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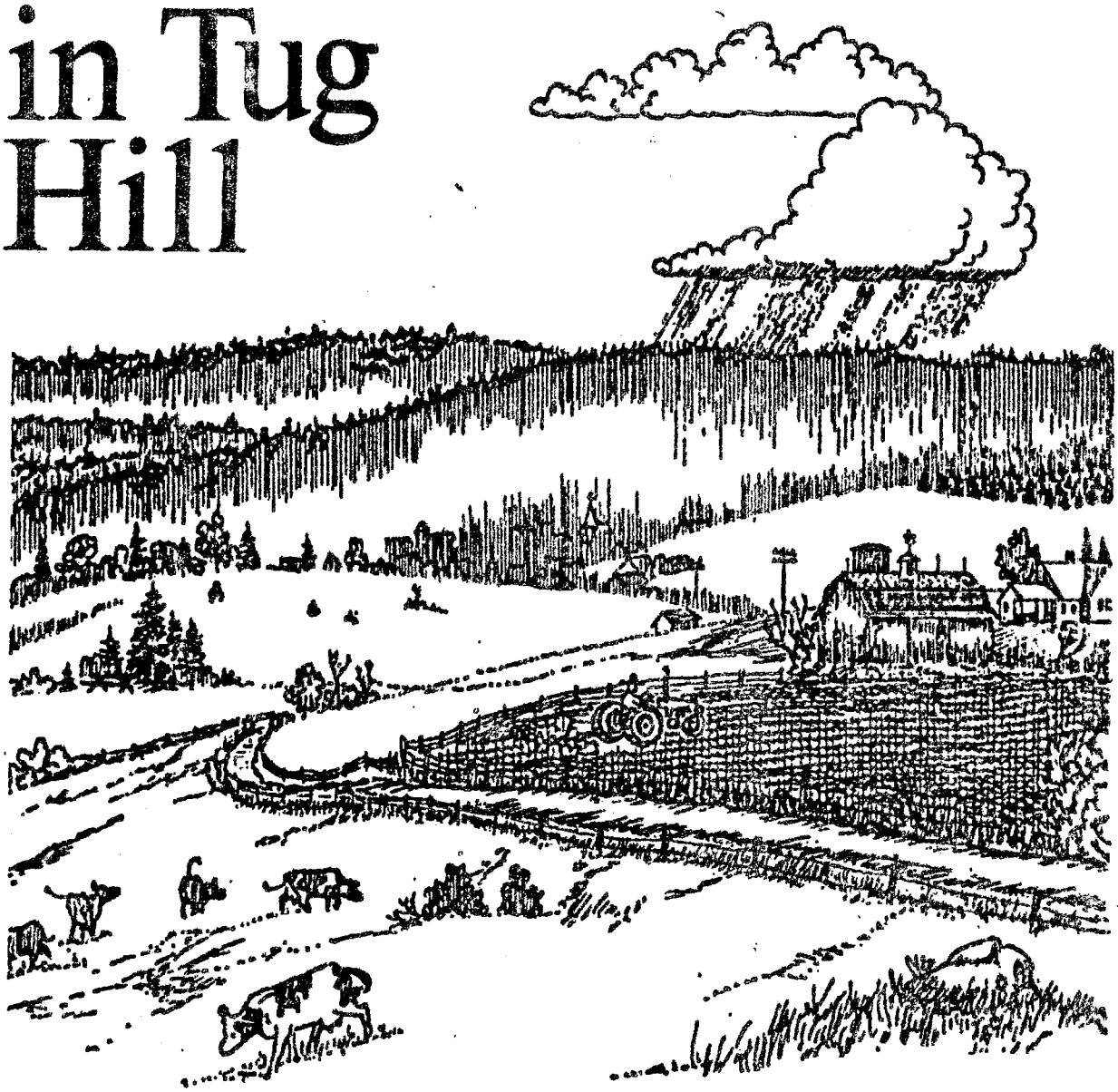
Land Taxes in Tug Hill



The Temporary State Commission on Tug Hill
Watertown, New York 13601 June, 1980

LAND TAXES IN TUG HILL

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July 1980

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A very sincere thanks is extended to the Jefferson, Lewis, Oneida, and Oswego county property tax directors, the New York State Division of Equalization and Assessment, and Tug Hill town assessors for the insight, time, and information they provided.

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Supplemental Reports

Cost of Services and the Real Property Tax: An Examination of the Concept. Dorsey, 1979.

Forest Taxation Without a Policy. Dorsey, 1980.

LAND TAXES IN TUG HILL
FINDINGS AND RECOMMENDATIONS

In 1979, the Tug Hill Commission initiated a program to examine several concerns over land sales and land taxation in this very rural part of New York. Those concerns included 1) the effects of full value reassessment, 2) the influence of nonresident land purchases on land prices and assessments, 3) the appropriateness of market value assessments for farm and forest lands, 4) the overall burden of the property tax on Tug Hill communities and residents, and 5) the relation between the property tax and public services to landowners.

The Property Tax and Public Services

The property tax supplies 40 percent of town revenues and one fourth of county revenues, on the average. One quarter of the average property tax goes to the town, one quarter to the county and one half to schools. Most town revenues go toward highways. About one half of county taxes, or up to 20 percent of an individual's total property taxes, goes toward economic assistance programs. One means towards increasing the equity of the property tax is to reduce its overall size and to increase its relation to the property-related services by shifting economic assistance costs to the state level, to be covered by the income tax or other state level taxes.

Full Value and Tax Shifts

Achieving fairness in the property tax will require going to the full value standards as mandated through the Hellerstein decision. Effects of going to the full value standard in Tug Hill towns are not predictable. The potential for shifts, however, suggests that classified assessments that can be adapted to local impacts, within state-set guidelines, would be most advantageous.

Property Tax Administration

The December 31, 1980 deadline for completing full value is unrealistic. The deadline should be moved back to allow communities to continue reassessment work in good faith, but with effective assessor involvement and citizen education. Countywide full value reassessment seems to be the best approach, and the best means for assessor involvement.

Farm and Forest Taxes

Farm, forest and "vacant" lands tend to be underassessed in Tug Hill towns, but this is not true in all towns. Full value reassessment will probably tend to shift taxes to these lands, and increase the use of farm and forest property exemption programs. Existing farm land exemptions have had significant impacts in only a few Tug Hill towns. Existing forest land exemptions have not been used at all.

A new method of calculating farm values will probably tend to increase farm exemptions beyond the effect of full value reassessment. If shifts become large, consideration of a state reimbursement mechanism may be in order.

Forest land tax exemptions need to be thoroughly reexamined as have been farm land tax exemptions. Market value assessment of forest lands appears to run counter to the benefits supplied by the forest and the forest products industry, and the productive capacity of the land. A system of setting forest land values on a regional basis as a means of establishing forest land exemptions in line with the capacity of the land is in order. State reimbursement should be provided for declines in revenues attributable to these tax reductions.

Land Market Trends

Interest in Tug Hill lands as an investment for nonresidents, and as a source of fuelwood, appears to be increasing. Through 1978, however, nonresident purchases were declining, and the purchase prices were equivalent to those paid by residents.

Subdivision of woodlots is likely to continue and marginal farmlands will probably continue to be abandoned and revert to forest cover. There is an increase in disposal of recreational lands due to high holding costs.

RECOMMENDATIONS

With these findings in mind, the commission makes the following recommendations.

1. Work toward assessments based on full value as defined in the Hellerstein decision should continue, with the deadline on revaluation extended to December 31, 1983, or a date suitable to allow effective local assessor involvement and citizen education.

2. The transition to full value assessments should be as equitable as possible, especially with regard to homeowners, farmers, and forest owners. Differing tax rates or assessment ratios for a limited number of classes of property, locally established within a range established by the state, appears to be the best means of avoiding undesirable tax shifts. Appropriate changes in section 306 of the Real Property Tax Law should be carried out in the next legislative session.

3. The property tax ought to bear some relation to services provided to the landowner. Basing property taxes directly on the cost of public services provided is not the best approach, however. A step in the right direction would be assumption of the cost of economic assistance programs such as welfare, through state or federal taxes. These important services have little relation to property or the ownership of property.

4. Forest land valuation and taxation needs a thorough reexamination along the lines of the productivity and income capitalization approach for farms examined in 1979 by the Temporary State Commis on the Real Property Tax. Regionally set forest land values sho

be developed to adapt the values of local conditions. Legislation directing development of a new forest land valuation technique should be considered in the 1981 legislative session.

5. Forest tax legislation should provide for calculation of forest land values through a regional group with local and state representation.

6. Fostering forest management through property tax incentives provides benefits beyond individual communities; communities which often have small, undiversified tax bases. Those communities should be reimbursed from general state revenues in proportion to the effective lost assessed value, if any, resulting from forest property tax exemptions.

THE PROPERTY TAX IS THE MOST IMPORTANT REVENUE FOR TUG HILL TOWNS

THE LARGEST SOURCE OF REVENUE FOR TOWNS

The real property tax is the largest single source of revenues, on the average, for Tug Hill towns. Looking at all 39 Tug Hill study area towns, real property taxes have accounted for nearly one-half of all revenues over the years 1974 to 1978. On an individual Tug Hill town basis, the property tax usually ranges from one-third to two-thirds of all revenues, with few exceptions. Federal and state aid, along with other local revenues (fees, redistributed sales taxes, etc.), comprise the rest of town funds (see Table 1-1).

Table 1-1

Sources of Tug Hill Town Revenues, 1974-1978 (Percents)

	Federal Aid	State Aid	Local	Real Property Tax as Portion of All Revenue
1978	13	19	68	44
1977	15	18	67	41
1976	9	21	70	48
1975	9	21	70	48
1974	9	22	69	48

Source: State Comptroller, Special Report on Municipal Affairs, 1974 to 1977, and Tug Hill calculations.

The four Tug Hill counties rely on the property tax for about one-quarter of their revenues. The range of dependency on the property tax in 1977, ranged from 20 percent (in Jefferson County where a sales tax exists) to 40 percent. While towns generate about two-thirds of their own revenue, counties generate about one half. The proportion of state aid to towns and counties has dropped in recent years while the federal share has grown. (See Table 1-2.) This is especially true for counties, though Lewis has kept its share of state and federal revenues low while continuing to rely on local sources.

Table 1-2

Sources Of Tug Hill County Revenues, 1974-1977 (Percents)

	Federal Aid	State Aid	Local	Real Property Tax as Portion of All Revenue
1977	34	19	47	28
1974	32	30	47	26

Source: State Comptroller, Special Report on Municipal Affairs, 1974 & 1977, and Tug Hill calculations.

WHERE THE TAX DOLLAR GOES

An individual's real property tax bill is determined by the money each taxing district (town, school district, etc.) requires to balance its budget after it accounts for all other sources of income, and the portion of the district's real estate value the individual owns. On the average, about one-quarter of an individual tax bill or tax dollar goes to run town government. Another one-quarter helps run county government, and one-half goes to cover school costs.

These proportions vary according to the relative budgets of the town, the county, the school district and other taxers. Table 1-3 shows the variation between five towns in the Tug Hill study area. The percentages in Table 1-3 are presented as illustrations only. For example, a relatively high share to schools in Lorraine could mean a relatively high budget for the school district or a relatively low town budget.

Table 1-3

How Real Property Tax Dollar
Is Spent in Five Sample Towns*
(Percent to:)

Town of	Town	County	Schools
Lewis	22	28	50
Lorraine	29**		71
Osceola	26	42	31
Redfield	24	12	63
Vienna	17	46	37

* All figures are for 1980 tax roll, except Vienna, which is 1978.
** Town and County tax listed together

Source: Tug Hill data derived from county offices of Tax Director and Treasur

Schools generally are the greatest cost on a property owner's real property tax bill, though in Vienna an average taxpayer would be paying more to the county. (Table 1-3 is based on a bill to a taxpayer living in the school district that covers the largest portion of each town.)

Tug Hill town taxes are used primarily today for highway costs (see Table 1-4). County taxes, however, cover a wide range of services, some of which bear little relation to property ownership or property services. Economic assistance is the largest cost by far in all Tug Hill counties except Lewis.

Table 1-4

1977 Major Expenditures for Five Tug Hill Towns
(in thousands of dollars)

	Total	Economic Assistance	Health	Education	Public Safety	Transportation, Recreation and Utilities	General Administration
Lewis	166	---	0.1	---	5	124	12
Lorraine	81	---	0.6	---	1	66	12
Osceola	79	---	0.1	---	1	60	12
Redfield	155	0.1	1	---	3	126	24
Vienna	431	47.8	---	---	7	315.9	51

Source: State Comptroller, Special Report on Municipal Affairs, 1977.

Economic assistance includes "welfare" payments and expenditures for social services administration. These costs have long been an issue for local governments. In 1975, rising welfare costs led to spontaneous welfare revolts among upstate counties. Many counties found themselves in a squeeze between those costs and constitutional tax limits. The core of the problem was the state mandate requiring counties to pay half the state cost of the welfare program.

Another objection raised in 1975 was use of the real property tax to finance social services.

Table 1-5

1977 Tug Hill County Major Expenditures
(in thousands of dollars)

	Total (%)	Economic Assistance (%)	Health (%)	Education (%)	Public Safety (%)	Transportation, Recreation and Utilities (%)	General Administration (%)
Jefferson	36,508 (100)	20,536 (56)	1,876 (5)	764 (2)	990 (3)	4,546 (12)	3,204 (8)
Lewis	12,776 (100)	4,157 (33)	4,820 (38)	121 (1)	392 (3)	1,880 (15)	1,170 (9)
Oneida	84,557 (100)	51,078 (60)	6,429 (8)	1,995 (2)	2,392 (3)	9,498 (11)	7,707 (9)
Oswego	42,140 (100)	20,253 (48)	4,010 (10)	311 (1)	2,065 (5)	7,524 (18)	5,400 (13)

* Percentages by function do not add to 100% since some expenditures are not included

Source: State Comptroller, Special Report on Municipal Affairs, 1977.

SHOULD PROPERTY TAXES SUPPORT NON-PROPERTY SERVICES?

The property tax is considered "regressive". The rich and the poor are taxed alike when it comes to real property. Much of our tax system rests on an assumption that individuals should be taxed according to their wealth. Land was once a fair measure of wealth. Today it is not. Especially in rural areas, landownership may bear little relation to an ability to pay. Most local revenues - property taxes, fees and sales taxes - are regressive in this sense.

Another measure of the correctness of a tax is its relation to the services paid for by the tax. In this sense, the property tax fails again when the money it generates is applied to social service costs such as economic assistance, or other non-property related services such as health care or education. This philosophical failure of the property tax becomes a significant problem when these social service costs become a major part of property tax bills. The property tax seems to be a perennial voter issue, but it becomes most subject to attack when rates climb, as a whole or for individuals. Community reassessment to full value can result in inc tax bills for property taxpayers on an individual basis. As reassessments occur Tug Hill communities, tax shifts are likely to result in increased attacks on th property tax, and probably on the large portion of property taxes that go towar social service costs that bear little relation to the ownership of property.

A situation like this developed in California in the late 1960's. Enforcement of statutory requirements that similar properties be similarly assessed led to tax shifts to homeowners and spurred dislike for the property tax. In 1968, the "Watson Initiative" (named for Phillip Watson, the county assessor of Los Angeles, and listed on the ballot as "Proposition 9") called for two categories of property tax revenue. Those two categories would be revenues going to "people related services" (primarily education and welfare) and to "property-related services" (for example, fire, police and general administration).

> Under the initiative, property-tax revenues for people-related services were to decline annually by 20 percent of their 1969-1970 levels until they were eliminated in 1973. Property tax revenues for property-related services would be limited to 1 percent of a property's current market value.[2]

The "Watson Initiative" did not pass. It did not clearly provide for assumption of "people-related services" costs by the state. Predictions of dire cuts in social programs caused voters to refuse the proposal. Provision for alternative funding, through state taxes, or from the state budget surplus that existed when Proposition 13 was passed in 1978, might have made the difference.

In fact, in 1972, a second Watson initiative (Proposition 14) appeared in California. It had similar provisions except that it spelled out in detail what revenue sources would finance people-related services to include a new school and formula. This time, the proposal may have been too specific.

> The wisdom of hindsight suggests the proposition's failure was due in large part to its own specificity. Its proposed increases in alcohol and tobacco taxes enraged the alcohol and tobacco industries which became the chief financiers of the Anti-14 campaign. Similarly, the explicit proposal to reduce and make uniform expenditures for education unnerved many persons who felt education was still worthy of support and that educational spending was best left at the local level. Moreover, Proposition 14's specificity did not keep Watson's critics (including Governor Reagan) from charging that his calculations were wrong and that the proposition would leave the state with a large revenue gap which could be made up only by substantial increases in income and sales taxes.[3]

Despite these failures of strategy, the concept of shifting people-related services from the real property tax to income-based taxes has the benefit of (1) placing the tax burden for social programs more squarely on those able to pay, and (2) generally relating the residual property tax to services received by property owners. In its 1979 report, the Temporary State Commission on Real Property Tax concludes:

> Until such time as there is recognition by the federal government of a greater responsibility in this area, the Commission recommends that the local share of the cost of social services programs (including Medicaid, Aid to Families with Dependent Children, Home Relief, Foster Care, Adoption Services, Planned Parenthood and Teenage Pregnancy Services

and the like) be assumed by the State. In addition to providing significant real property tax relief for all property owners in the State, this measure reinforces the principle that real property taxes should be used primarily to finance those services which are directly beneficial to real property owners.

The Commission recommends that the full State assumption of local government's share of social services costs be accomplished gradually by the State over a phased period. It is the consensus and the expectation of the Commission that the State assumption of such costs could be financed wholly within the anticipated growth of tax collections and/or the reduction of expenditures in the State's existing revenue structure, without the need to increase any existing statewide tax.

In addition to providing significant real property tax relief for all property owners in the State, this proposal is also one of the most effective methods available to alleviate a portion of the shift of tax burden resulting from statewide revaluation. (See Chapters II and III for a full discussion of assessment and revaluation issues.) Finally, the proposal has popular support as many taxpayers believe that real property taxes should not be used to fund social services programs.[4]

The Temporary State Commission on the Real Property Tax goes on to state that the intent of their recommendation is tax relief, not provision of revenues for more local spending. To accomplish this, it recommends that each municipality cut its tax by an amount at least equal to the increase in revenue resulting from state assumption of social service costs.

IMPLICATIONS OF SOCIAL SERVICE COST SHIFT TO STATE

Tables 1-4 and 1-5 suggest that shifting social service costs to the state level would have little effect on town revenues, but might increase county revenues by one to two-thirds (33 to 60 percent as listed in Economic Assistance column of Table 1-5) if only the economic assistance portion of county budgets were included. Adding health costs to the shift would mean a revenue increase of about two-thirds for each Tug Hill county (a range of 58 to 71 percent if Economic Assistance and Health columns in Table 1-5 are added for each county). If we assume the county taxes comprise about one-quarter of individual tax bills (see Table 1-3), a two-thirds decrease in county taxes could mean an average decrease in individual property tax bills of about one-sixth to one-fifth (18 to 20 percent). This amount would be made up by increased state income tax, if that were the alternative funding source.

Simply looking at major categories as listed on Table 1-4 as an estimate of people versus property-related services may not be accurate. Any such designation between services is bound to be at least somewhat arbitrary. One independent analysis of a Lewis County budget, listed in Table 1-6, shows that an estimate of about two-thirds of a budget in people-related services is a fair rule of thumb even when finer distinctions are used.

Table 1-6

Separation of Lewis County General Budget Categories Into General Administration, Services to Property, and Service to Persons.*
(1979 Adopted County Budget)

General Fund Appropriations	General Administration	Services to Property	Services to Persons	Total
General Government Support	$ 800,787			$ 800,787
Education			$ 161,750	161,750
Public Safety	74,044	$ 227,549	90,571	392,164
Health	1,067,580		5,350,099	6,417,679
Economic Assistance & Opportunity	121,151		4,142,656	4,263,807
Culture & Recreation	3,052	11,355		14,407
Home & Community Services		113,825		113,825
Undistributed				
Employee Benefits	400,545			400,545
Inter-fund Transfers	50,000	116,131		166,131
Debt Service (Principle Interest)		137,700	221,738	359,438
Federal Enterprise Fund				
Public Safety		23,994		23,994
Health			10,000	10,000
Culture-Recreation		14,555		14,555
Undistributed		314,000		314,000
County Road Fund		1,040,490		1,040,490
Road Machinery Fund		383,230		383,230
Total	$2,517,159	$2,382,829	$9,976,814	$14,876,802
Percent of Total	16.92	16.01	67.06	0.99

Notes

*In general, the criteria for separating these funds is as follows: General Administratio includes general government activities, salaries, fringe benefits, operating and maintenance ex penses. Services to property are those activities directly beneficial to physical structures while services to persons are activities benefiting individuals. Obviously, some separations are arguable but only public safety and debt service involve that division.

Education, arguably a service somewhat more property-related than health and welfare, is a very different issue. Individual district budgets are not directly the result of state mandates. In fact, referenda on school budgets are probably the most direct voter control of program and spending in our system of government.

While this degree of local control is highly desirable, court decisions have generally found education financing based primarily on property taxes inequitable in the educational opportunities available to students.

