difference between the tax rate and the tax levy. The levy is the total amount in property taxes collected by the county, and Steinhaus' proposed 2007 budget would increase that amount by 15 percent.

The levy has a direct effect on tax bills, but new construction throughout the county helps. With more property to tax, the county can reduce the burden on existing property.

But new construction isn't expected to offset all of the proposed 15 percent increase.

"I don't think anybody's saying that taxes aren't going up," said Legislature Chairman Brad Kendall, R-Dover Plains.

He also noted the property tax levy isn't the Legislature's only consideration. Sales taxes are the county's largest single revenue source, and Steinhaus has proposed reinstating a full sales tax on clothing as an

alternative to raising the county's base property tax rate.

The base rate can be confusing, too, because it is adjusted for each town before the county sends out its tax bills.

For example, Steinhaus proposes freezing the base rate at \$2.57 per \$1,000 of real property value, but in East Fishkill the rate would be adjusted to about \$26 per \$1,000 of assessed value. Property assessments there lag farther behind market values than anywhere else in the county.

Similar adjustments are made by school districts that overlap several municipalities. The results are based on the equalization data from the state, and the intent is to collect taxes fairly from communities with different assessment levels.

## **Full market value**

Some communities, such as the Town of Milan, have conducted comprehensive revaluations to bring property assessments up to market values.

"The biggest part of it is, I believe, you help to maintain equity in your tax roll," Milan Assessor William Gallagher said.

County rate adjustments aren't necessary in these communities, so their 2007 rate would be the \$2.57 proposed by Steinhaus. Taxes still would increase if assessments increased.

The City of Poughkeepsie completed a revaluation this year, and eight southern Dutchess communities will finish a joint revaluation next year. But until the rest of Dutchess County has assessed values at the same percentage of market values, county tax rates will continue to vary.

The reason some communities are hit harder than others has nothing to do with the county budget.

The state figures reflect estimated changes in the real estate market in each town. Pine Plains faces the highest county rate increases of any Dutchess town because, according to the figures, property values there rose faster than anywhere else in the county.

Popp, an IBM retiree, calls county taxes the "least onerous" of the local taxes he pays on his Pine Plains property, but overall, property taxes are forcing him to make tough choices.

He sold one of his barns rather than fix it up and risk an even bigger tax bill.

His taxes on the property have tripled over the past three decades, he said, and he worries they will triple again in the coming years.

"It's just becoming out of control," he said. "Something has to be done."

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