The complexity of alternatives for improving the equity of school financing, and the importance of local control of this largest component in most tax bills, gravitate against a recommendation that school financing be shifted to the state level at this time.

REFORM OF PROPERTY TAX ADMINISTRATION

The amount of revenue that is and can be derived from the property tax is a fundamental policy question. It hinges on decisions about the size and cost of government and on the amount of debt government can incur. Equity in collecting that tax is also a fundamental question, but one clearly grasped in law: "All real property in each assessing unit shall be assessed at the full value thereof."[5] Achieving that standard, however, requires that assessors have the time, training, skills and information to do the job properly.

It is acknowledged that the quality of assessing is varied, but generally poor, in New York. Assessors do not have good information on market values of property, and they often have little time to thoroughly review the rolls or to develop skills through training. Efforts to improve the quality of assessing has become more important as New York courts have supported the full value standard, especially in the Hellerstein decision of 1975.[6]

Article 15-A of the Real Property Tax Law (Chapter 957, Laws of 1970) established standards and training requirements for assessors, but also provided a waiver for towns which chose to retain elective assessors.[7] That legislation also required creation of county real property tax service agencies to advise assessors, prepare tax maps, and assist in the training of assessors.[8]

A new report from the State Division of Equalization and Assessment (SDEA) concludes, however, that this system of town assessors and county real property tax offices is not sufficient to assure fair assessment of property.[9] The report recommends transfer of the assessment function to the county level through constitutional amendment, and cites Governor Carey's 1980 message to the state legislature.

> Clearly, we must consider the elimination of constitutional and statutory impediments to agreements among governments to consolidate, to contract with each other for services, and to otherwise cooperate. Thus, I will work with you and representatives of local government to develop a long-term program of restructuring for the 1980's aimed at encouraging optional local government service delivery methods.

An intervening step in shifting to county assessing would be statutory authorization for counties to prepare county-wide assessment rolls for use by school districts.[10] Each of these recommendations appears to be a reasonable step toward improving local assessing.

An additional step should be improved opportunities for assessor training through county property tax offices. Jefferson County plans to accomplish this through a county-wide reassessment project that will involve assessors in the full value reassessments to provide training and to increase assessor acceptance of new proposed rolls. The county-wide approach also should help to avoid undesirable effects that can result from individual communities going to full value (that is, more rapid rate increases in assessed value relative to communities not yet reassessed, and the resulting differentials in apportioning county taxes and state aid).

The SDEA further recommends an extention of the full value moratorium to 1983.[11] The impracticality of the present 31 December 1980 deadline dictates that the deadline be extended to a date that reasonably allows communities to do a thorough job with local assessor involvement.

The report does not take a clear position on classified assessments, but appears to support homestead exemptions as an alternative. While revaluation impacts are virtually impossible to predict with the analysis carried out in New York to date, a local option for setting classified rates within a state-set range appears to be the best route for addressing the adverse tax shifts that appear likely in going to full value, based on experiences in other rural parts of New York.

Footnotes

[1]Janice Prindle, "Gathering Storm Over Local Welfare Costs", Empire State Report, November 1975.

[2]Frank Levy, "On Understanding Proposition 13", The Public Interest (56), Summer 1979, p. 69.

[3]Ibid., p. 72.

[4]Temporary State Commission on the Real Property Tax, Report, March 1979, pp. 18-19.

[5]New York Real Property Tax Law, Section 306.

[6]New York Court of Appeals in Matter of Hellestein v. Assessor, Town of Islip, 37 N.Y. 2d 1, 1975.

[7]New York Real Property Tax Law, Sections 1556 and 1557.

[8]New York Real Property Tax Law, Section 1532.

[9]State Division of Equalization and Assessment, Report on Proposed Reforms in Real Property Tax Administration, February 1980.

[10]Ibid., pp. 24, 25.

[11]Ibid., p. 8.

NATIONAL AND REGIONAL LAND MARKET TRENDS

The past decade has brought great change in the use of rural land. Development has created greater demands for rural land. Some specific causes of this increased demand are rising incomes, decentralization of industry, increased settlement of retired people in rural areas, expansion of state institutions, increased recreational opportunities ad pursuits such as farming as a hobby and second home development, the appeal of country living, and the use of rural lands as short-term, high-yield investments.[1] However, Business Week reports that rising fuel costs and rapidly increasing home mortgage interest rates and restrictions may now be countering these trends.[2]

The balance between pressures that result in land sales and changed land use, and pressures that discourage sales and change, vary from area to area. Wealth, closeness to cities, productivity of the land, and overall population trends are among factors that may finally determine whether an area's land market is active or stagnant.

We can do little better than guess what factors are affecting a particular area's land market. National data is even limited as to the volume and type of land sales occurring. This section reviews information of national sales trends, and contrasts it with the Tug Hill area.

Over the past five years, there has developed a general trend of rising sales, sale of smaller-sized parcels, and higher prices throughout the nation.[3] Business Week (same article as before) reports that land-buyer interest was at peak intensity in 1979. Farm, seasonal home, and other natural rural lands are predicted to retain their 10 percent annual land value appreciation rates. After-tax net incomes derived from rural land speculation are expected to remain at 12 to 20 percent annually.[4]

Undoubtedly, much of the increased demand for rural lands is due to a recent trend in which incorporated towns and villages of 2,500 persons or less (not adjacent to large urban areas) appear to be increasing in population.[5] This new growth is diffused to low density, small towns and villages, and the surrounding open lands.[6] Many reasons account for this turnaround in growth trends, including (1) the expansion and improvement of our highways has allowed people to live in more rural areas while retaining their jobs in larger urban places, (2) a general migration of retired people to rural areas; and (3) the perception of increasing numbers of people that rural life is of higher quality than urban life.[7]

From studying five rural areas throughout the nation, Healy and Short have determined that the rate of rural land transfers has generally been increasing since the late 1960's.[8] In the late 1960's, there was a significant increase in the transfer rate, especially in 1969. Numbers of transfers in the five rural areas they examined reached a peark in 1972-1973 but were followed by a sharp decline in 1974-1975. However, all regions' transfers, except for New England's, appeared to have recovered since this 1974-1975 law. The nationwide transfer pattern for agricultural land and operating farms declined in the 1960's through 1970, rose in 1971-1973, and then declined again to the present. Healy and Short attribute these rises in rural land market attitity to speculative demand, demand for land as an inflation hedge, demand associated with higher prices for farm and forest products, demand for rural primary and recreational homesites,

retirement demand, and demand by foreign investors.[9]

With this new demand may come control of more rural lands by nonresidents. Consequently, there can be some conflict in rural land values and over how the land will be used in the future. In Healy and Short's case studies, an increase in nonresident rural land ownership was observed. In "West Windsor, Vermont, and Plainfield, New Hampshire study sites, in 1954 only nine percent of landowners lived more than 30 miles away; by 1976, some 23 percent did (the vast majority out-of-state). In Tyler County, Texas, 31 percent of the landowners in 1954 lived outside of the county; by 1976, 58 percent were non-county residents."[10] In many areas, traditional resident landowners are starting to express concern for this trend on the basis that the rural atmosphere may change so much that they will lose their rural lifestyles.

FEWER BUT BIGGER FARMS AND LESS RECREATIONAL DEVELOPMENT

The size of land parcels are a function of past land uses and the economic forces at play in an area. In terms of property size trends, the various land uses have been experiencing different effects in the past five years.

The average size of farms in 1979 was 449 acres, 6 acres larger than the previous year's average and 23 acres larger than the 1975 average.[11] Nationwide, farms are becoming fewer but bigger. The five regions that have been most affected by the decrease in total farmland are the Northeast, Lake States, Pacific, Delta, and Appalachian regions. The Northeast was the only region in which less than 50 percent of farm transfers went for farm enlargements.[12]

As some farmland is being consolidated, other rural lands--especially forestland and marginal cropland--is being divided. Large-scale rural recreation subdivisions have not recovered from their 1974-1975 slump and probably will not in the immediate future, due to high building and finance costs, fuel costs, and increased environmental regulation. To avoid these three impediments, some new subdivision budgets have opted for small to medium sized (5-40 acres) parcels.[13] Subdivision, in general, has been found to be fairly high during the last two decades and in each of Healy and Short's case study areas, there was an increase in the number of small holdings at the expense of large ones. However, the total number of acres affected has been low.[14]

INVESTORS INCREASING RURAL LAND PRICES

Increased demand for rural lands has led to rapidly rising rural land prices within the past decade. In general, prices per acre are strongly influenced by parcel size, with smaller parcels receiving higher prices per acre than large parcels.[15] Healy and Short report that these rural land prices have increased at phenomenal rates in many areas just over the past 10 years. From their case studies, they concluded that per acre price increases of from $200 to over $1,000 were common.[16]

Footnotes

1. Glenn V. Fuguitt, J. C. Doherty, 1979, Growth and Change in Rural America, The Urban Land Institute, Washington, D.C., pp. 59-63.
2. "Investing in Rural Land," Business Week, April 30, 1979, p. 108.
3. Robert G. Healy, James L. Short, "Rural Land: Market Trends and Planning Implications," Journal of the American Institute of Planners, July, 1979, pp. 306-314.
4. "Investing in Rural Land," Business Week, April 30, 1979, p. 106.
5. Glenn V. Fuguitt, J. C. Doherty, 1979, Growth and Change in Rural America, The Urban Land Institute, Washington, D.C., p. 11.
6. Ibid., p. 39.
7. Ibid., p. 17.
8. Robert G. Healy, James L. Short, "Rural Land: Market Trends and Planning Implications," Journal of the American Institute of Planners, July, 1979, p. 306.
9. Ibid., p. 306.
10. Ibid., p. 307.
11. Farm Real Estate Market Developments, U. S. Department of Agriculture, Economics, Statistics, and Cooperatives Service, CD-84, USDA, Washington, D.C., August, 1979, p. 8.
12. Ibid. pp. 8-11.
13. Robert G. Healy, James L. Short, "Rural Land: Market Trends and Planning Implications," Journal of the American Institute of Planners, July, 1979, p. 309.
14. Ibid., pp. 309-310
15. Ibid., p. 312.
16. Ibid., pp. 310-313.

TUG HILL LAND MARKET

LOCAL CONCERNS OVER LAND SALES AND TAXES

The Tug Hill Commission was created in 1972, and directed to study ways to provide for the "general well-being of the rural communities" of the area, and to provide for the development of the region while protecting it from unplanned growth.[1]

That charge was echoed by the people of the Tug Hill area. "Keep Tug Hill the way it is", was a sentiment often expressed at public forums in 1975 and since.

> Keeping Tug Hill "the way it is" includes preserving the life style, the beauty, the access to fishing and hunting, the opportunity to make a living farming, and the wish to be independent and decide one's own future.[2]

The costs of owning land and making a productive living from that land are central to maintaining the character of Tug Hill. A 1974 study found land development pressure was increasing nonresident ownership of ever smaller parcels of land, and increasing the cost of land. At that time, the commission predicted that this trend, if unchecked, would lead to predominantly nonresident ownership of most Tug Hill core lands.[3]

In fact, that concern came at a time when the recreation and second home market was slumping throughout the nation. The mid-1970's saw the beginning of rising gasoline prices, and pundits' speculation that commuting and weekend trips would be severely curtailed. Increasing mortgage rates would seem to be one more factor in the late 1970's to turn back the second home market that seemed so vigorous early in the decade.

These trends might have put an end to concerns about nonresident subdivision of Tug Hill land. Other factors appear to have maintained interest in the Tug Hill land market, however. Many nonresident landowners in Tug Hill have been nearby nonresidents from the Syracuse and Utica-Rome areas, rather than more distant, large cities. Gasoline prices probably are not as big a factor for people who would drive only 50 or 60 miles to a weekend home.

Increased home heating with wood may be contributing to interest in owning rural woodlots. Beyond these factors, land appears to have become an important investment and hedge against inflation for some people. Studies also include that "nonmetropolitan" population growth continues as people leave metropolitan areas, seeking a rural life.

If these factors are in fact operating, we can expect subdivision of Tug Hill land to continue, and a considerable nonresident component to play a role in its land market. Several hypotheses or working assumptions have formed this study of real property taxes and the land market in Tug Hill. Each hypothesis bears a relation to the goal of maintaining the rural character of the area while keeping, or bringing, its lands into productive use.

EXAMINING SALES, RESIDENCY, PRICES EXEMPTIONS, AND TAXES

To get a better idea of land sales and taxes in Tug Hill, we briefly reviewed all land sales over the past five years. Selected land sales were then examined more closely. Finally, to get a more complete picture of the recent land use, sales and taxes, we examined five "case study" towns. The methods used are explained in Appendix A. Appendix B details the information presented in this section.

Residency of Landowners

Our working assumption has been that new, nonresident land purchases would tend to increase land prices and decrease land availability making land more difficult for existing residents or landowners to hold or acquire. This might happen in an active marketplace with many nonresident sales occurring, or in an inactive marketplace where several sales at high prices could distort the market and thereby appraisals and equalization rates.

Sales Prices

Our working assumption has been that developmental pressures and involvement of nonresidents in the local land market can drive up prices beyond those that existing residents or landowners can afford, and beyond what the natural productivity of the land can support in terms of initial purchase price and annual real property taxes.

Real Property Tax Burden

In the five case study towns, tax levies by land use are detailed over several years to determine the relative land tax burden. Differences between towns in land tax burdens for similar land use types are a function of assessing practices (on the average, differences in the percentage of full value at which the assessor assesses that class of property) and the portion of local budgets that must be paid for by local revenues.

Land Prices, Taxes and Landowner Decisions

Interviews and several small case studies were used to determine the influence of property taxes on landowner decisions to buy, sell or manage their land differentl

Size and Number of Parcels

Increased market activity may mean a greater number of landowners holding more, and smaller, parcels of land. Our working assumption has been that sma

parcel size may diminish the chances of keeping land in productive use such as logging, farming, hunting or other recreational use. At the other end of the spectrum, very large land holdings might interfere with the family management of operations that have generally characterized the Tug Hill area.

Real Property Tax Exemptions

A policy of encouraging the productive use of farm and forest land, and open space through partial real property tax exemptions is already embodied in state law.[4] Our working assumption has been that these statutes presently do little to keep Tug Hill lands in productive use.

Revaluation Impact

Studies of the effects of full value reassessments are inconclusive as to the shifts in tax burden that occur between different land types. The way to measure revaluation impacts is to do the revaluation itself. An approximation of the tax shift could be made with a sample revaluation in each assessing jurisdiction of concern -- a very costly and time consuming effort not used in this study. A very rough estimate of revaluation shifts can be made by examining class market ratios (the average percentage of full value at which each class of property is assessed) for each town. This is the technique used here.

WHAT THE EXPERTS SAY

Interviews with town assessors, real estate agents and others familiar with the Tug Hill land market (see Appendices B and H) yielded several significant factors influencing the market.

1. Marginal agricultural lands continue to go out of farming, and into forest cover.

2. Productive agricultural lands are experiencing greater demand for farming and development.

3. Mobile home placements are growing.

4. Recreational camps are being sold due to high holding costs (to include transportation and taxes) and disillusionment with the area. This may lead to depressed land prices in core towns.

5. The demand for accessible, small woodlots appears to be increasing as demand for fuelwood grows.

ONE-THIRD OF LAND SALES IN SIX TOWNS NEAREST CITIES

In the period 1974 to 1979, over 15,000 parcels of land were transferred in the 39 town study area.

Nearby Syracuse and Utica-Rome have predictably made the towns of Hastings, West Monroe, Constantia, Vienna, Annsville, and Lee the most active land markets in Tug Hill. These six towns accounted for more than 1/3 (more than 5,200 sales) of all land sales in Tug Hill, 1974 to 1979. These are the towns near highways that make commuting to Utica-Rome and Syracuse easy relative to the rest of Tug Hill. The recreational opportunities on Oneida Lake's north shore probably adds to "bedroom community" development pressures, especially in Constantia and Vienna. Access to Interstate 81 also seems important. The Town of Hastings, which straddles I-81, had more than 1,300 land sales, almost 10 percent of all Tug Hill transfers.

Combining these figures with the land market expert interviews suggests that rising fuel costs will increase demand on wooded lands accessible to Syracuse and Utica-Rome and their more immediate suburbs.

The increased demand for fuelwood may be especially important to Tug Hill and the future of its forests. The importance of wooded land sales is apparent from Table 3-1 when a large increase in forestland sales occurred in 1979. This is a 115 percent increase over 1978 sales levels for woodlands. Note that many times, woodlands may be classified as seasonal or vacant lands, in effect, hiding some woodland activity from our view.

Table 3-1

Tug Hill Land Title Transfer Summary, 1974-1979[1]

TUG HILL	1974	1975	1976	1977	1978	1979	Total
Residential	867	1,202	1,380	1,574	1,639	700	7,362
Farm	166	153	184	187	163	120	973
Commercial	90	110	88	138	161	68	655
Vacant	656	683	830	753	847	311	4,080
Seasonal	306	310	381	390	330	103	1,820
Forest	56	69	29	61	48	103	291
Total	2,141	2,527	2,913	3,103	3,188	1,309	15,181

[1]1979 LA-23 data available only for about one-half of year.

Source: Tug Hill Commission, 1979.

NONRESIDENT SALES DECLINING, PRICES SIMILAR TO RESIDENTS

It was found that only 10 percent of Tug Hill land purchases were by nonresidents of the study area (Table 3-2). In general, the number of nonresident purchases (as a percent of total annual transfers) has been declining slightly since 1974. Approximately 1,360 sales were studied to determine per acre sales prices. From this data, it was found that resident and nonresident sales prices were similar and that when higher prices were observed, then residents and nonresidents alike were offering such prices. While in some cases nonresidents might have offered prices excessively out of line with local values, our data did not show this to be true in many cases. It cannot be determined here whether or not assessors and assessments are affected at all by nonresident purchase prices.

Because our data shows similar prices offered by residents and nonresidents alike, there should be no reason why nonresident land purchases should affect assessments. We cannot be sure about this, however. The importance an assessor may attach to unusually high or low sales prices (whether purchases by residents or not) in determining values of comparable lands is a question of his judgement alone, accountable only on grievance day and through equalization rates.

Table 3-2

Annual Nonresident Land Transfers by Tug Hill Portion of Counties, 1974-1979

	1974	1975	1976	1977	1978	1979*	Total
Jefferson County	51	36	34	44	46	20	231
Oswego County	110	81	104	118	75	60	548
Oneida County	4	26	41	54	53	9	187
Lewis County	95	123	127	89	78	33	545
39 Town Total	260	266	306	305	252	122	1,511
Percent of Total Transfers	12%	11%	11%	10%	8%	9%	10%

*Partial year
Source: Tug Hill Commission, 1979.

LAND PRICES ATTRACTIVE TO OUTSIDE BUYERS

A closer look at land prices in five case study towns (Lewis, Lorraine, Osceola, Redfield and Vienna) shows that when compared with U.S. Department of Agriculture figures, all Tug Hill land prices (except some seasonal properties in which existing

structures had greatly inflated the prices) were considerably lower than those for similar lands throughout the northeast. In general, no price trends since 1974 (in terms of increases or decreases) could be discerned from the data gathered. However, in most cases, forest land prices (per acre) are lower than those for seasonal, vacant, residential, and farm lands.

Table 3-3 shows that many Tug Hill land prices are far below regional prices thus making some of these lands attractive to outside investors, however. So while nonresidents may not now have a significant role in the Tug Hill land market, it is possible that they will become more important in the near future. This would be especially likely if 1) investors placed greater emphasis yet on landownership as a hedge against inflation, and 2) holding costs (to include taxes) were relatively low compared to other areas.

Table 3-3

Per Acre Sales Prices in
Towns of Lorraine, Lewis, Osceola, Redfield, Vienna

Town	Land Type	1978 Average Price/Acre	USDA Price/Acre for Northeast 1977	1978	1979
Lorraine	Farm	145	821	1,044	718
	Vacant	128	1,007	1,531	1,069
	Seasonal	418	695	ND	755
Lewis	Farm	215	821	1,044	718
	Vacant	339	1,007	1,531	1,069
	Seasonal	1,985	695	ND	755
	Forest	234	334	ND	ND
Osceola	Vacant	388	1,007	1,531	1,069
	Seasonal	209	695	ND	755
Redfield	Vacant	410	1,007	1,531	1,069
	Seasonal	2,708	695	ND	755
	Forest	187	334	ND	ND
Vienna	Vacant	809	1,007	1,531	1,069
	Seasonal	26,352	695	ND	755

Note: National-regional-town comparisons of per acre sales price data are extremely difficult to make due to differences in land use classification, amount of data to be digested, etc. USDA data listed from least intensive uses to most intensive, occurring as follows: agriculture, forestry, recreation, rural residence, subdivision, commercial/industrial, and other. When comparing sales prices here, USDA farm = THC farm; USDA forestry = THC forest; USDA recreation = THC seasonal; USDA subdivision = THC vacant.

ND = No Data Available

Source: Jefferson, Lewis, Oneida, and Oswego County tax records, 197
Tug Hill Commission, 1979; and U.S. Department of Agricultur
1977-1979.

TAXES RISING FASTEST ON FOREST LANDS

The five towns showed that taxes ranged mostly between one and three dollars per acre (for both 1975 and 1980 taxes) on open space lands (i.e:, farmland, inactive or vacant land, and private forest land).* Various tax shifts occurred among the four land uses looked at in each town (developed, farm, inactive, and private forest) between 1975 and 1980. These tax shifts were due to one or a combination of four occurrences: (1) reassessments according to full value, (2) acreage changes within a class (3) changes in assessments or classifications of parcels due to assessor discretion, and (4) changes in tax rates. Inactive lands generally showed a decrease in tax load over the past five years as a result of full value reassessment, assessor changes, and acreage decreases. Twenty-two additional Tug Hill forest parcels were examined to determine tax burden on these lands. Tax bills on these lands were compared for tax years 1975, 1978, and 1980. No consistent trends were identified except for the fact that taxes on these lands were increasing overall. These two year increases ranged from 15 percent to 145 percent. These changes are discussed more fully in the section on forest taxation. Table 3-4 presents taxes by each land use class for the five case study towns for 1975 and 1980. Overall, the table shows that inactive and private forest lands experienced the greatest increases in taxes between 1975 and 1980. Developed land taxes increased slightly faster than did farmland taxes.

LAND PRICES, TAXES, AND LANDOWNER DECISIONS

The data in Tables 3-3 and 3-4 show that prices and taxes for Tug Hill open space lands are attractively low. Thus, a person outside of the Tug Hill area probably would perceive Tug Hill lands as being a very attractive investment--short term or long term. However, upon interviewing several Tug Hill landowners (both residents and absentee owners, see Appendix H), it was found that many of these landowners felt that taxes were a major factor in the decision to buy the land initially and that taxes are a primary influence now in the decision to liquidate the timber and/or subdivide and sell the land. Two landowners did identify specific tax limits that they found excessively burdensome. One of the owners stated that taxes of $1.63 per acre were too burdensome (this was in 1978) and that if they increased much beyond this point the owner would be forced to sell his timber, subdivide to pay a portion of the taxes, or sell the whole parcel. However, upon examining the same owner in 1979-80, it was found that he had purchased 174.9 more acres of forestland in the same town. Thus, either the taxes were not as high as he orginally perceived them to be or he changed his priorities so that taxes were placed lower on the list of major economic influences. He might now consider the cost of holding the land well worth the returns that the land brings now or in the future. The second source was a hunting club representative who stated that taxes in the core of Tug Hill were going to force the club to liquidate much of their timber. No specific tax burden was offered at this time. In contrast, a potential buyer from New York City stated that he was interested in purchasing Tug Hill lands whose taxes are less than $2.00 per acre. Beyond this $2.00 limit he was no longer interested, due to the high holding costs incurred in owning the land.

*Note: These taxes were calculated by the Tug Hill Commission. Town tax rates were applied to assessed land values only so as to avoid distortions if structural values were included.

Table 3-4

Taxes Paid By Land Use, 1975 (Using Land Values Only)

Town	Developed		Farm		Inactive		Private Forest		State Forest		County Forest		Town		Total Taxes Paid
	Total Tax	Tax/Acre	Total Tax	Tax/Acre	Total Tax	Tax/Acre	Total Tax	Tax/Acre	Total Tax	Tax/Acre	Total Tax	Tax/Acre	Total Tax	Tax/Acre	
Lewis	13 7,924.35	2.65	20.8 12,727.64	1.54	20.2 12,326.50	1.32	34.6 21,148.39	1.43	11.4 6,970.29	2.56	0	0	N/A	N/A	61,097.17
Lorraine	4.5 1,001.35	1.41	45 10,041.68	0.75	22.4 5,003.80	1.89	1.5 332.53	0.51	26.6 5,949.85	1.29	N/A	N/A	N/A	N/A	22,329.21
Osceola	17.4 9,856.13	1.21	2.3 1,297.20	1.20	8.6 4,904.69	1.27	55.2 31,333.69	0.83	16.5 9,391.41	2.18	0	0	N/A	N/A	56,783.12
Redfield	16.5 18,828.97	3.33	3.3 3,744.84	2.18	5.6 6,382.85	2.90	63.2 72,044.89	2.19	11.5 13,067.85	2.22	0	0	N/A	N/A	114,071.40
Vienna	42.8 49,931.19	12.19	15.1 17,639.62	2.93	35.8 41,731.38	2.11	4.3 4,961.83	1.26	2 2,339.90	2.00	0	0	N/A	N/A	116,603.82

NA = Not Available

□ = Percent of Total Tax Revenues by town and land type

Source: Parsons and Murray, 1974; and
Tug Hill Commission, 1979

Table 3-4

Taxes Paid By Land Use, 1980 (Using Land Values Only)

Town	Developed		Farm		Inactive		Private Forest		State Forest		County Forest		Town		Total Taxes Paid	
	Total Tax	Tax/Acre	Total Tax	Tax/Acre	Total Tax	Tax/Acre	Total Tax	Tax/Acre	Total Tax	Tax/Acre	Total Tax	Tax/Acre	Total Tax	Tax/Acre		
Lewis	23.2 18,725.97	2.07	16 12,929.29	1.68	8.2 6,630.95	2.02	36.3 29,345.28	1.74	16.3 13,195.49	4.90	0	0	Wholly Ex. 71,636.75	10,307.45	86,826.98	+32%
Lorraine	8.5 4,778.14	4.42	46.5 26,304.75	1.97	7.5 4,229.12	3.44	3.7 2,101.24	2.23	33.9 19,154.16	3.83	Wholly Ex. 2,174.45	0.79	Wholly Ex. 756.96	31.30	56,567.41	+153%
Osceola	13.3 16,025.46	3.32	2.7 3,233.25	2.00	6.9 8,342.72	2.62	66.5 80,040.64	1.92	10.5 12,692.60	2.98	0	0	Wholly Ex. 30.07	1.94	120,334.67	+112%
Redfield	18.6 20,673.07	3.00	1.4 1,505.67	1.61	6.9 7,687.67	3.69	43.7 48,603.62	1.50	29.4 32,691.33	2.92	0	0	0	0	111,161.36	-2.5%
Vienna*	66.3 105,852.56	4.31	6.8 10,815.11	4.10	22.2 35,351.00	4.85	2.7 4,278.79	2.53	2.1 3,273.63	5.50	Wholly Ex. 340.54	2.43	N/A	N/A	159,571.09	+37%

*Note: Only 1978 Final Assessment Roll available for Vienna at time of this study. Therefore, the taxes are for 1979 tax year.

Source: Jefferson, Lewis, Oneida, and Oswego County Tax Records, 1979-1980; and Tug Hill Commission, 1979.

[ ] percent change from 1975.

Table 3-4

Taxes Paid By Land Use, 1980 (Using Taxable Tables)

Town	Developed		Farm		Inactive		Private Forest		State Forest		County Forest		Town		Total Taxes Paid
	Total Tax	Tax/Acre	Total Tax	Tax/Acre	Total Tax	Tax/Acre	Total Tax	Tax/Acre	Total Tax	Tax/Acre	Total Tax	Tax/Acre	Total Tax	Tax/Acre	
Lewis	61.6 95,599.11	10.56	21.4 33,215.51	4.91	5.7 8,790.39	2.68	2.1 3,316.93	0.20	9.2 14,209.01	5.29	0	0	Wholly Ex. 451,919.10	165,743.75	155,130.95
Lorraine	33.8 48,254.79	44.64	49 69,830.48	5.23	3.2 4,493.65	3.65	1.8 2,612.84	2.77	12.23 17,457.20	3.49	Wholly Ex. 2,312.03	0.84	1,372.54	56.76	142,648.96
Osceola	30.4 39,923.81	8.78	6 7,841.63	4.88	9.2 12,030.68	1.55	39.9 52,405.07	1.92	14.5 18,976.28	4.44	0	0	Wholly Ex. 63.96	4.14	131,177.47
Redfield	48.6 90,909.24	13.18	1.8 3,417.63	3.64	4.7 8,795.02	4.23	27.4 51,320.19	1.59	17.5 32,691.33	2.92	0	0	0	0	187,133.41
Vienna *															

*Note: Time did not permit compilation of taxable values by class for Vienna.

Source: Jefferson, Lewis, Oneida, and Oswego County Tax Records, 1979-1980; and Tug Hill Commission, 1979.

PARCEL SIZES AND ACREAGE DECREASING FOR INACTIVE LANDS, AND DEVELOPED ACREAGE UP

Parcel size changes were developed only for case study towns. Due to the varying characteristics between each of the five case study towns, land use trends occurring since 1974 in each town vary also. However, some general parcel size and land use trends can be identified.

Overall, developed land acreage has risen since 1974, mostly by taking acreage from the inactive land class. Farmland acreage has decreased some while forest land is stable to increasing in some areas. Most farm areas are experiencing a trend similar to the national trend, that is, toward fewer but larger farm parcels and units. Apparently, larger economies of scale are more efficient for northeastern dairy farms also. As a whole, inactive and developed parcels are decreasing in size and increasing in number of parcels.

Of course, the more remote areas have incurred less land activity and fewer land use changes than the more accessible areas of Tug Hill. It is difficult to determine what land use changes or trends will appear in the near future due to the many fluctuating outside market factors. However, the author feels that the marginal (less productive) farmlands will continue to be either subdivided or revert back to brush or forest cover, thereby decreasing farm acreage in Tug Hill. Forest land is expected to remain stable to increasing slightly, depending upon how much inactive and farmland reverts to forest growth. As population and urban pressures increase then probably so will developed acreage. Much of this new developed acreage will occur in more accessible areas, take more land from the inactive use category (or further subdivide existing developed lands, and generally fall into the less than two acre category).

Table 3-5

Percent Change In Numbers of Parcels In Each Size Class, 1974-1979

Case Towns	% Increase or Decrease In Parcel Numbers From 1974 to 1979				
	0-2.0 Ac	2.1-10.0	10.0-50.0	50.0-200.0	200.0+
Lorraine					
Total Change	+ 65	+ 281	+ 11	- 30	+ 27
Osceola					
Total Change	+ 1	+ 24	- 6	+ 4	+ 6
Lewis					
Total Change	+ 13	+ 51	- 4	+ 4	+ 6
Redfield					
Total Change	+ 26	+ 9	- 16	- 20	+ 5
Vienna					
Total Change	+ 31	+ 21	- 28	- 38	- 45

REVALUATION IMPACTS

The tax shifts resulting from implementing full value policy are difficult, if not impossible, to predict. The best that can be done is to indicate the direction of shift should it occur. The New York Division of Equalization and Assessment (SDEA) has issued two reports in an attempt to identify tax shifts upon going to full value. SDEA found that the relative tax burden shifts between property classes (residential, farm, forest, etc.) are insignificant compared to the tax shifts within classes (intraclass).[5] The impact of implementing full value cannot be predicted with certainty. The impact will vary according to (1) the degree of inequity that existed on the rolls prior to revaluation, (2) judgements exercised in carrying out the revaluation and preparing the new assessment roll, and (3) composition of various property classes within the taxing jurisdiction.

The Town of Osceola implemented full value assessments on the 1976 assessment roll. However, data could only be immediately tallied for tax years 1975 and 1980. After examining this data, it is difficult to determine whether full value is the major cause of the tax shifts which occurred. In Osceola, taxes paid on developed lands (see Table 3-4) decreased by significant amounts while farm and forest taxes increased substantially. However, over the same time period, developed acreage decreased and farm and forest acreage increased. Thus, scrutiny should be exercised when evaluating this data.

The Town of Lewis started full value assessment on its 1979 assessment roll. Far and inactive land acreages and taxes decreased from 1974 to 1979 while acreages and taxes for all of the other land uses increased. Once again, because of the accompany changes in acreage in the various land uses, it is difficult to determine whether the tax shifts incurred were due solely to revaluation. However, we found that certain tax shifts appeared to be the direct result of revaluation in the town. For example, from 1974-1979, farm acreage decreased by 7 percent while farm tax load ncreased by 9 percent. Developed acreage increased by 203 percent but its tax load ecreased by 28 percent. Inactive acreage increased only 7 percent compared to its) percent increase in tax load. Any relationship between private forest tax increases (22 perc rise) and revaluation was less discernable due to forest acreage increases (+14 perce being so close to the tax increase.

In all of the five towns examined here, farm and vacant lands possessed the lowes market value ratios of any of the land uses. Therefore, farm and vacant lands would likely experience a larger tax increase as a result of revaluation to full value.

Of course, it must be remembered that taxes vary greatly from town to town and that these taxes are totally dependent upon each town's budget (and the portion that each budget must receive from property taxes). In theory, as assessments rise due to revaluation then taxes should drop. However, if a town's budget increases during the time of revaluation, then taxes will increase. Thus, the effects of revaluation are difficult to forecast. Market value ratios are given for all 39 Tug Hill towns in Appendix B and in Table 3-6 for the five case towns.

EXEMPTIONS INCREASING IN SEVERAL TOWNS

The primary factors in the significance of tax burdens are the amount of town revenue to be obtained from the property tax, the amount of exemptions granted, and the size of the taxing base. All types of exemptions have increased in Tug Hill towns (based upon the five case town trends) over the past five years. As property tax burdens increase, then there probably will appear an accompanying increase in the amount of exemptions sought by and granted to various affected groups.

The total amount of taxes shifted by all types of exemptions in 1980 in the four towns (Vienna was excluded due to not having 1979-80 tax data available) was $69,116.13. This was a 105.15 percent increase over the exempted amount in 1974 for four case towns (Lewis, Lorraine, Osceola, and Redfield). While all types of exemptions have increased from 1974 levels, veterans and wholly exempt values have increased the most (see case towns, Appendix C-G).

Thus, the point at which property taxes become an excessive burden on the landowner can differ with each owner. There is no certain per acre tax load that automatically renders a landowner an aggrieved party. While taxes may be greater than the value of the land and timber growth, most landowners do not even consider this when indicating whether taxes are high or low. From the interviews though, it does appear that taxes are a major consideration in the decision to buy, retain, or sell Tug Hill lands.

As previously pointed out, Tug Hill land prices and taxes probably appear very attractive to people outside the area. Therefore, there may be a fair amount of speculative investment occurring. However, upon purchasing and owning the land for a certain amount of time, these people may then become disillusioned with being a Tug Hill property owner and ultimately sell their land.

Table 3-6

Market Value Ratios for Case Study Towns

*Date Run = 11/3/79
Based on 1976 SDEA Market Value Survey

[ ] = Average market value ratio for whole town.
(out VG)=Outside Village

Town	Misc. & Residential	Commercial	Apartment	Vacant	Farm	Industrial	Utility
Lewis [6.15]	5.01	9.87	-	3.81	4.94	16.62	7.61
Lorraine [11.87]	12.78	17.52	-	22.66	10.32	11.87	19.54
Osceola [129.81]	115.02	158.90	-	125.74	133.82	-	110.53
Redfield [7.00]	5.87	9.48	-	5.05	5.94	7.00	20.76
Vienna (out VG) [3.03]	3.19	4.03	-	1.52	3.13	3.03	3.03
(Village of Sylvan Beach) [4.62]	4.44	5.27	-	4.10	-	4.62	4.62

Source: New York State Division of Equalization and Assessment, Market Value Survey, 1976.

Table 3-7

Percent Change In Taxes Shifted Due to Exemptions, 1975-1980

Town	Percent Change From 1975 Level
Lewis	+549%
Lorraine	+ 46%
Osceola	+ 16%
Redfield	+ 91%
Vienna	+143% (1975-1979)
Total	+127%

SUMMARY

Overall, the Tug Hill land market has been fairly active over the past five years. This is probably due to land prices and taxes being lower for Tug Hill than for nearby urban areas and other parts of the northeast. If any price or tax load increases do occur in Tug Hill, then they will probably lag behind any increases occurring in other areas of the state, region, or nation. Thus, the Tug Hill land market appears attractive to some outside (nonresident) buyers. To date though, outside purchases of Tug Hill lands does not appear to be a problem in that they have not been offering consistently higher (that is, higher than local) prices. The residential and vacant properties have experienced the greatest demands over the past five years.

From the five town analysis, it was determined that most of the more rural towns in the study area are not gaining developed acreage (see Appendices C through G) while the towns closer to urban populations (such as Vienna) have greatly increased the acreage in the developed land category over the past five years. As population and taxes increase in those towns closer to urban centers and as taxes increase in the more rural towns due to inflationary costs of providing services, then many towns may experience a general rise in the amount of exemptions that are applied for. Consequently, tax bases could be reduced and tax shifts could increase. The effects of full value implementation cannot be accurately foretold until the program is completed. From looking at the relatively low market value ratios for several case study towns, some inter-class tax shifts are likely to occur in Tug Hill towns. These shifts are not likely to show a fixed pattern such as to vacant, farm and forest land from developed land, for instance.

Footnotes

[1]Chapter 972, Laws of 1972.

[2]Temporary State Commission on Tug Hill, 1976, Preparing for the Future, p. 11.

[3]Ibid., p. 12.

[4]Section 480-a, Real Property Tax Law; Article 25-AA, Agriculture and Markets Law; Section 247, General Municipal Law.

[5]New York State Division of Equalization and Assessment. March 1979. 1978 Revaluations Intra-Class Shift Analysis, Part 1. Albany, N.Y. 31 pages; and New York State Division of Equalization and Assessment. December 1978. 1978 Revaluations Final Impact Report. Albany, N.Y. 53 pages.

FARM EXEMPTIONS IMPORTANT IN SOME TOWNS

Agriculture is a vital component of the Tug Hill economy. While the number of jobs in farming in Tug Hill counties is declining, farming and food processing together constitute an important part of the economy. Food processing is especially important because of its large job multiplier (the number of jobs supported by a job in food processing) in the region. A 1974 report to the commission recommended that all that is necessary to keep agriculture healthy be done "as it provides 15.2 percent of all jobs in the Region and indirectly supports about 10 percent of all other jobs."[1]

One means toward maintaining the health of agriculture has been the agricultural land preferential assessment program provided for in sections 305 and 306 of the Agriculture and Markets Law. Sections 305 and 306 require the State Board of Education and Assessment to set ceiling values for agricultural lands throughout the state. These values are to be used in determining the assessment on lands committed to producing agricultural products for eight years whether in an agricultural district or not. Up until 1980, these values were to be based on surveys of prices paid for farmland, for farming purposes. The values were to reflect only the farm value of the land, free of its value for development, speculation, or other purposes. An eligible landowner would receive an exemption if the "agricultural value assessment" established by the state for his eligible acres was less than the equalized assessment set by the local assessor. The exemption would equal the difference between the two. If the agricultural value assessment is higher, there is no exemption.

The law originally defined farm (or "agricultural") value in a way that implied only the value of the land for farming would be used in setting agricultural values. In 1979, the law was amended to specifically define agricultural value as "the market value of land for agricultural production purposes if no other use were possible."[2] Complaints from farmers that non-farm values were still influencing agricultural values set by the state led to a 1980 law requiring development of a method for valuing eligible farmland based on the income derived from the land and the productivity of the soil.[3] The new agricultural values are to be set by the State Board of Equalization and Assessment based on farm income and land classification information from Cornell University and the Department of Agriculture and Markets. Until the new values are established, 1979 values will be used to determine exemptions. The new values are intended to apply to May 1, 1981 city and town assessment rolls and January 1, 1982 village assessment rolls.

MORE THAN 300,000 ACRES ARE IN AGRICULTURAL DISTRICTS

Land need not be in an agricultural district to qualify for an agricultural value assessment (though being in an agricultural district would generally be the more attractive arrangement for a farmer seeking a property tax reduction). On the other hand, land in an agricultural district is not eligible for an agricultural value exemption unless its assessed value exceeds the state-established agricultural value, the land produces sufficient crops, and otherwise meets the criteria. Nonetheless, agricultural district areages can give us some idea of the potential effect of agricultural exemptions on farmers and local governments.

Table 4-1 details the more than 314,000 acres of agricultural districts created in Tug Hill towns since 1973. Many of these acres represent potential for tax exemptions in only the most general way. For example, though Jefferson County Tug Hill towns have 33,000 acres of agricultural districts, only one parcel was eligible for an exemption in 1979. This makes sense since the very rural character of Jefferson County is likely to result in minimal non-farm influences on farm land prices as compared to acres closer to large cities.

Table 4-1
Acreage Incorporated in Agricultural Districts for Tug Hill Towns, 1980

	No. Acres in District	Total Acres Ag. Land in Town	% Ag. Land in Ag. District
Jefferson County			
Champion	15,370	22,049	70
Rodman	3,028	15,003	20
Rutland	12,620	22,966	55
Watertown	2,353	24,124	10
TOTAL	33,371	84,142	40
Lewis County			
Denmark	30,800	16,242	
Harrisburg	22,400	16,676	
Lewis	21,000	8,277	
Leyden	20,500	14,750	
Lowville	22,000	20,039 (1979)	-See Note*
Martinsburg	20,000	21,202	
Pinkney	15,700	7,013	
Turin	17,000	11,514	
West Turin	25,000	17,379	
Osceola	0	1,606 (1979)	
TOTAL	194,400		
Oneida County			
Annsville	7,921	16,254	49
Ava	5,436	16,376	33
Boonville	12,033	15,977	75
Camden	3,922	11,650	34
Florence	0	4,970	0
Floyd	6,966	5,915	-See Note*
Lee	3,291	14,171	23
Steuben	7,500	11,994	63
Trenton	8,372	12,293	68
Western	13,971	17,687	79
Vienna	3,828	2,640 (1978)	
TOTAL	73,240		
Oswego County			
Albion	425	5,378	8
Amboy	3,477	6,800	51
Constantia	1,610	7,717	21
Hastings	2,709	13,241	20
Parish	2,146	7,164	30
West Monroe	2,507	6,379	39
Williamstown	384	8,764	4
TOTAL	13,258	55,443	24

*NOTE: In many towns, the acreage incorporated in an agricultural district exceeds that of the total farm acreage as derived from the assessment roll. This probably indicates that land classified by the assessor as forest and vacant is included in the agricultural district. All total agricultural acreages per town are for 1974, except where another year's assessment roll is indicated.

SOURCE: Jefferson, Oneida, Oswego County Planning Departments, 1980; and Tug Hill Commission, 1980.

This situation may change, however, if lower state-set agricultural values result from the new income and productivity-based valuation method mentioned above. It may also change if farm land assessments increase relative to other classes of property as full value reassessments are done. While it is impossible to predict the effects of revaluation, it does appear that agricultural lands tend to be underassessed in Tug Hill and that some towns at least will experience a greater increase in agricultural assessments than in other classes. Where new farm assessments exceed state-set agricultural values, farmers are likely to seek exemptions. State and local information suggests this will happen.

STATE-SET AGRICULTURAL VALUES MAY LAG BEHIND MARKET VALUES

The 1980 report recommending an income-based method for setting agricultural values suggests that state-set values will increase more slowly than actual market values in future years. When comparing income capitalization (the income-based approach) and current market sales methods of valuing real property, it found the two methods gave comparable values if a 7 percent rate of return (capitalization rate) was used in the income method.[4] Higher rates would result in lower state-set values. State law will require use of "the annual five year average effective interest rate on new federal land bank loans made in the Springfield federal land bank district".[5] That five year average rate in 1979 was 8.65 percent. If the study is correct, lower state-set values (than if the current market method were used) will go into effect in 1981 and 1982, and farm land exemptions will increase. Land already in agricultural districts will be likely lands to first utilize these exemptions.

CURRENT USE OF FARM EXEMPTIONS LOW

Table 4-1 shows a considerable amount of agricultural district acreage in Tug Hill, but that few farms are yet receiving exemptions. The potential for larger exemptions is considerable, especially for farms near growth centers such as the towns on the shore of Oneida Lake and north of the Utica-Rome area. Relatively low assessments and state-set values based on market sales up to the present are probably largely responsible.

We have little information on acreage receiving farm exemptions and the dollar value of those exemptions. Individual assessment rolls must be examined to determine farm exemptions. Even when the individual assessment rolls are examined, these exemptions are often grouped with another exemption, for farm building essential to farming. One review of the number of farms receiving an agricultural land exemption in 1977 found less than 5 percent of commercial farms were participating. Significant participation was found in urban areas or counties which had completed or were completing full value reassessment.[6]

Looking at five Tug Hill towns, in 1975 and 1980, we found little use of farm exempting. Only one of the towns, Lewis, granted any agricultural exemption in 1975. Of the four that granted agricultural exemptions in 1980 (1978 in the case of Vienna), all appeared to be farm building exemptions. In no case did exemptions equal as much as one percent of the town's tax base (full taxable value).

Table 4-2

1980 Farm Building Exemptions in Five Tug Hill Towns

Town	Taxes Deffered	Percent of Tax Base
Lewis	$1,189	0.77%
Lorraine	141	0.01
Osceola	278	0.21
Redfield	0	0
Vienna*	330	n/a

*1978
Source: County Real Property Tax Offices and Tug Hill Calculations.

FARM EXEMPTIONS IN LOWVILLE INCREASED OTHER PROPERTY TAXES ABOUT SIX PERCENT

While the five towns examined show little effect from farm land exemptions, some Tug Hill towns are experiencing tax shifts as a result of exemptions under sections 305 and 306 of the Agriculture and Markets Law. The Town of Lowville contains about 20,000 acres of farmland according to the assessment rolls. More than 17,000 acres have received a farm land exemption. The Lowville situation shows that farm land exemptions can have a significant effect on distribution of property taxes.

The first agricultural district in Lowville was formed in 1978. A second one was established in 1978. However, these agricultural lands were not eligible to receive the agricultural land exemption until 1979, when some local assessments finally exceeded state-set farm values. The first farmland exemptions appeared on the 1979 tax roll (based on the 1978 Final Assessment Roll). A total of 17,233 acres received these agricultural land exemptions. Prior to 1979, the only farm exemptions granted were those for new farmland structures under Section 483 of the Real Property Tax Law. Under Section 483, any increases in value due to new construction or reconstruction of farm structures or buildings between January 1, 1969 and January 1, 1979, will be exempted from taxation for five years. The owner must apply to the assessor for this exemption.[8] The drop in farm exemptions from 1974 to 1977 was probably due to a drop in farm construction activity and an accompanying increase in the town's total taxable value for all lands.

The effects of the exemptions on Lowville taxes and finances are summarized in Table 4-3. The combination of declining exemptions for new farm structures and increasing use of farm land exemptions resulted in comparable levels of exemptions (18 to 19 percent) for farmers in 1974 and 1979. During that period, however, farm assessed value rose 90 (based on land values) to 97 (based on total values) percent, while assessments on Lowville properties other than farms rose only 9 percent. As a result, the effective increase in taxes paid by other than farm landowners in 1979 was 5.6 percent. (Average, aggregate tax rates were used in these calculations.[9])

Of the total Lowville agricultural exemption in 1980, about $69,000, more than half, was attributable to section 305 farm land exemptions. The balance is attributable to section 483 exemptions for farm buildings.[10] The farm land exemptions applied to 17,233 acres of farmland, for an average exemption of $2.23/acre.

Table 4-3

Lowville Farm Values and Taxes

	1974	1977	1979
Acres Farmland	21,173	20,071	20,039
Assessed Value (Land Only)	$ 1,161,388.80	$ 1,114,200.00	$ 2,285,838.00
Farm Total Assessed Value (Before Exemption)	3,682,100.00	4,015,420.00	6,967,450.00
Farm Exempt Assessment	709,100.00	466,000.00	1,304,100.00
Exempt Taxes	43,655.42 (1975)*	23,635.64 (1978)*	69,096.17 (1980)*
Total Taxes Due On Other Than Farm Land	1,308,830.00	1,183,283.00	1,226,525.00
Total Assessments (Taxable Value) For Other Than Farm Land	21,259,477.00	23,329,598.00	23,149,067.00
Farm Exemption As Percentage Of Total Farm Taxes	19.3 (1975)*	11.6 (1978)*	18.2 (1980)*
Farm Exemption as Percent of Total Non-Farm Taxes	33.3 (1975)*	2.0 (1978)*	5.63 (1980)*

Source: Lewis County Tax Records, 1975, 1978, and 1980, Town of Lowville; and 1980 Tug Hill Commission.

* 1975, 1978, and 1980 taxes based on 1974, 1977, and 1979 assessment rolls respectfully.

FARM EXEMPTIONS LIKELY TO INCREASE

The future effects of farm land exemptions in Lowville are not predictable with certainty. Assessment roll farm acreages of about 20,000 acres would suggest that less than 3,000 additional acres would be eligible for farm land exemptions. This is not the case. The farm land exemption can apply to woodlots, as well as cultivated fields and pasture. A further example of the difference in farm land definitions between assessment rolls and the Agriculture and Markets Law is apparent in Table 4-1 where many town agriculture district acreages exceed agricultural acreages on the rolls.

Changes in the effects of farm land exemptions in Tug Hill towns will depend on two primary factors.

(1) New legislation, Chapter 79, Laws of 1980, may bring about a change in farmland assessing procedures and practices. A change in the present agricultural ceiling values for farmland of the NYS Division of Equalization and Assessment (SDEA) could change the amount of exemptions and number of lands eligible to receive assessment exemptions. Chapter 79 placed a freeze on these agricultural ceiling values (that is, a freeze on any further value increases) while the SDEA develops a system of assessing land on the basis of its income producing potential.

(2) The impact of agricultural exemptions also depends upon the future change in the number of parcels eligible to receive these benefits as opposed to the number of parcels currently participating in the program. This will depend upon changes in state-set ceiling views and changes in local assessment procedures, such as Lowville's nearly doubling farm assessments from 1975 to 1979.

While predicting with certainty is not possible, it appears that changes in state-set values and increases in farm assesments (as a result of full value reassessments or otherwise) will lead to increased farm land exemptions in Tug Hill and elsewhere in the state.

The effects of farm land exemptions are only now being felt in rural parts of New York. Little attention has been paid to tax shifts resulting from these exemptions as compared to the benefits received. The initial tax shifts resulting from farm land exemptions tended to occur in communities experiencing development, and therefore, with more diversified tax bases to absorb tax shifts. Undiversified tax bases in rural communities are less able to absorb tax shifts. State reimbursement for tax losses attributable to exemptions following from state-set land values may need consideration if major tax shifts occur in coming years.

Footnotes

1) Goss and Bowman A - 19.

2) Chapter 266, Laws of 1979 (section 301.5 of the Agriculture and Markets Law) clarifies this definition.

3) Chapter 79, Laws of 1980.

4) Temporary State Commission on the Real Property Tax, Report, February, 1980, p. 27.

5) Chapter 79, Laws of 1980, section 7.

6) Temporary State Commission on the Real Property Tax, op. cit., pp. 30-31.

7) Lewis County Tax Records, 1980 Tax Roll, Town of Lowville.

8) New York State Real Property Tax Law, § 483.

9) These tax rates are approximate average tax rates based upon County + Town outside village + Town highway + Outside Lowville Central School + Fire taxes. Minor tax rate differences do exist between Outside Lowville village and Inside Lowville village tax rates, but these were not taken into account in the calculations so as to keep them as simple as possible. All tax rates were obtained from the Lewis County Tax Office, May 1980.

10) Lewis County Real Property Tax Office, 1980.

FOREST TAX WITHOUT A POLICY

FOREST TAX POLICY DOES NOT ENCOURAGE MANAGEMENT IN TUG HILL

The forests of Tug Hill are a vital part of the area's character as well as its economy. Forests cover over 65 percent of the area. In 1974, harvesting and processing of Tug Hill trees directly and indirectly supported 1,438 jobs in the area.[1]

The future importance of the forest to Tug Hill communities could be greater yet. Increased cutting of firewood, other uses of wood as an energy source, and increased use of wood fiber products may lead to increased demands on forests of the Northeast. In a period when other regions of the nation have many relative advantages in local natural resources, New York and the Northeast have forests which "are not yielding anything near their potential in terms of forest products, services, or environmental amenities".[2]

One component of New York's policy toward the use of forest lands is property taxation. When property taxes are high enough, they may influence a landowner's decision to sell his land, or to change the way he manages it. If, for instance, a landowner's primary objective is to manage his land for timber production purposes, he may abandon that enterprise if property taxes are high enough to make management uneconomical. That is precisely the rationale for New York's primary forest property tax program, section 480-a of the Real Property Tax Law.

> The legislature hereby finds and declares that lands presently devoted to growth of forest crops are often assessed at a level which renders continued dedication to such use uneconomical.... Lands devoted to growth of forest products should be assessed at a level which recognizes this use rather than at a level reflecting devotion of the land to another purpose.[3]

The effect of 480-a has been to limit taxes on some lands, mainly in areas where development is affecting land values and forest growth rates relative to the rest of the state are high.

Forest land exemptions under 480-a have been in effect for about three years. By April of 1980, 153 parcels totaling over 65,000 acres in 24 counties had been certified by the DEC. The greatest participation by far occurs in the southern Catskill and Hudson River Valley counties of Delaware, Dutchess, Orange, Sullivan, and Ulster. These five counties account for nearly three-fourths (74 percent) of all certified acres. Little use is made of 480-a in northern New York. Of the 15 counties that roughly lie north of the Thruway from Albany to Syracuse, only five have 480-a acreage. Those five counties account for about 5,000 acres of 480-a certified land. No land in the Tug Hill counties of Jefferson, Oswego, Oneida, and Lewis is certified on 480-a.[4]

SPECIAL FOREST AND OPEN SPACE TAX PROGRAMS ARE NOT USED IN TUG HILL

An owner of forested land in Tug Hill, or elsewhere in New York State, has several options in law available to reduce property taxes on that land. For a Tug Hill landowner, those options may not exist in fact.

The landowner may apply for a partial exemption under section 480-a of the Real Property Tax Law if he commits at least 50 contiguous acres to forest land production (timber, pulpwood, fuelwood, etc.) for 10 years under a management plan approved by the Department of Environmental Conservation. An alternative would be to apply for an agricultural value assessment under section 305 or 306 of the Agriculture and Markets Law. This partial exemption is aimed primarily at farm crop and pasture lands, but may also be applied to woodlands that are contiguous with land being actively farmed, and are "actively utilized for the production of woodland products" (lumber, firewood, maple syrup, etc.) or support farming on adjacent land.[5]

If the landowner is not interested in producing forest products on his land, he can consider incorporation as a non-profit organization, such as a nature preserve. Section 421 of the Real Property Tax Law allows exemption from property taxes (not necessarily special assessments and levies) for organizations "organized or conducted exclusively for religious, charitable, hospital, educational, moral or mental improvement of men, women or children or cemetery purposes, and used exclusively for carrying out thereupon one or more of such purposes".[6]

Another possibility would be the use of a conservation easement. Section 247 of the General Municipal Law allows local governments to contract with a private landowner to keep land in its natural state, usually through an easement that is sold or is a gift. The reduced development potential of the land must then be taken into account and is reflected in a reduced assessment on the land.[7]

Often called "conservation" or "scenic" easements or sale of development rights, this instrument may also be between a landowner and the state or a private agency. Extensive use of conservation easements has been made in parts of New York. Conservation easements are held on approximately 48,000 acres of land in the Adirondack Park. The easements on two-thirds of the acreages are held by the Adirondack Conservancy. The remainder are held by the State.[8] It is uncertain whether these easements entitle a landowner a reduction in land value for tax purposes.

These tools to reduce taxes on forest and open lands are little used in Tug Hill, so far as determined by this study. The likely reasons are apparent. These tools are most likely to be used in areas where land taxes are high enough that a landowner considers a tax break. The requirements for the exemption may not meet owner goals or the owner's situation. Wholly exempt status under section 421, for example, unless the owner wishes to devote his land to educational purposes, or the other purposes required by that section. A conservation easement under section 247 may not be appealing if it will mean a reduction in use and potential sale value, especially with the partial tax exemption a clouded question.

Forest management exemptions under 480-a have similar limitations in use in Tug Hill. The formula for partial exemptions in 480-a (80 percent of assessed value or $40 multiplied by the equalization rate) simply does not yield a partial exemption at most forest land assessment levels. Beyond this, the management requirements of the law and regulations are too expensive or too restrictive for the relatively low growth rates on forest lands in Tug Hill and northern New York.

In 1977 and 1978, the commission examined 480-a in terms of the tax reduction it would offer if used on some sample ownerships in towns in the forested Tug Hill core. Savings of $0.40 to $1.69 per acre were noted, compared to a local forestry consultant's estimate of $2.00 to $5.90/acre to prepare a plan for state approval. (This would be a one time cost for an eligible tract of 50 acres. Costs per acre decrease for larger tracts.) Management costs were not estimated, but the report stated, "while we cannot deal with the anticipated costs of management under the program, the low exemptions the program would be likely to offer in Tug Hill will not provide much leeway for management practices much beyond those already employed".[9]

Exemptions for lands kept open can and are justified by the public benefit they provide in education, recreation, and maintaining environmental quality. Lack of their use to any significant degree in Tug Hill at this time is of little concern from the public benefit view since so much open land is available. Any "problem" with the taxes on open lands is the more general one of the financial burden created by the property tax. This is a problem better addressed by fair assessment practices and control of the cost of government. This is not the case, however, where taxes are an important cost in doing business. The lack of a forest tax program that is of use to industry, woodlot owners and farmers managing forested areas of their farms in the Tug Hill area hinders efforts to encourage this important part of the local economy.

Table 5-1

Amount Tax Burden on Private Forest Lands
in Five Towns, 1975 and 1980*

	1975		1980	
	Tax/Acre	Percent of Total Town Tax Revenues	Tax/Acre	Percent of Total Town Tax Revenues
Lewis	1.43	34.6	1.74	36.3
Lorraine	0.51	1.5	2.23	3.7
Osceola	0.83	55.2	1.92	66.5
Redfield	2.19	63.2	1.50	43.7
Vienna	1.26	4.3	2.53	2.7

*Note: Taxes were derived by applying appropriate tax rates to assessed land values only.

Source: Parsons and Murray, 1974; Jefferson, Lewis, Oneida, and Oswego County Tax Records, 1979-80; and Tug Hill Commission, 1979.

Tug Hill forest lands vary greatly in their contribution to local revenues. Similarily, forest tax exemptions would affect Tug Hill towns in radically different ways. Any forest tax program and system of state reimbursements to localities should take this factor into account.

The formula in New York's present forest tax law is an arbitrary one, apparently chosen based upon an estimate of its fiscal impact based on assessments on forest lands when the legislation was drafted and reworked in the mid-1970's. This year, the State Division of Equalization and Assessment (SDEA) proposed changing from the arbitrary formula in 480-a to a forest land value system structurally akin to the farm value ceiling approach used for partial exemptions under sections 305 and 306 of the Agriculture and Markets Law.[10]

SDEA suggests that the revision is necessary to reconcile the two different forest valuation techniques provided under 480-a and the woodland provisions of sections 305 and 306.[11] There also is the question of fiscal impact of the exemptions on local governments. SDEA cites an estimated loss of $450,000 in tax revenues in Honeoye Central School District as a result of a 480-a exemption for the City of Rochester watershed property.[12] Technical changes are also proposed.

The valuation scheme proposed is that forest land be "the average value per acre of forest land exclusively devoted to and suitable for forest crop production in New York State". The method would be very similar to the original agricultural

Table 5-2

Degree of Over or Under Assessment of Forest Lands in Twelve Tug Hill Towns, 1979

	Average Ratio For Whole Town	Market Value Ratios						
		Residential	Misc. and Commercial	Apt.	Vacant*	Farm	Industrial	Utility
Harrisburg	10.86	12.85	10.86	-	10.91	10.56	-	12.69
Lewis	6.15	5.01	9.87	-	3.81	4.94	16.62	7.61
Lorraine	11.87	12.78	17.52	-	22.66	11.42	11.87	19.54
Lowville	42.98	37.19	66.38	-	7.18	42.47	42.98	52.62
Orwell	15.08	5.95	7.32	-	3.56	-	15.08	22.77
Osceola	129.81	115.02	158.90	-	125.74	133.82	-	110.53
Redfield	7.00	5.87	9.48	-	5.05	5.94	7.00	20.76
Turin	20.70	16.54	18.23	21.07	24.47	23.80	21.07	20.70
Vienna	3.03	3.19	4.03	-	1.52	3.13	3.03	3.03
W. Turin	10.08	10.88	26.28	-	6.21	10.45	-	19.82
Williamstown	6.24	6.28	8.49	-	4.21	4.46	6.24	18.09
Worth	12.93	14.30	12.85	-	13.43	7.91	12.93	37.45

*Note: Because the vacant land category ofttimes include wholly or partially forested parcels, its market value was chosen to represent forest lands.

Source: New York State Division of Equalization and Assessment, Market Value Survey, 1976.

The twelve towns picked for Table 5-2 included the five case towns, the agricultural exemption town (Lowville), and six other towns which exhibited various degrees of assessment of forest lands. Implementation of full value assessments would have varying impacts with regard to any tax shifts to forest lands. The ratios presented above tell us that forest lands in Lewis, Lowville, Orwell, Redfield, Vienna, West Turin, and Williamstown are generally underassessed compared to other land uses in those towns. Thus, these forest land parcels may experience the greatest increase in taxes upon full value implementation. Harrisburg, Lorraine, Turin, and Worth forest lands are generally overassessed and therefore, will stand less chance of a tax increase with full value implementation.

valuation approach. U.S. Department of Agriculture indices of average value per acre and SDEA market sales price data used in setting equalization rates would be employed. Values would be determined for different regions of the state and different forest land types. Department of Environmental Conservation (DEC) approval of a plan and other requirements remain. The exemption is still mandatory upon the assessor. That is, the applicant who is determined by DEC to have an eligible tract must receive the exemption without any decision on the part of the assessor or local taxing jurisdiction.[13]

Changing from the present arbitrary exemption formula is a good idea. Changing to a market based valuation system is not. The approach SBEA suggests misses the point of the problems inherent in the market-based agriculture valuation system that is now to be abandoned because it could not thoroughly screen out non-farm factors in farm sales. SDEA market surveys are too limited to yield an adequate number of sales with no non-farm factors involved. SBEA's suggested approach also ignores the fact that, with this year's new legislation, it would result in farm woodlands being valued on an income basis and 480-a forest lands on a market basis.

A better approach would be one that sets forest ceiling values based on income and productivity factors, as will be done for farm woodlands. New 480-a legislation should specifically declare its intent to encourage forest management by removing non-forest values from forest land assessment, using an income and productivity base.

A REGIONAL FOREST VALUATION COMMISSION

A review of forest tax policy in New York, prepared for the Tug Hill Commission, concludes that the state has no clear policy in this regard.[14] The state's earlier forest tax program, the Fisher Tax Law (section 480 of the Real Property Tax Law), was aimed primarily at large forest tracts in the Adirondacks. The passage of 480-a was accompanied by such concern over fiscal impacts in downstate communities that the final version was far from being an affirmation of a policy to encourage small and large scale forest management. The concerns of downstate legislators led to a program of little value to upstate woodland owners.

One program of forest valuation and exemptions clearly cannot be called a policy for New York. A system of forest land values based on differences in soils, climate and management practices would be more likely to serve as a means of encouraging forest management. Those values could be set by the State Department of Equalization and Assessment staff or a regional group.

The SBEA has had plans for forming an agricultural valuation unit for sometime, though approval was withheld by the Division of the Budget. As part of its new mandate to develop an income-based approach to valuing farmland, this unit is likely to be active. In its new forest valuation proposal, SBEA says fiscal support for farm valuations will be sufficient to also cover forest valuation.15 Regional differences in the character of New York's forests and the importance of local involvement in carrying out tax policy suggests that a regional commission with state and local representation may be the best way to administer a new system of forest valuation. The regional commission would be charged with setting a comprehensive regional policy for the area, development of a system for setting forest land values

to be used in determining exemptions, implementing the system and providing for cooperative local government programs in open space valuation.

EXAMINING FOREST VALUATION

Whether or not a regional commission approach is used, an examination of income and productivity based valuation of forest land in New York is necessary. An effort parallel to the examination of this alternative for agricultural lands by the Temporary State Commission on the Real Property Tax is in order. This would be an evaluation of the concept to determine what technique would be feasible and what information would be required to actually set values. An important part of this research, a component missing in the work of the TSC on the Real Property Tax, is the likely fiscal effect on communities. Measuring this would probably require the following steps:

1. inventory forest parcels and characteristics;
2. select a sample for valuation to be used in estimating full value shifts and effects of valuation alternatives;
3. develop data relating to yields, stumpage values and productivity measures to assess the probable impact of alternative valuation systems on landowners and on the fiscal health of municipalities;
4. analyze impacts, deciding whether a uniform valuation scheme or a tiered valuation scheme is preferable; and
5. trace the impact of the revenue changes through the region's economy.

STATE REIMBURSEMENT TO LOCAL GOVERNMENTS

The benefits of a healthy forest industry in New York will accrue to regions and the state as a whole in terms of jobs and increased taxes. The adverse effects of a forest land tax break under current tax policy, the loss of tax revenues, fall entirely within the taxing jurisdictions where the exemption is granted. Individual communities with significant managed forest land should not have to bear the burden of lost revenue to benefit the state as a whole. Yet this is what happens under 480-a today.

A landowner seeking a tax reduction under 480-a today needs only seek the approval of the state Department of Environmental Conservation. Once the DEC has determined the eligibility of the tract of land and the acceptability of the management plan, the exemption is mandatory upon the assessor and local taxing jurisdictions. It is a very different situation from that of exemptions in an agricultural district, where local governments, especially the county, are in part the creators of the district.

Some other states recognize this argument, and provide for state reimbursement for local tax losses attributable to forest or open space exemptions. Vermont has established such a fund, and a recent report has advocated that the State of New York reimburse localities for "lost" revenues in forest and open space exemptions.[16]

The concept is not new to New York. In 1970, the Temporary Study Commission on the Future of the Adirondacks recommended state reimbursement for the lost value of scenic easements in the Adirondack Park and "for lost revenues resulting from the "freeze" provision of the Fisher Tax Law" (this was prior to enactment of 480-a).[17] That Commission's report offered an interesting additional rationale for state reimbursement. It noted the low incomes and disperse populations that tended to keep costs for public services, and thus taxes, high. The implication was that state exemptions for forest and other open lands, to the benefit of all the state, should not place an added burden on local residents.

That line of reasoning is more complying yet in the Tug Hill area. The four counties overlapping the area (Jefferson, Lewis, Oneida, and Oswego) rank low in personal income (42nd, 62nd, 32nd and 40th out of 62 counties, respectively).[18] Beyond this, Tug Hill towns have kept per capita expenditures for public services well below the state average despite small, dispersed populations. With two-thirds of the Tug Hill area in commercial forest land (defined as potentially timber producing by the U.S. Forest Service), forest tax exemptions could possibly place a disproportionate share of the costs of state tax exemptions to aid forestry on these communities.

Further, these towns are not the beneficiaries of the significant state aid that flows to many Adirondack towns with large state land holdings. A recent article drew this contrast by comparing the Adirondack town of Benson with the Tug Hill town of Montague. Montague operates on a town budget of about $30,000, with over 80 percent of revenues generated locally. The state-owned wildlife management lands pay no taxes.[19] Benson, on the other hand, benefits for a century old state focus on the Adirondacks: "New York State is Benson's largest taxpayer, providing 90 percent of the town's property taxes under a special arrangement that compensates it for the fact that the state owns most of the land within its borders."[20]

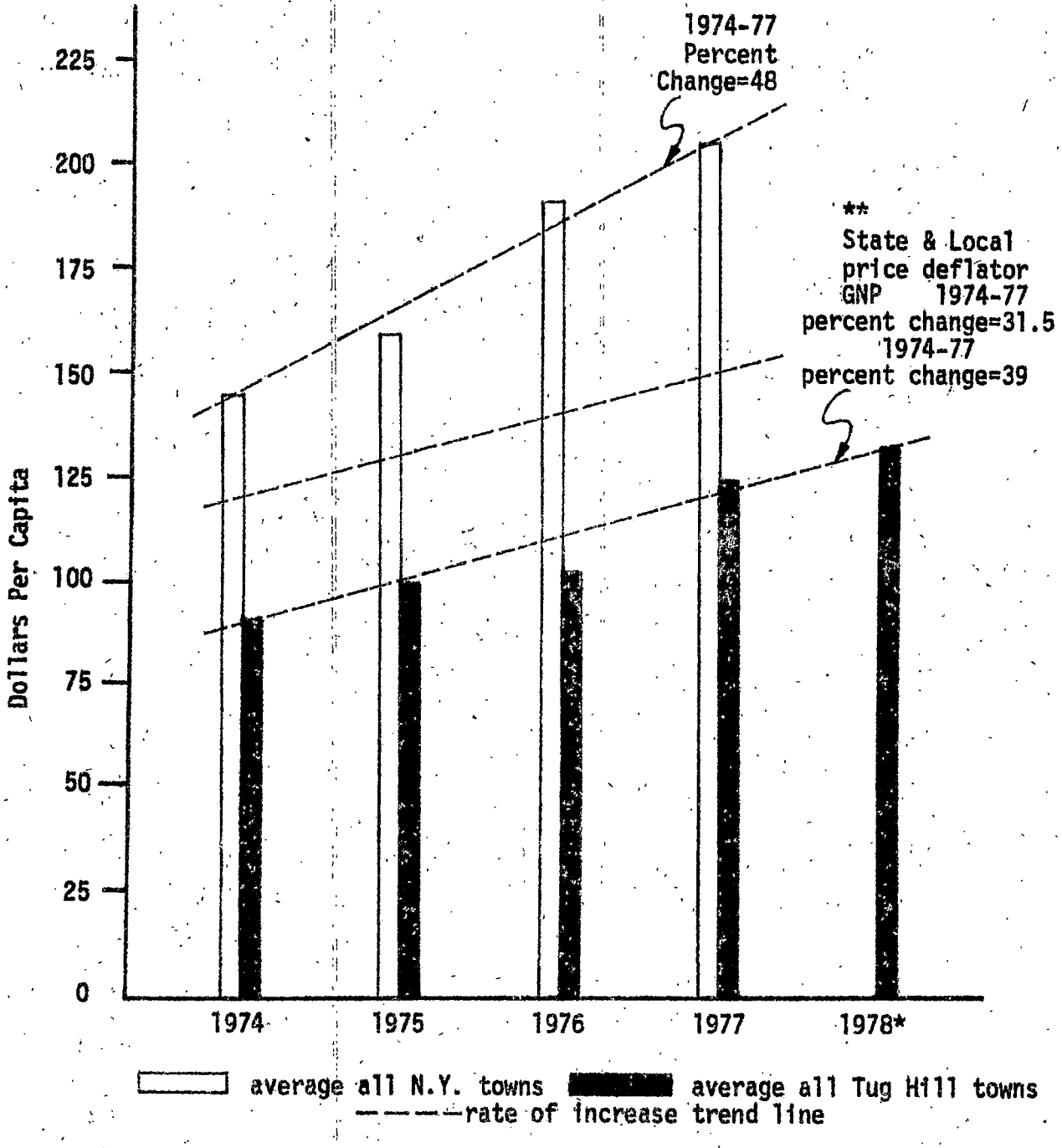
Legislation to create a new forest tax program should provide for reimbursement to towns, perhaps through counties, from general state revenues in proportion to the effective lost assessed value, if any, resulting from forest property tax exemptions.

DEVELOPING FOREST TAXATION AS PART OF STATE FOREST POLICY

The forest tax exemption program outlined here is not ideal. Almost any real property tax exemption simply demonstrates the fundamental inequity of the property tax. It is regressive. The exemptions are often complex to administer and inequitable in their application. The best solution to the property tax dilemma is to reduce the tax to cover those costs which are locally determined and related to the services required by landowners.

Figure 5-1

Average Per Capita Town Expenditures, 1974-1977



* State data not available for 1978.
** Based on state and local government price deflator portion of GNP, 1972=100. Only slope should be used. Comparable absolute figures not available.

Source: State Comptroller, 1974-1977, Special Report on Municipal Affairs, Table 1-E and Tug Hill Commission data.

Until such sweeping reform is possible, we can only tinker with the property tax in hopes that it can be tailored in such a way that it does not defeat societal goals such as private ownership of land and homes, and productive use and enjoyment of farm and forest lands. It is in this spirit that this recommendation to examine a new forest taxation program is made.

The time is right for this examination. We are beginning to recognize the major role forests can play in our economy and our enjoyment of life, especially as New York and the northeast appear resource and opportunity poor in so many other aspects.

The timing is right in another way. The state is examining its forest policies through the Forest Resources Planning Program. Forest taxation ought to be part of that review. A policy review of forestry in the northeast stated:

> We recommend a thorough evaluation of government financial assistance and property tax programs, as they affect forest management both for wood production and for other nontimber forest values.[21]

The opportunity should not be missed.

Footnotes

[1]Dr. Laurence E. Goss, Jr. The Economic Impact of the Tug Hill Forest, December 1974, p. B-6.

[2]Carl H. Reidel. The Yankee Forest: A Prospectus, 1978, p. 7.

[3]Chapter 814, Laws of 1974, section 1.

[4]Based on Department of Environmental Conservation "Forest Tax Law Certifications" list dated 20 July 79 and updated 29 April 1980. Herkimer, St. Lawrence, Fulton, Warren and Franklin counties have 480-a eligible lands. Other northern New York counties of Jefferson, Oneida, Oswego, Lewis, Montgomery, Saratoga, Washington, Hamilton, Essex and Clinton have none.

[5]State Board of Equalization and Assessment, Opinion #31, 23 February 1979.

[6]The New York Court of Appeals upheld exemptions for lands used for environmental and conservation purposes in a landmark case in 1979 Mohawk Trust v Board of Assessors, Town of Gardiner (47 NY 2d476, 3 July 1979, Gabrielli, J.).

[7]General Municipal Law §247.3 and State Board of Equalization and Assessment Opinion #85.

[8]Donna G. Maturi, Current Threats to Open Space in the Adirondack Park: Private Forest Lands and the Real Property Tax, 31 August 1979, p. 31.

[9]Robert Quinn, Letter to Elmer G. Terrell, DEC, 24 January 1978.

[10]State Divison of Equalization and Assessment, Report on Proposed Reforms in Real Property Tax Administration, February 1980, p. 24.

[11]Woodland exemptions under 305 and 306 of the Agriculture and Markets Law are recently allowable under Chapter 241 of the Law of 1978.

[12]State Board of Equalization and Assessment, Proposal #80-26, Memorandum, undated.

[13]State Board of Equalization and Assessment, Legislative Proposal #80-26, undated.

[14]Thomas Dorsey, Forest Taxation Without A Policy, June 1980, prepared for the Temporary State Commission on Tug Hill.

[15]SBEA Memorandum #80-26, undated.

[16]Maturi, op. cit., p. 32.

[17]Temporary Study Commission on the Future of the Adirondacks, The Future of the Adirondack Park, 1970, pp. 83-87.

[18]1977 figures from Division of the Budget, New York State Statistical Yearbook, 1979-1980 edition, December 1979, update section.

Footnotes (cont'd)

[19]Tug Hill calculations based on "tab sheets" from the State Department of Audit and Control, 1978.

[20]Eric Freedman, "Hope, Despair Line Table of 2 Small Towns", The Knickerbocker News, 29 January 1980, p. 6A.

[21]Carl H. Reidel, op. cit., p. 27.

RELATION OF PUBLIC SERVICE COSTS AND THE PROPERTY TAX

Local governments exist to provide services. Taxes pay for these services. A basic concept that could be applied to the relationship between taxes and services in regard to the property tax is that each parcel of property should pay for only those services which it actually receives.*

This "cost of services" approach to the property tax appears attractive because it seems fair and because it seems to hold promise for an area like Tug Hill where the residents want to maintain the character of their lives and communities. The cost of services approach to taxing might help keep the area the way it is, it is suggested, by keeping property taxes on farms, forests, and other open lands that hypothetically require few public services, low. This line of reasoning assumes that these types of open lands to require less services and that lower taxes will keep farms and forests from being developed.

This line of reasoning is all the more compelling at this time, because of the possibility that revaluation of land to the full value standard in some cases will lead to increased taxes on farm, forest, and other open lands.

To test the merit of the cost of services concept, the following questions need to be addressed:

1. Is the concept fair and legally supportable?
2. Could a property tax program based on the cost of services be administered at reasonable cost?
3. Would it accomplish the objective of maintaining open lands?

A REASONABLE PRINCIPLE TO APPLY IN DETERMINING TAX POLICY

Cost of Services is Legally Supportable

Taxing property based on the services received would require substantial change in state law. New York's property tax is an ad valorem tax. The Latin "ad valorem" simply means "according to the value". Property in New York is taxed according to its value merely as a means of apportioning the cost of government. The principle assumes that payment should be related to wealth as measured by land ownership. It does not assume that payment should be related to benefits ("services") received.

*This section is based on Thomas A. Dorsey (1979), Cost of Services and The Real Property Tax: An Examination of the Concept, prepared for the commission.

But to say the property tax in New York is set according to the value of land only is misleading, since some charges to taxpayers that might normally be called "property taxes" are, in fact, service-based charges.

Article XVI, Sections 1 and 2, of the State Constitution provide for the power of taxation and supervision of assessing by the state legislature. Section 306 of the Real Property Tax Law requires that assessments set by local assessors be at full value. But it is Section 102 of the Real Property Tax Law that defines taxes simply as "a charge imposed on real property". Strictly speaking, the property tax on a parcel is the result of multiplying its assessed value by the tax rate derived from the budget of the village, city, town, county, and school district in which the parcel rests. (The tax rate is determined by deducting all other sources of revenue and then dividing by the assessed value.) These are general purpose charges against the property.

Existing Cost of Service "Taxes"

Section 102 of the Real Property Tax Law also provides for more specific charges against property that may be service based. Section 102 provides for "service charges" as a form of taxation, and for "special ad valorem" levies and "special assessments". Each of these three terms relates the benefit received by the parcel to the charge applied to it.

In Section 102, a "service charge" is defined as a charge imposed by a county, city, town, or village to defray the cost of services (emphasis added) for police protection, fire protection, street and highway construction and maintenance, and sanitation and water supply. A "special ad valorem levy" is defined as a charge imposed upon benefited real property (emphasis added) to defray the cost of a special district improvement or service. A "special assessment" is defined as a charge imposed upon benefited real property in proportion to the benefit received (emphasis added) by a parcel for a special district improvement or service.

In short, New York State law provides precedent for the concept of charging property for public services provided. Despite this precedent, however, major changes in existing law would probably be necessary to change the general property tax from an ad valorem basis to a service charge basis.

Any changed system of property taxation would have to meet the traditional test of equal protection. A property tax that is a service charge would have to be uniformly administered. Any differentials in charges (taxes) to different classes of property would probably have to bear a rational relationship to a legitimate governmental purpose if it were to be supported by the courts. Existing service charge "taxes" accomplish this by relating the charge to a measurable service that can be directly or indirectly attributed to the property. The administrative feasibility of accomplishing such a standard would affect the legal supportability of the cost of services approach.

A DIFFICULT, AND POSSIBLY COUNTERPRODUCTIVE, PROGRAM TO IMPLEMENT

Administration Would Be Complex

The distinguishing feature of a tax, as distinct from a service charge or other levy, is that the tax must be paid regardless of the benefit received. Service

charges and levies are based on the amount of benefit received that is either measured directly (metered use of water or electricity, for example), or indirectly by some other criterion (such as acreage, floor space area, or length of frontage). The key feature of an administerable cost of services property tax program would be a manageable and affordable means of determining what types of property received what level of services. The complexity of this allocation of service costs could frustrate use of a cost of services approach.

One complicating factor is that many public services are services to people and not property. These services (such as welfare, health service, disability, and unemployment payments) usually have been created expressly to shift costs from the benefited recipient to the rest of society.

Not only would it be contrary to broader public policy to charge these individuals for these services, it would be ineffective since many would not be property owners. In addition, there would be the complicating factor of determining what portion of the service should be charged to individual parcels or classes or property. These impediments to the cost of services approach are significant because of the importance of services to people in local budgets, especially at the county level. One analysis of the Lewis County budget, for example, classified 67 percent of 1979 appropriations as services to people. Only 16 percent of appropriations could be attributed to property-related services.

Difficulty in determining what portion of a service should be charged to various classes of property is a problem for services related to property as well as for services to people. Overlapping of services, varying degrees of use of services, and varying efficiency in service delivery, would require service cost calculating for individual jurisdictions; perhaps on an answer basis. An example can help illustrate this.

> Mr. White lives in the Town of Lincoln. Lincoln supplies 19 district services including highway maintenance, libraries, parks, police, sewers, and water supply. Fire protection is voluntary. If Mr. White owns a $20,000 home, his full value cost of services charges for police, parks, and highway would be $250. However, Mr. White also receives police protection from the county (sheriff) and the state (state police), park services from the county, and highway services from the county and state. Ignoring state services, which are paid for from nonproperty revenue sources, we can assume that Mr. White pays $15/1000 for sheriff's services and $2.50/1000 for county parks. As a result, he pays $350 for services he already receives, if we view these services as strictly services to property. Mr. White's preference for county parks or the route he takes to work each day affects this problem but cannot be measured in calculating the cost of services. Thus we are left with the basic problem of how to "reduce" Mr. White's service bill to a payment for a single set of services which are not duplicative.

The degree of difficulty in calculating and apportioning service costs varies, of course. Police protection is a difficult service to apportion. Highway costs may be difficult to apportion too, where village and town highway jurisdiction and use overlap. Furthermore, the services most easily apportioned, such as sewer, water or lighting, are those most often already covered by service charges through special districts.

Cost of Services May Not Reduce Farm and Forest Taxes

Despite these difficulities, the cost of services approach appears to be legally supportable and administratively feasible. The effect of the approach, however, may not be to reduce taxes on farm, forests, and other open lands as expected. Studies of how much local tax revenue is contributed by various classes of real property versus the costs those parcels impose on a municipality suggest that industrial, commercial, and utility parcels pay much more than they cost, while vacant, farm and residential parcels cost more than they pay. A shift to cost of services approach could increase costs to the latter classes, particularly residences, while reducing charges to commercial, industrial, and utility parcels, those properties which can and do "export" taxes as overhead in their prices for goods and services.

This same effect would be reinforced by the shift to full value assessment; and with the use of the resulting tax base values to distribute the "cost of services" charges, the impact on vacant, farm and residential parcels could be magnified further. Thus there is greater reason to infer that the desired objective of protecting underserved parcels would not be met by this approach.

Finally, to the extent that certain classes of property use little or no services (vacant, forest, or farm), a town may be subject to increased land speculation encouraged by the reduction in carrying charges in the form of real property taxes. This possibility is encouraged or enhanced by the tendency of the "cost of services" approach to lead to the substitution of private services (wells, septic tanks, etc.) for public services in order to maintain an "underserved" status. This encouragement of "privatization" coupled to reduced carrying charges could be undesirable in terms of the goal of maintaining the character of the region.

PREFERENTIAL ASSESSMENT, CLASSIFIED ASSESSMENT, AND TRANSFER OF SOCIAL SERVICE COSTS AS AN ALTERNATIVE

The possibility that the cost of services approach would operate counter to goals to maintain the rural character of Tug Hill, and its administrative complexity, suggest it is not a good alternative for changing the property tax structure. The following alternatives appear to hold greater promise as means toward the end of maintaining the character of a rural area like Tug Hill.

1. Better use of preferential assessment for farm and forest land would contribute directly to maintaining the rural character of Tug Hill. Recommendations for improvements in existing preferential assessment programs would involve income-based valuation of farm and forest lands, coupled with provisions for state reimbursement in overall cases. This recommendation is detailed in the preceding sections of this report.

2. Transfer the local share of social service costs to the state level. This action would lessen the real property tax impact in general, and as a result of revaluation tax shifts in particular. These costs would then be met through income and other state taxes that bear a closer relation to ability to pay than does the property tax. Furthermore, this approach is appealing because (a) local social

costs are largely the result of state mandates, and (b) it would leave the property tax as a levy that bore closer relationship to the services required by property owners.

3. Use a system of classified assessments or the rates to avoid property taxation of farm and forest lands beyond the income producing capability of those lands. This alternative could be employed together with or separate from changes in preferential assessments and social service costs. In this case, the cost of services concept would not be applied directly, but would serve as a rationale for classified assessments.

APPENDICES

Appendix A

METHOD USED IN LAND MARKET STUDY

Information on real property taxes and assessments was gathered from town assessment rolls, and other sources in the county treasurer and county real property tax director's offices in Jefferson, Oswego, Oneida, and Lewis Counties. The reports prepared by the assessor for each transfer of land (LA-23 Property Transfer Reports) provided residency and sales price data.

Property Transfer Reports for 1974 to 1979 were used to determine the number of sales, the type of land sold, and the residency of the buyer and seller for all 39 Tug Hill towns. Selected groups of sales were then examined to determine the acreages and sales price of land sold. Prices below $100 per acre were excluded in calculating average sale prices, assuming they were sales between relatives, or sales otherwise not likely to reflect only market influences.

From this 39-town overview, five towns were selected for more detailed examination. The towns of Lorraine, Lewis, Redfield, Osceola, and Vienna were selected to give a cross-section of towns within the study area, from agricultural, to forested, to rural-suburban, respectively.

39-Town Overview

Six land use categories were used for property transmittal data collection. They were residential, commercial, seasonal, farm, forest, and vacant (inactive). The first three categories comprised the developed land class used in the case study analyses. The last three categories conform to the case study analyses. All transfer data was taken from LA-23 Property Transfer Reports filed at the county tax offices.

The two primary reasons for using these six land use categories were (1) Jefferson County towns were the first to be researched and this is the format that the Jefferson County Tax Office used, and (2) more detailed sales activity information (than given in the Tug Hill land taxation report*) was required. Using these categories facilitated the gathering of sales volume, resident, non-resident purchases, and land price information for each of what were felt to be the major land uses. The variable accuracy of sales price information on a LA-23 was recognized; but LA-23's at this time are the only readily accessible public records of sales prices. Only six land use classes were used to avoid confusion.

Resident and nonresident purchases of Tug Hill lands were recorded, 1974 - 1979. When working with the whole 39-town study area, it was assumed that any buyer whose mailing address fell within a reasonable distance of the study area's boundaries was a resident. This reasonable distance attempted to take into account the great irregularities and overlaps of the many mailing districts serving the study area, and also attempted to take into account the commuting patterns of the region. As with the 1974 Tug Hill land taxation report*, one of the limitations in using any resident definition is that some residents will be falsely identified as being nonresidents and vice versa.

*Parsons and Murray, 1974, The Use, Value, and Taxation of Tug Hill Lands.

The Five Case Study Towns

All land use and assessment data was taken from the appropriate town assessment and tax rolls filed at the county tax offices. The land use categories or classes used in these analyses were basically the same as those used for the 39 towns, except that only four major land use classes were needed to accurately present the land use picture.

The four classes used were developed land, agricultural (farm) land, inactive (vacant) land, and private forest land. Only these four categories were needed, whereas in the property transmittal analysis, it was deemed that six categories were necessary. This difference is reflected in the differences in the types of data being compiled.

The case study data provides land use acreage changes, assessed land values for each land use, resident and nonresident ownership of land, and the percentage of the town's total acreage that each land use comprises (1964-1979).

In short, four land use categories are used in the case study towns and six in the 39-town overview to match the existing information and to avoid second guessing of the assessor's two, possibly different, classifications of a parcel (that is, at sale and at assessment). This avoids drawing relationships between assessment and land sale data and the resulting problems. For example, if there were 4,000 acres of forestland sold in one-acre lots, this would not necessarily mean that there would also be 4,000 forestland transfers. There could be 3,000 forest transfers or zero, depending upon how the assessor perceived the land to be used or how it would be used at, or shortly after, the time of sale.

In the five case study towns, the definition of a resident was also refined. Any mailing address that fell within a one-town radius of a case study town was considered a resident of that town. Because these case study analyses were taking a micro look at the land market, it was felt that a narrowed down residency definition was needed. Such a definition is more appropriate to individual towns. Once again, perceptions of who is a resident of a particular town can vary greatly from person to person, and for any person, from situation to situation.

Appendix B

LAND MARKET TRENDS IN THE 39 TOWNS

The major transportation routes and urban centers which surround the Tug Hill study area are the primary influences on the area's property transfer market. In Jefferson, Oswego, and Oneida County towns, the far reaching pressures and demands of the Watertown, Syracuse, and Rome-Utica metropolitan areas help to keep the transfer activity in these counties at a substantial level. The majority of the transfer activity occurs in the residential and vacant land categories in those towns through which major transportation routes pass. Those towns further removed from the major arterials incur less transfer activity, with more turnover in the vacant and seasonal properties categories. In Lewis County, the total transfer activity level was comparable with the other three counties despite its not possessing a major urban center. Therefore, it is probable that there is no other area into which Lewis County's property demands might spillover. Furthermore, nonresident (or absentee) interest in property in Lewis County was, in general, higher than that for the other three counties.

Interviews with town assessors, real estate agents, and other knowledgeable people provided some insight into present Tug Hill land market trends and trends which may continue or magnify in the future (see Appendix H). There were five primary trends identified by most of those people interviewed. These were as follows:

1. The more isolated, less viable agricultural lands will continue to be abandoned or sold. The majority of such marginal and submarginal agricultural lands will continue to revert back to brush and forest.

2. Purchases and placement of mobile homes has increased greatly over the past five years and will continue at an increasing rate if the cost of conventional housing continues to rise.

3. Forced tax sales are not significant, nor are they expected to increase greatly in the future. Some people take advantage of the tax sale grace period and in effect receive a very cheap short term loan. If this becomes a problem, then it might be wise for taxing jurisdictions to increase the penalty for late payments.

4. Forested acreage will increase as marginal farmlands are abandoned.

5. The more productive agricultural lands in the Tug Hill core and fringe areas will experience greater demand pressures for farming as well as development and thus may receive higher prices per acre. This may then drastically increase assessed values and holding costs per acre and make it more difficult for farmers to stay as productive.

6. More seasonal/recreational camps are being placed on the market by both residents and nonresidents alike. Residents often times feel that holding costs on these seasonal or recreational lands no longer warrant keeping the land while a combination of higher transportation costs, disillusionment with the area, and higher holding costs are the primary factors in the

decision to sell. The sales price for such lands that are in the more remote Tug Hill areas may drop far below the average market value for forested recreational properties if demand stays low.

7. The demand for vacant woodlots appears to be increasing and will continue to do so as long as fuelwood is in great demand. Usually it is the small to medium sized woodlots (5-15 acres) which are in greatest demand.

TOWNS ON MAJOR HIGHWAYS HAVE MOST SALES

In the 1974-1979 study period, there were 15,181 land title transfers in the 39 towns. Approximately one-half of these transfers involved residential housing; 27 percent were vacant land transfers; 14 percent were seasonal property transfers; 6 percent were agricultural land transfers (not necessarily whole farm unit transfers); and 4 percent involved commercial enterprise acreage. These land title transfers are available for each town in Table B-1. From this table it can be readily seen that it is the property in the more accessible areas and towns that is in highest demand and retains a brisk transfer market.

RESIDENCY OF LANDOWNERS

A nonresident of the Tug Hill study area was defined here as being one whose mailing address fell beyond a "reasonal distance" from the study boundary. Generally, this reasonable distance extended along the Rome-Syracuse-Oswego-Lake Ontario areas and about a one town radius in all other parts around the study area. Nonresidency was looked at to determine if nonresident (and absentee) landowners exerted upward pressure on Tug Hill land prices. It is generally contended that these nonresidents 1) merely purchase the land to realize a quick and substantial profit; 2) outbid and/or pay above the local market value for the land; and 3) exert urban and "non-local" values upon the localities in which they purchased the land. While the non-resident involvement in property title transfers is higher in some towns than in others, it does, however, appear to be a very small percent of total Tug Hill land title transfers. Over the past five years, nonresident purchase of Tug Hill lands has declined from 12 percent (1974) to 8 percent (end of 1978). Annual nonresident land transfer involvement is presented in Table B-2 for each individual town for the five year study period.

In the 1974-1979 study period, only 2.8 percent of all transfers (15,181) involved forested parcels. Note, however, that some parcels could be completely forested but show up on the tax rolls as being vacant lands. Therefore, if these "vacant" land transfers are also considered as forest land then they would comprise 29 percent of total transfers.

Table B-3 indicates that Tug Hill had a fairly brisk land title transfer market from 1974 to 1979. The whole market saw a steady increase in transfer activity through 1978. The peak periods of land title transfer activity occurred in 1977 and 1978, although individual towns experienced variations from this regional pattern.

Table B-1

Total Number Property Transfers by Land Use, 1974-79
for the 39 Towns

	Residential	Farm	Commercial	Vacant	Seasonal	Total
Adams	429	85	70	108	24	716
Champion	375	34	31	138	33	611
Lorraine	70	36	7	50	24	187
Rodman	64	57	1	50	22	194
Rutland	212	53	18	117	0	400
Watertown	253	54	62	204	28	601
Worth	6	17	1	44	66	134
JEFFERSON CO.	1,409	336	190	711	197	2,843
Albion	191	10	3	147	50	401
Amboy	67	10	0	69	59	205
Boylston	36	6	0	41	107	190
Constantia	634	11	33	303	198	1,179
Hastings	713	18	78	472	24	1,305
Orwell	65	4	3	70	199	341
Redfield	78	2	5	104	150	339
Parish	243	2	20	176	35	476
W. Monroe	289	6	6	231	61	593
Williamstown	123	18	23	61	116	341
OSWEGO CO.	2,439	87	171	1,674	999	5,370
Annsville	148	27	13	94	27	309
Ava	44	4	1	27	3	79
Boonville	183	20	32	76	63	374
Camden	143	3	8	31	3	188
Florence	43	7	1	47	16	114
Floyd	253	3	17	69	2	344
Lee	121	9	6	9	0	931
Steuben	43	7	1	45	6	102
Trenton	269	17	30	125	8	449
Vienna	372	7	38	248	252	917
Western	64	14	2	30	16	126
ONEIDA CO.	2,266	129	161	953	411	3,920
Denmark	212	89	10	95	15	421
Harrisburg	20	55	0	92	19	186
Lewis	52	12	14	47	70	195
Leyden	141	39	1	93	33	307
Lowville	387	65	51	105	10	618
Martinsburg	108	49	10	81	19	267
Montague	6	1	1	26	86	120
Osceola	45	0	4	63	107	219
Pinckney	27	16	3	24	34	104
Turin	75	45	19	27	31	197
West Turin	175	50	20	89	80	414
LEWIS CO.	1,248	421	133	742	504	3,048

Source: Jefferson, Lewis, Oneida and Oswego County Tax Offices, 1974-79; and Tug Hill Commission, 1979.

Table B-2

Annual Nonresident Land Transfer Involvement by Town, 1974-1979

	1974	1975	1976	1977	1978	1979	Total
Adams	19	14	7	6	7	3	56
Champion	8	9	7	10	7	0	41
Lorraine	8	4	3	7	4	4	30
Rodman	3	0	4	3	4	1	15
Rutland	5	2	4	5	7	1	24
Watertown	6	6	7	9	12	10	50
Worth	2	1	2	4	5	1	15
JEFFERSON CO.	51	36	34	44	46	20	231
Albion	5	3	4	10	4	3	29
Amboy	0	0	6	5	3	1	15
Boylston	12	7	6	8	2	0	35
Constantia	32	14	26	34	18	27	151
Hastings	11	14	13	11	18	4	71
Orwell	10	12	2	14	7	5	50
Redfield	24	18	23	17	7	5	94
Parish	7	3	3	8	11	4	36
West Monroe	4	6	9	2	2	3	26
Williamstown	5	4	12	9	5	8	41
OSWEGO CO.	110	81	104	118	75	60	548
Annsville	-	5	3	3	2	1	14
Ava	-	0	3	1	0	0	4
Boonville	-	0	3	8	14	3	28
Camden	4	0	1	0	1	0	6
Florence	-	6	2	4	0	1	13
Floyd	-	2	1	0	5	1	9
Lee	-	0	6	4	4	0	14
Steuben	-	0	2	1	0	0	3
Trenton	-	12	2	3	4	2	23
Vienna	-	1	17	26	21	0	65
Western	-	0	1	4	2	1	8
ONEIDA CO.	4	26	41	54	53	9	187
Denmark	4	6	4	2	2	3	21
Harrisburg	24	25	27	18	5	7	106
Lewis	10	10	7	4	10	3	44
Leyden	4	11	10	6	11	1	43
Lowville	9	10	10	11	11	4	55
Martinsburg	5	10	8	11	4	5	43
Montague	9	3	6	7	1	2	28
Osceola	12	14	21	14	10	4	75
Pinckney	3	2	10	5	0	-	20
Turin	3	12	7	4	9	2	37
West Turin	12	20	17	7	15	2	73
LEWIS CO.	95	123	127	89	78	33	545
39 Town Total	260	266	306	305	252	122	1,511
Percent of Total Transfers	12%	11%	11%	10%	8%	9%	10%

Source: Jefferson, Lewis, Oneida and Oswego County Offices, 1974-1979; and Tug Hill Commission, 1979.

Table B-3

Tug Hill Land Title Transfer Summary, 1974-1979[1]

TUG HILL	1974	1975	1976	1977	1978	1979	Total
Residential	867	1,202	1,380	1,574	1,639	700	7,362
Farm	166	153	184	187	163	120	973
Commercial	90	110	88	138	161	68	655
Vacant	656	683	830	753	847	311	4,080
Seasonal	306	310	402	390	330	7	1,820
*No. Forestland transfers	56	69	29	61	48	103	291
Total	2,141	2,527	2,913	3,103	3,188	1,309	15,181

[1]1979 LA-23 data available only for about one-half year.

*Note: Forest land transfers were originally counted as seasonal transfers but were separated here to show the trend in woodland demand.

Source: Tug Hill Commission, 1979.

Table B-4

County Land Title Transfer Summaries, 1974-1979

JEFFERSON CO.	1974	1975	1976	1977	1978	1979	Total
Residential	244	231	251	305	283	95	1,409
Farm	57	54	72	59	49	45	336
Commercial	34	27	28	42	36	23	190
Vacant	153	115	127	108	158	50	711
*Seasonal	37	37	39	38	28	8	187
(Forest	3	2	1	1	3	0	10)
Total	528	468	519	554	560	221	2,853

LEWIS CO.							
Residential	200	224	244	257	214	109	1,248
Farm	93	76	75	70	68	39	421
Commercial	28	30	26	23	18	8	133
Vacant	148	127	155	142	121	49	742
*Seasonal	74	71	89	57	72	18	381
(Forest	20	34	28	20	17	4	123)
Total	583	596	645	589	527	231	3,171

ONEIDA CO.							
Residential	32	362	467	528	667	210	2,266
Farm	2	13	10	44	31	29	129
Commercial	2	22	15	40	66	16	161
Vacant	19	177	219	207	284	47	953
*Seasonal	2	54	80	121	128	7	392
(Forest	0	4	4	6	4	1	19)
Total	57	636	799	952	1,184	311	3,939

OSWEGO CO.							
Residential	391	385	418	484	475	286	2,439
Farm	14	10	27	14	15	7	87
Commercial	26	31	19	33	41	21	171
Vacant	336	264	329	296	284	165	1,674
*Seasonal	193	148	173	174	102	70	860
(Forest	33	29	17	34	24	2	139)
Total	1,026	896	1,000	1,069	965	553	5,509

*NOTE: Seasonal transfers broken down and adjusted to show number of forest transfers.

Source: Jefferson, Lewis, Oneida and Oswego County Tax Offices, 1974-1979; and Tug Hill Commission, 1979.

Based on assessor's annual reports, construction activity in 1979 was down from 1974 levels for all Jefferson and Oswego County towns except Champion, West Monroe, Williamstown, Boylston and Albion. This construction data represents construction or additions to or improvements of existing structures and new and additional equipment of public service corporations. All Lewis County towns except Pinckney, Lowville, Lewis and Harrisburg experienced construction increases since 1974. No data was available for Oneida County towns.[1]

JEFFERSON COUNTY

Table B-4 shows that 2,843 transfers were filed for the seven Tug Hill towns in Jefferson County, 1974-1979. One-half of these transfers involved residential properties; 25 percent vacant land transfers; 12 percent farmland transfers; 7 percent each in seasonal and commercial property transfers. In general, the most active market periods (in terms of total number of transfers per year) occurred in 1977 and 1978. Contrasted with the whole Tug Hill area, Jefferson County towns generally experienced a stable, consistent transfer market in the last five years. Nonresident land title transfer involvement declined slightly (from 10 percent to 8 percent of total Jefferson County transfers) from 1974 to 1978. Total nonresident transfers were only 8 percent of the total county transfers, 1974-1979.

Farm transfers in Adams, Champion, Rutland, Watertown and Worth were either at or below the average for all of the seven towns while those for Rodman (29 percent of total transfers) and Lorraine (19 percent of total transfers) were significantly higher than the 12 percent average. Adams and Rodman farm transfers are decreasing from 1974-1979. Worth and Watertown farm transfers are remaining stable. Champion, Rodman and Lorraine had increased farm transfers. Lorraine experienced a very large increase (up 40 percent from 1978) in the first six months of 1979 in farm transfers. However, most of these transfers are the result of enlargement of existing farms. Very few nonresidents are involved in these purchases although there were approximately four nonresident purchases (three out of New York State and one New York City). In some cases, the nonresidents may have sold their farms elsewhere and have bought cheaper land here in Tug Hill; in other cases, the purchase may be purely speculative.[2] In general, there seems to be a higher demand for the more viable agricultural lands. This is consistent with the trend toward fewer but bigger farms which is occurring both in Tug Hill and the nation. Those people who were interviewed stated that development pressure on agricultural lands has decreased in recent years due to increased fuel costs, high interest rates, more restrictive mortgage terms, and decreasing overall population.

Only 1.3 percent of total Jefferson County transfers involved forested properties as indicated by the property tax code on the LA-23 forms.

LEWIS COUNTY

Table B-4 shows 3,048 land title transfers for the past five years. Forty-one percent of these transfers were residential; 24 percent were vacant lands; 17 percent were seasonal properties; 14 percent were agricultural lands; and 4 percent were

commercial properties. Total annual land title transfers peaked in 1976 and have been steadily declining since then (see Table B-4). Nonresident transfers (of the Tug Hill region) also peaked in 1976 and have declined slightly since then (from 22 percent in 1976 to 15 percent in the first half of 1979). It appears that nonresident transfers have decreased since 1975 and then stabilized in 1978 and 1979. Total nonresident transfers comprised 18 percent of the total county transfers, 1974-1979.

Farm transfers for the whole county have been steadily declining since 1974. 1974 farm title transfers comprised 22 percent of the total county farm transfers while 1978 farm transfers were 16 percent of the total. Farm transfers for Lewis, Lowville, Osceola, Montague, Leyden and West Turin were either at or below the average (12 percent of total transfers) for all of the 11 towns in the county, while those for Denmark (21 percent of total transfers), Harrisburg (29 percent), Martinsburg (18 percent), Pinckney (15 percent), and Turin (23 percent) were significantly higher than the 12 percent average for the five year study period. Denmark and Harrisburg farmland transfers decreased until about 1976 but have since become stable. Leyden, Montague and Osceola have been fairly stable all along. Lewis and Martinsburg farm transfers have steadily increased. Turin and West Turin fluctuated but have been consistent since 1976. Lowville and Pinckney were generally stable all along. From the interviews and assessment roll data, it was found that many of the farm land transfers were for enlargement of existing farms. Nonresident purchases of farmland were not significant.

All six of the farmland title transfers in 1978 in the Town of Lewis (1978 valid sales) were considered valid sales. The average farmland sale was $18,583 and the average per acre price was $114.

Only 5.6 percent of total Lewis County transfers involved forested properties. In the past five years, Lewis has had 39 forest land transfers and Osceola had 42.

OSWEGO COUNTY

Table B-4 indicates 53 percent land title transfers in the past five years. Forty-five percent of total transfers were residential parcels; 31 percent were vacant parcels; 19 percent were seasonal properties; 3 percent were commercial properties; and 2 percent were farm properties. Contrasted with the Tug Hill region, Oswego County experienced a fairly steady transfer market with only one lull in activity in 1975; peak activity was in 1977 with 1,035 transfers. Nonresident transfers comprised only 10 percent of total county transfers. Only 3.4 percent of total county transfers involved forest land.

Farm transfers for the study period for the county peaked in 1976 and appears to be stable to the present. They comprised 2 percent of total county transfers, significantly below the farm activity in the other counties. Amboy and Hastings experienced an increase in farm transfers since 1977 and 1978. Hastings had six farm transfers in 1978 and none in 1979. Constantia had a stable farm transfer market with about two transfers per year. The remainder of the towns had declining farm transfers over the past five years.

ONEIDA COUNTY

There were 3,920 total transfers in the past five years for Oneida County towns. Fifty percent of total county transfers were in the residential class; 24 percent were vacant land sales; 11 percent were seasonal; 4 percent were commercial; and 3 percent were farmland transfers. Oneida County towns experienced a steadily increasing transfer market with 1978 having the most active market. Residential, commercial, vacant and seasonal parcel transfers all peaked in 1978, while farmland transfers peaked in 1974 and 1977 and have declined since then. Only 0.7 percent of total county transfers involved forest lands. However, this percentage may be grossly inaccurate due to many forest lands being classified as vacant or seasonal parcels.

Only in the towns of Western, Trenton, Lee, Annsville and Boonville were there significant and increasing farmland transfers with peak activity occurring in either 1978 or 1979. Non resident transfer involvement in any of these towns was minimal. It appears that most of these transfers were used for farm enlargements while some were used for development.

SOME TAX SHIFT TO VACANT AND FARM LANDS UPON REVALUATION

Approximately every two years the New York State Division of Equalization and Assessment (SDEA) conducts a market survey in which it collects data throughout the state on land values. The most recent market survey for which data is readily available is 1976. Market value ratios, or the ratio of assessed value to market value, are derived for all land use classes examined by the SDEA. Without actually carrying out full value appraisals, these ratios are only an indication of the direction of tax shift that might result from revaluation. A class ratio is based upon a very limited sample of appraisals and sales in a particular property class in each town. Because this sample is limited, then, so also is the degree and depth of accuracy of the market value ratios.

The table shows that in most cases, farm and vacant lands are under assessed relative to the other land types sampled. For example, in the case of Adams, market ratios for farm and vacant lands are generally lower than those for the other property types sampled. This means that farm and vacant lands are underassessed compared with the other property types. This tells us that there probably will be some shift in tax burdens to farm and vacant (vacant land frequently includes forested lands) lands upon implementing full value assessments. Utility assessments should decrease with revaluation with this resulting tax burden being spread out over the other classes. Surprisingly, residential and the open space lands (vacant and farm lands) are assessed at nearly the same levels, thus indicating that the shift between these two classes is not likely to be excessive. The numbers in the boxes are the average market value ratios for all properties within the town and indicate that generally all properties are significantly underassessed relative to market, or full, value.

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[1]Jefferson, Lewis, Oneida and Oswego County Tax Offices, 1974-1979, Assessors Annual Reports, 1974-1979.

[2]Healy, Robert G. and James L. Short, 1979, Rural Land Market Trends and Planning Implications; Journal of the American Planning Association, American Planning Association, pp. 305-317.

Table B-5

Market Value Ratios For 39 Towns

	Whole Town Average	Resid.	Misc. & Commer.	Apt.	Vacant	Farm	Indust.	Utility
	28.96	35.17	22.89	28.96	26.32	20.75	77.92	28.63
)	31.99	30.50	31.89	31.99	31.99	31.99	37.01	50.29
V.)	22.28	27.53	30.57	22.28	8.54	16.34	22.28	49.72
iage V.)	39.08	37.67	39.36	39.08	7.69	39.08	63.11	39.08
	11.87	12.78	17.52	---	22.66	11.42	11.87	19.54
	18.59	25.95	18.59	---	8.95	15.93	18.59	30.20
	29.19	37.51	36.71	---	22.23	22.66	29.19	39.33
iver V.)	34.22	34.00	21.38	34.22	35.05	23.39	34.22	40.34
1	31.83	38.00	27.32	---	21.08	29.33	31.83	28.05
	12.93	14.30	12.85	---	13.43	7.91	12.93	37.45
	16.02	14.91	19.67	---	16.22	16.23	16.02	23.57
and V.)	24.99	21.06	41.60	---	14.78	---	34.61	6.99
rg	10.86	12.85	10.86	---	10.91	10.56	---	12.69
	6.15	5.01	9.87	---	3.81	4.94	16.62	7.61
	12.63	10.92	11.66	---	9.20	12.31	12.63	20.45
yden V.)	15.76	14.98	18.89	15.76	19.94	15.76	16.33	48.09
	42.98	37.19	66.38	---	7.18	42.47	42.98	52.62
e V.)	89.18	52.61	76.61	57.98	34.10	57.98	59.79	89.18
urg	10.78	11.91	11.62	---	3.08	11.16	10.78	14.64
	32.11	35.67	30.54	---	28.15	37.24	---	32.11

Table B-5
(cont.)

Town		Resid.	Misc. & Commer.	Apt.	Vacant	Farm	Indust.	Utility
Osceola	129.81	115.02	158.90	---	125.74	133.82	---	110.53
Pinckney	9.03	6.78	20.32	---	8.13	6.82	---	25.60
Turin	20.70	16.54	18.23	21.07	24.47	23.80	21.07	20.70
Turin (Turin V.)	22.65	25.14	31.92	---	15.93	9.62	22.65	22.65
West Turin	10.08	10.88	26.28	---	6.21	10.45	---	19.82
West Turin (Constableville V.)	14.08	14.68	10.63	---	5.87	14.79	14.08	37.18
West Turin (Lyons Falls V.)	26.16	19.66	16.91	20.03	8.41	---	41.90	7.86
Annsville	4.48	3.87	12.74	---	1.92	2.79	2.94	10.90
Ava	14.45	19.07	14.45	---	8.09	11.48	14.45	63.31
Boonville	22.74	20.85	31.06	---	16.30	19.13	22.74	48.35
Boonville (Boonville V.)	37.61	41.91	36.77	37.61	36.05	37.61	17.89	63.40
Camden	6.16	6.96	6.43	---	3.14	5.26	6.16	6.16
Camden (Camden V.)	8.82	7.77	11.39	8.82	12.25	8.82	10.63	8.82
Florence	2.86	2.89	4.19	---	2.37	2.35	---	9.28
Floyd	37.50	40.74	37.97	---	9.84	35.55	37.52	37.52
Lee	10.04	11.82	9.02	10.04	2.11	5.09	9.56	10.04
Steuben	25.34	24.59	25.34	---	18.70	21.35	---	62.79
Trenton	11.35	9.10	25.43	10.90	16.55	12.08	10.90	11.35
Trenton (Holland Patent V.)	12.58	12.45	13.75	13.69	38.89	12.58	12.58	11.82
Trenton (Prospect V.)	10.41	10.12	12.88	---	11.32	---	10.41	13.48

Table B-5
(cont.)

Town		Resid.	Misc. & Commer.	Apt.	Vacant	Farm	Indust.	Utility
Trenton (Barneveld V.)	10.57	9.22	12.32	---	14.29	---	16.46	16.13
Trenton (Remsen V.)	13.32	10.41	20.90	---	13.32	11.00	---	10.00
Vienna	3.03	3.19	4.03	---	1.52	3.13	3.03	3.03
Vienna (Sylvan Beach V.)	4.62	4.44	5.27	---	4.10	---	4.62	4.62
Western	11.88	15.46	11.88	---	27.50	6.43	11.88	11.88
Albion	6.95	7.59	6.95	---	3.28	5.21	6.95	22.32
Albion (Altmar V.)	7.99	7.78	7.09	---	2.15	7.76	---	17.47
Amboy	4.49	4.45	4.53	---	2.48	2.27	---	15.08
Boylston	18.71	4.47	---	---	8.11	3.79	---	18.71
Constantia	3.53	3.73	4.03	3.53	2.00	2.89	3.53	5.63
Constantia (Cleveland V.)	4.79	4.29	7.83	4.79	3.35	4.79	4.79	9.54
Hastings	18.37	17.75	19.86	---	17.88	15.95	18.37	26.34
Hastings (Central Square V.)	23.63	22.89	29.81	19.52	13.24	23.63	---	24.24
Orwell	15.08	5.95	7.32	---	3.56	---	15.08	22.77
Parish	5.55	5.45	6.56	---	3.14	5.70	5.55	12.69
Parish (Parish V.)	8.02	8.13	8.45	---	1.66	8.02	---	14.45
Redfield	7.00	5.87	9.48	---	5.05	5.94	7.00	20.76
West Monroe	10.64	10.63	11.31	---	13.85	9.15	---	10.64
Williamstown	6.24	6.28	8.49	---	4.21	4.46	6.24	18.09

Source: New York State Division of Equalization and Assessment, Market Value Survey, 1976.

Appendix C

LEWIS

FARMING AND LOGGING ARE PRIMARY LIVELIHOOD

Farming and logging are the primary livelihood in the Town of Lewis. Most of the town's residential housing occurs along these road systems in an even distribution and mobile homes are scattered throughout the town with no concentrations.[1] The entire western half of Lewis is fairly undeveloped except for development along Route 46. There are mostly camps and some lumber mills along this section of the road.

A look at Figure C-1 shows that the majority of the town is in private forests. The increased acreage in 1979 probably resulted from farmland and inactive land reverting to brush and forest growth. Farmlands have decreased continuously since 1964 and now occupy only 18 percent of the town's acreage. Most of the productive agricultural lands are found along the streams and more accessible areas. Two agricultural districts cover about two-thirds (or 21,000 acres) of the eastern end of the town.[2] Developed land acreage was completely unchanged until 1979 when it rose sharply to comprise 22 percent of the town's land. It appears that most of this increase occurred at the expense of inactive land, which decreased.

LAND MARKET ACTIVITY AND CHARACTERISTICS

Land title transfers were searched for 1974 through 1979 for residential, commercial, farm, inactive, and seasonal lands. Figure C-2 shows a fluctuating land transfer market for these years with all land uses' transfer activity, except farmland, declining. Farmland turnover reached record levels in 1978 and involved 980.79 acres.

Developed and forest lands have increased substantially since 1974 (much of the forest land increase is due to assessor reclassification of other land uses); farmland has continued its downward trend; and inactive land has lost substantial acreage to the developed and forest categories.

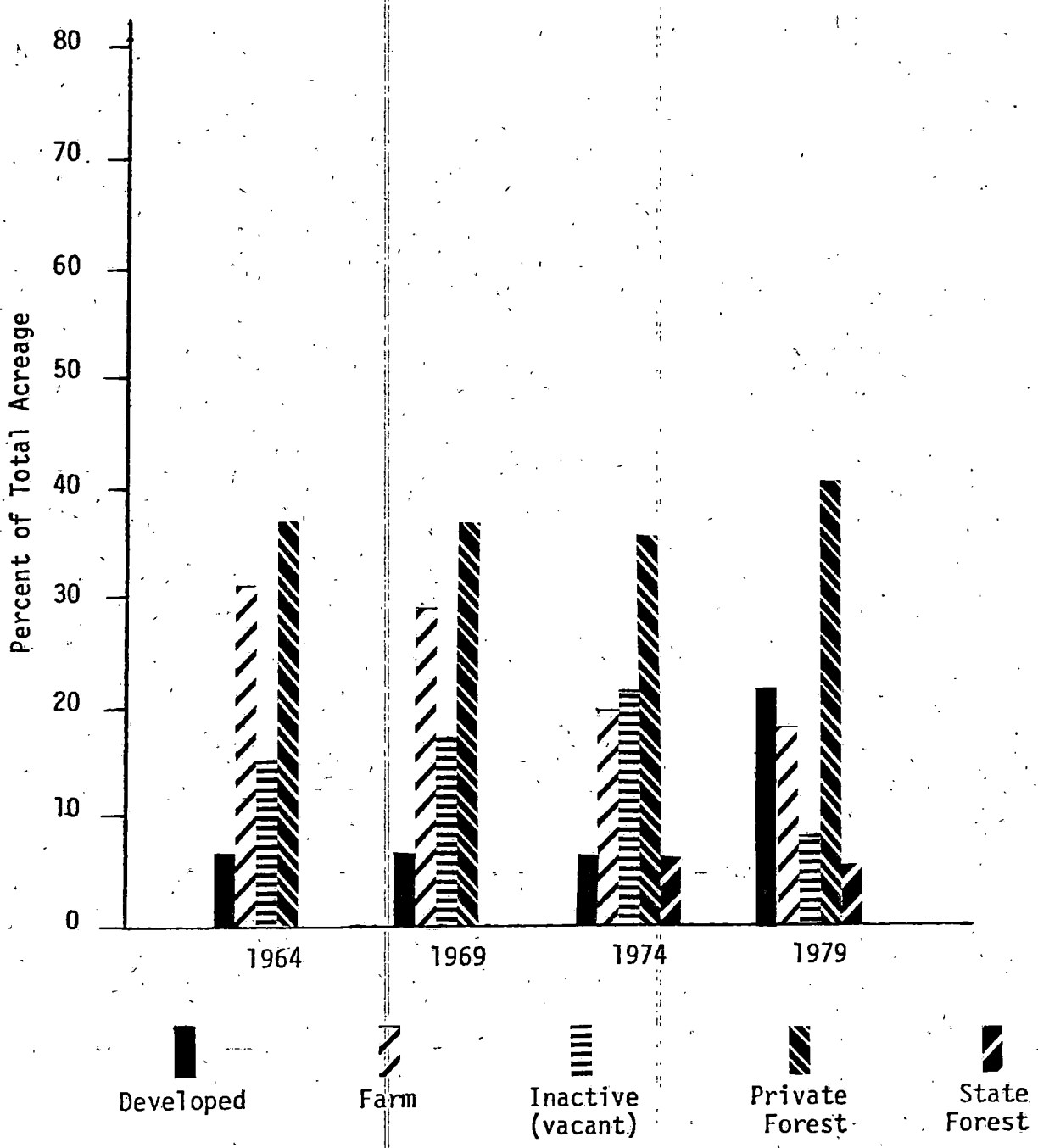
Figures C-3 through C-6 illustrate the parcel size changes and inter-class relationships that have occurred since 1964.

Subdivision of private lands during the 1964-1979 period (all land uses considered) has been increasing but at a slower pace in recent years. In 1964, there were 440 total taxable parcels; in 1974, there were 503 parcels; and in 1979, there were 537 total taxable parcels. This is only a 22 percent increase since 1964.

Between 1974 and 1979 more parcels appeared in the developed land category due to many of the greater than two acre inactive lands becoming developed. Thus, developed parcels are generally increasing in average size. Figure C-4 also shows this acreage exchange relationship between developed and inactive lands.

Figure C-1

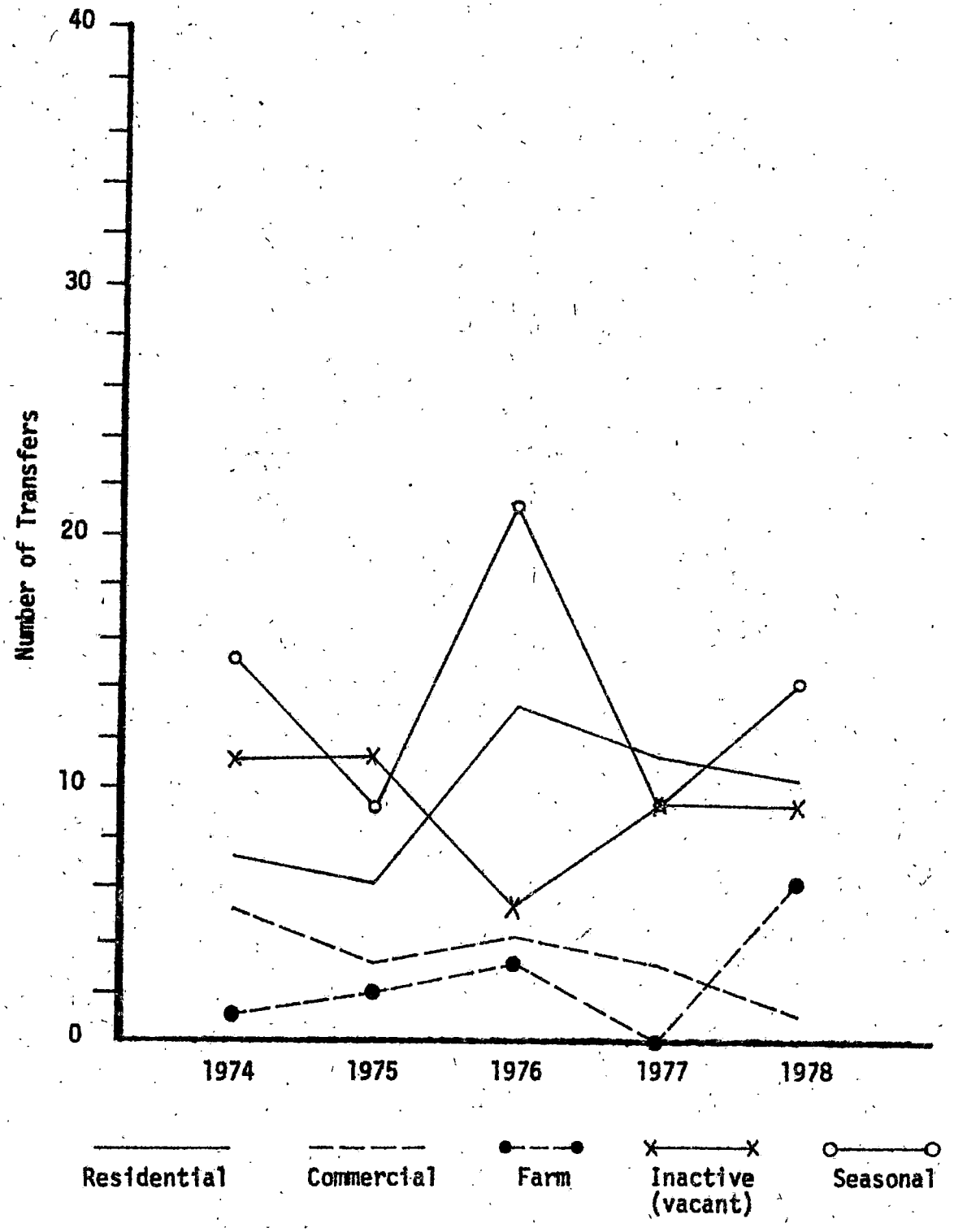
Lewis Land Use, 1964, 1969, 1974, 1979



Source: Lewis County Tax Records, 1979; and Parsons and Murray, 1974.

Figure C-2

Lewis Land Title Transfer Trends, 1974-1978

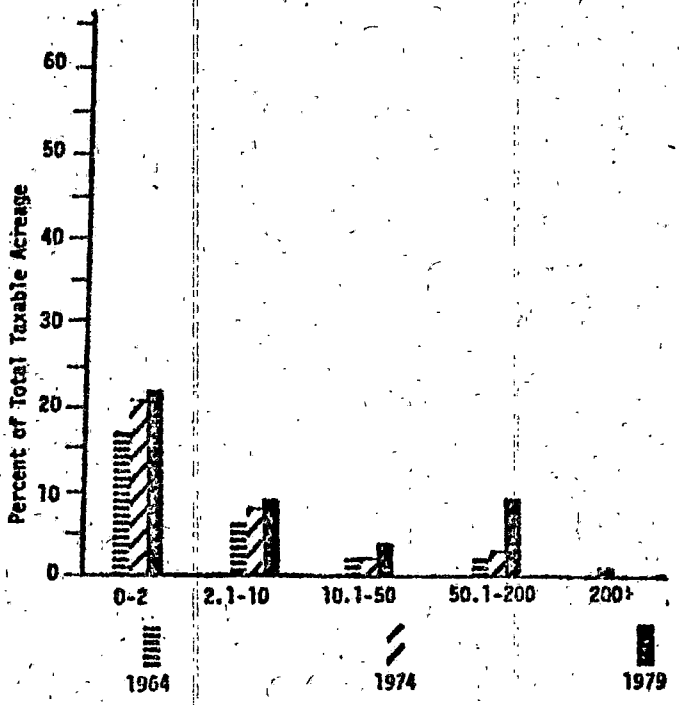


Source: Lewis County Tax Records, 1974-1978.

Figure C-3

Lewis Parcel Size Classes For All Land Uses
1964, 1974, 1979

Developed

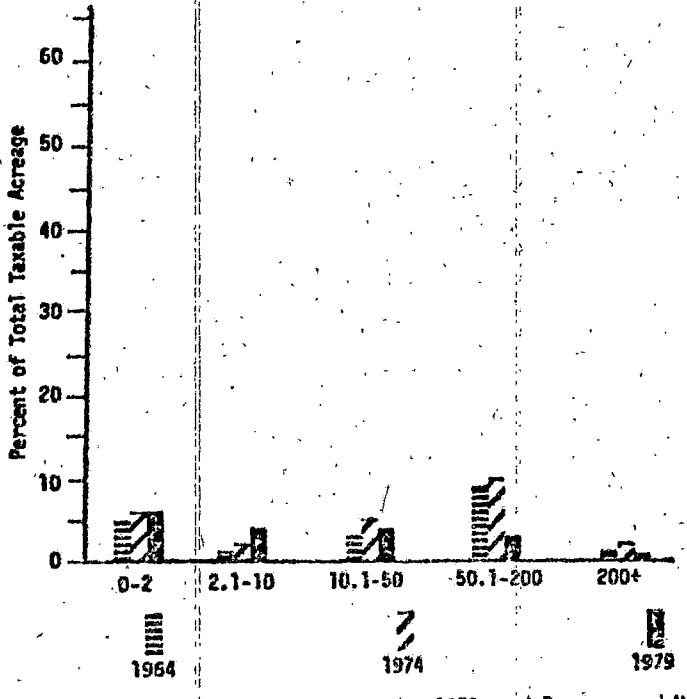


Source: Lewis County Tax Records, 1979; and Parsons and Murray, 1974.

Figure C-4

Lewis Parcel Size Classes For All Land Uses
1964, 1974, 1979

Inactive (vacant)

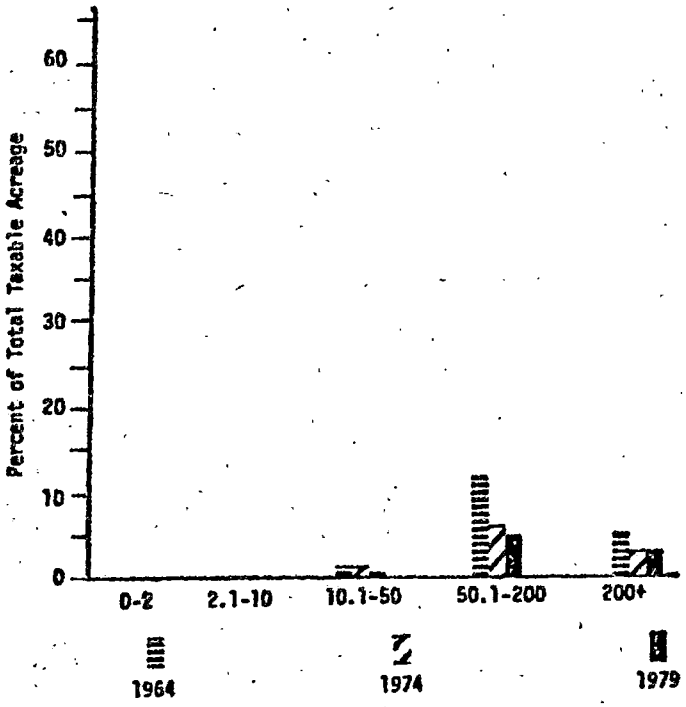


Source: Lewis County Tax Records, 1979; and Parsons and Murray, 1974.

Figure C-5

Lewis Parcel Size Classes For All Land Uses
1964, 1974, 1979

Farm

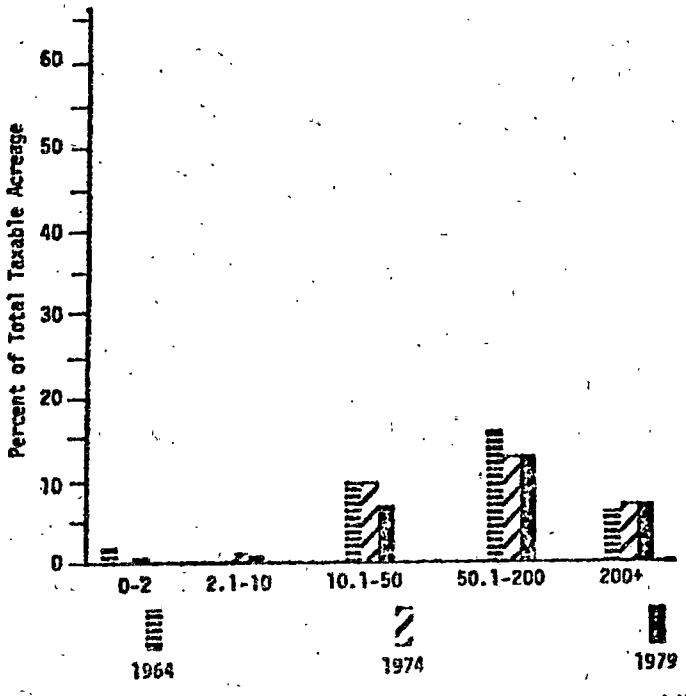


Source: Lewis County Tax Records, 1979; and Parsons and Murray, 1974.

Figure C-6

Lewis Parcel Size Classes For All Land Uses
1964, 1974, 1979

Private Forest



Source: Lewis County Tax Records, 1979; and Parsons and Murray, 1974.

Figure C-5 shows that the majority of the loss of agricultural parcels (a 2 percent loss) from 1974 occurred in the 10 to 50 acre parcel size class. Thus, the decline in number of farm parcels (and accordingly, acreage) has occurred mainly in the smaller size classes. This might be reflective of the economics of scale in farming. Figure C-6 shows little change in private forest parcel size structure over the years. Overall, the number of private forest parcels remained the same (1974-1979) while private forest acreage increased due to reclassification of other lands by the assessors.

NONRESIDENT OWNERSHIP DECREASING IN PRIVATE FOREST AND VACANT LANDS ONLY

Table C-1 shows that nonresident ownership in the Town of Lewis decreased by 8 percent since 1974. However, the developed and farmland use categories increased their nonresident held acreage by 2,242 acres of 130 percent.

Table C-1

Town of Lewis Land Use Characteristics, 1974 & 1979

		Acres			% of Total		
		Resident	Nonresident	Total	Resident	Nonresident	Land Use as % of Total
1979	Developed	6,090	2,960	9,050	15%	7%	22%
	Inactive	2,144	1,143	3,287	5%	3%	8%
	Active Ag	6,707	1,004	7,711	16%	2%	18%
	Private Forest	12,494	4,405	16,899	30%	11%	41%
	Other	4,717	-	4,717	11%	-	11%
	Total	38,859	9,512	41,664	77%	23%	100%
1974	Developed	1,503	1,485	2,988	4%	3%	7%
	Inactive	6,236	3,062	9,298	15%	7%	22%
	Active Ag	8,040	237	8,277	19%	1%	20%
	Private Forest	9,270	5,516	14,786	22%	14%	36%
	Other	6,315	-	6,315	15%	-	15%
	Total	31,364	10,300		75%	25%	100%

Source: Lewis County Tax Records, 1979; and Parsons and Murray, 1974.

LAND PRICES LOWER THAN NORTHEAST; VACANT LAND PRICES HIGHER THAN FARM, FOREST

Vacant, seasonal, forest, and farm transfers were examined between 1975 and 1978 to determine per acre sales prices for these lands. Overall, prices for vacant and farmlands were higher than those for forest land. In 1975, seasonal land averaged $180 per acre but jumped 2,153 percent to $4,056 per acre in 1979. This probably indicates that these properties had a structure placed upon them between 1975 and 1978, which increased their value.

Average prices for all lands in Lewis were lower than prices for comparable lands throughout the northeast. This comparison is shown in Table C-2.

Table C-2

Lewis Average Sales Prices, 1975-1978

	Vacant	Northeast Average	Seasonal	Northeast Average	Forest	Northeast Average	Farm	Northeast Average
1978	339	1,531	4,046	-	234	-	215	1,044
1977	-	1,007	-	695	-	334	-	821
1976	-	-	-	-	-	-	741	-
1975	301	-	180	-	-	-	616	-

Source: USDA Farm Real Estate Market Developments, 1979, and Lewis County Tax Records, 1975-1978.

From the sales data examined in this report, it was concluded that the per acre prices offered by residents and nonresidents for the land types looked at were similar.

STATE FOREST LAND VALUES ROSE FASTEST

Figure C-7 presents average equalized land values per acre for each of the major land uses for 1964, 1969, 1974, and 1979. A fairly constant increase in values occurred throughout this time period for all uses, with inactive land values making a surge upward in 1979 so that they almost equalled developed land values. The reason for such a jump was probably due to enacting full value assessments. Until 1974 forest land values per acre were the lowest of any of the four land uses. In this year, they rose above inactive land values and nearly equalled farmland values. In 1979, forest values rose above farm values by $2 per acre.

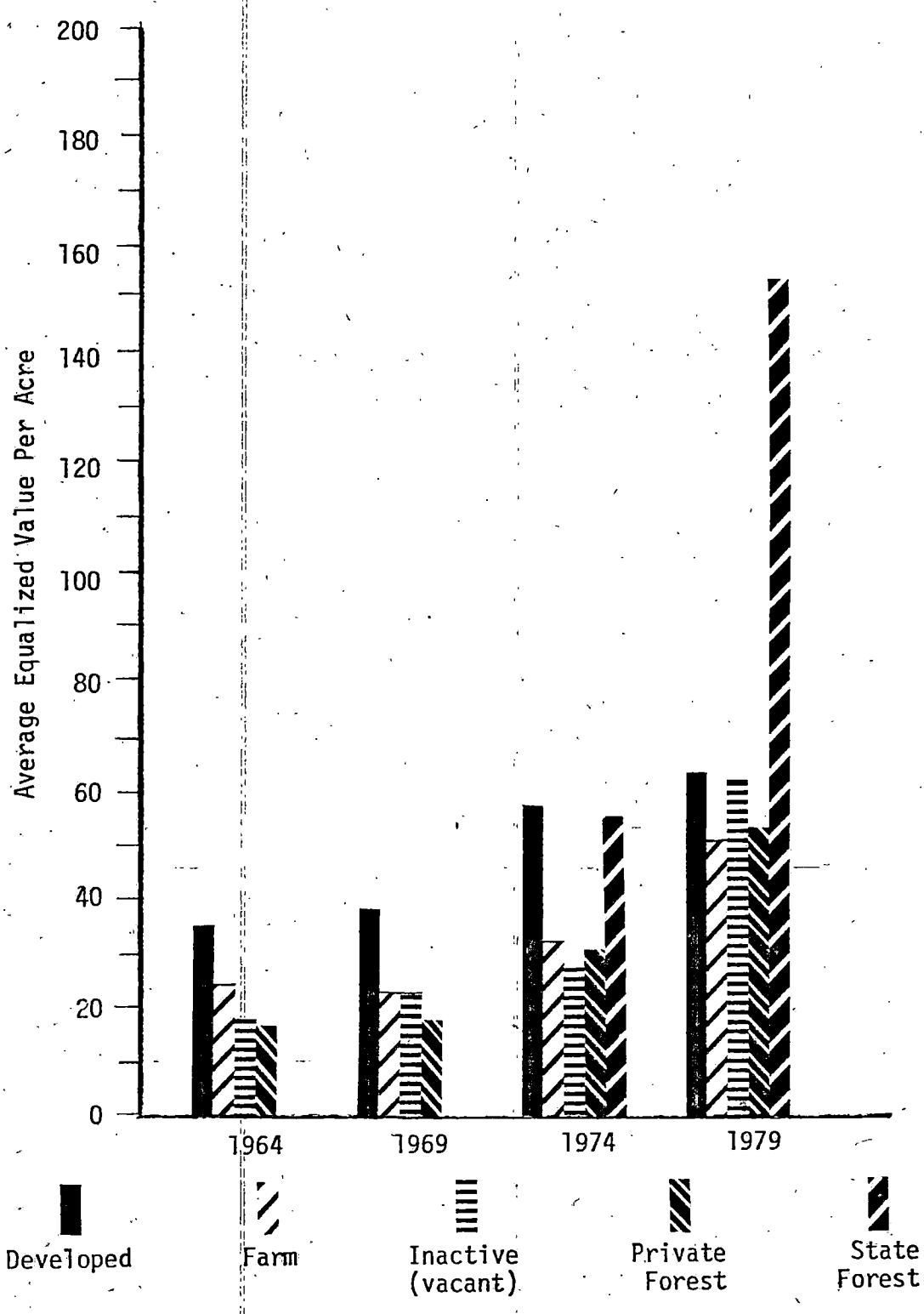
Figure C-7 also shows that private forest land values are significantly lower than those for state forest lands, both in 1974 and 1979. While both types of forest lands increased in value over the five year period, state values increased at a much faster rate (178 percent increase) than private forest lands did (74 percent increase). Again, the dilemma of the cycle of decreasing assessed values (as pointed out in the Osceola and Vienna cases) might then force the equalization rate down which could in turn injure the town financially.

STATE FOREST LAND TAXES INCREASED MOST

The number of parcels recorded at the county tax office from 1974 - 1979 provide one indication of tax burden on private landowners in the town. The number of tax delinquent parcels has not varied much over the past five years and there

Figure C-7

Lewis Equalized Land Values*
1964, 1969, 1974, 1979



*Note: Equalized value per acre is based on assessed value of land only.

Source: Lewis County Tax Records, 1979; and Parsons and Murray, 1974.

have been no sales to another person (i.e., other than the original landowner) due to taxes. Either these parcels have been redeemed by the owner or another person or the town has taken on the responsibility of holding the land. In this county, there is also approximately a three year time period which the owner has to redeem his land before being taken by the town. The redeemed properties represent 73 percent of the total number of tax delinquent properties, 1974 - 1979.

Table C-3 gives taxes by land use for the tax years 1975 and 1980. There appears to have been some distribution of the tax burden among the major land uses as a result of implementing full value policy. Consequent to farm, vacant (or inactive), private forest, and state forest land assessments being raised towards full value, the assessments on developed lands would not have to increase as much as in past years. Hence, their tax burden could decrease. This is partially illustrated by the drop in developed land per acre tax load on the 1980 tax bill. Some of this drop in tax burden could also reflect the increased developed land acreage since 1974. This enlarged developed land base could help to lower per acre taxes.

Between 1975 and 1980, developed land experienced a 22 percent decrease in taxes per acre; state forest land had a 91 percent increase; inactive land incurred a 53 percent increase; private forest land had a 22 percent increase; and farmland experienced a 9 percent increase in tax per acre.

LARGE INCREASE IN EXEMPTIONS

The amount of exemptions granted in 1975 and 1980 is shown in Figure C-8. There was a 548 percent increase in 1980 taxes shifted from 1975 levels. In 1975, exempted taxes accounted for 3 percent of the town's total tax revenues whereas in 1980 exempted taxes accounted for 13 percent of total tax revenues. The latter percentage for 1980 represents a significant piece taken from the town's taxing base. It is not known how this will change in the future.

REVALUATION IMPACTS

Tables C-1 and C-3 and Figure C-7 appear to illustrate the changes that full value assessments produced in Lewis, starting on the 1979 assessment roll (although time did not permit an in-depth look into the impact of revaluation to full value, the following changes appear to have occurred).

It is difficult to determine whether full value policy was the major factor in the reduction of developed land taxes due to its acreage also increasing over the study period. Farm, vacant, and state forest acreage decreased by varying amounts since 1975 whereas the average assessed values of each of these uses increased by substantial amounts (especially state forest land). This indicates an overall reassessment of all property types had occurred. However, the majority of the tax burden was shifted onto state forest lands.

Market value ratios are not presented for the Town of Lewis because at the time of this report they had not been adjusted to reflect the changes induced by full value implementation.

Table C-3

TAXES PAID IN TOWN OF LEWIS, 1975 and 1980

1975

Town	Developed		Farm		Inactive		Private Forest		State Forest		Total Taxes Paid
	Total Tax	Tax/Acre	Total Tax	Tax/Acre	Total Tax	Tax/Acre	Total Tax	Tax/Acre	Total Tax	Tax/Acre	
	13		20.8		20.2		34.6		11.4		
Lewis	7,924.35	2.65	12,727.64	1.54	12,326.50	1.32	21,148.39	1.43	6,970.29	2.56	61,097.17

1980

Town	Developed		Farm		Inactive		Private Forest		State Forest		Total Taxes Paid
	Total Tax	Tax/Acre	Total Tax	Tax/Acre	Total Tax	Tax/Acre	Total Tax	Tax/Acre	Total Tax	Tax/Acre	
	23.2		16		8.2		36.3		16.3		
Lewis	18,725.97	2.07	12,929.29	1.68	6,630.95	2.02	29,345.28	1.74	13,195.49	4.90	80,826.98 +32%

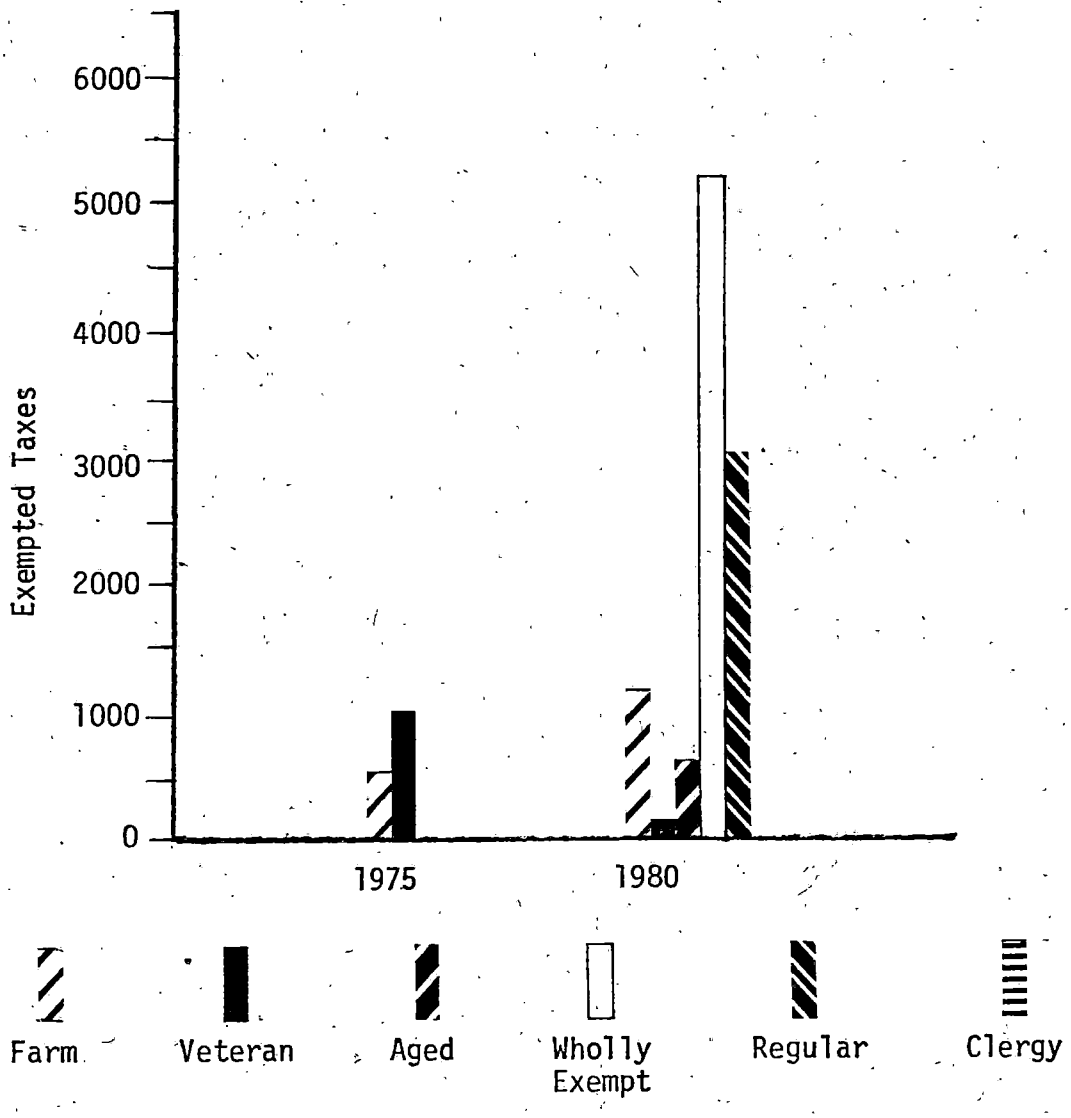
Source: Jefferson, Lewis, Oneida, and Oswego County Tax Records, 1979-1980; Parsons and Murray, 1974; and Tug Hill Commission, 1979.

[ ] = Percent of Total Tax Revenues by town and land type (upper left corner).

[ ] = Percent change from 1975.

Figure C-8

Lewis Taxes Shifted Due To Exemptions
1975 and 1980*



*Note: 1975 and 1980 taxes are based on 1974 and 1979 final assessment roles, respectively.

Source: Lewis County Tax Records, 1974 and 1979; and Tug Hill Commission, 1979.

Footnotes

[1]Street, Philip. 1980. Town of Lewis Population and Socio-Economics Report. p. 2.

[2]Ibid., p. 2.

Appendix D

LORRAINE

A RURAL FARMING COMMUNITY

The Town of Lorraine covers 24,602 acres, over half of which is presently in agriculture. The second largest land use is in the public use or "other" category (see Table D-1). This category includes lands owned by the state, county, town, and public service corporations and accounts for 32 percent of total town acreage. Figure D-1 shows that only about 5 percent of total town acreage is developed. Sixty-seven percent of the land in Lorraine is privately owned.

LAND MARKET ACTIVITY AND CHARACTERISTICS

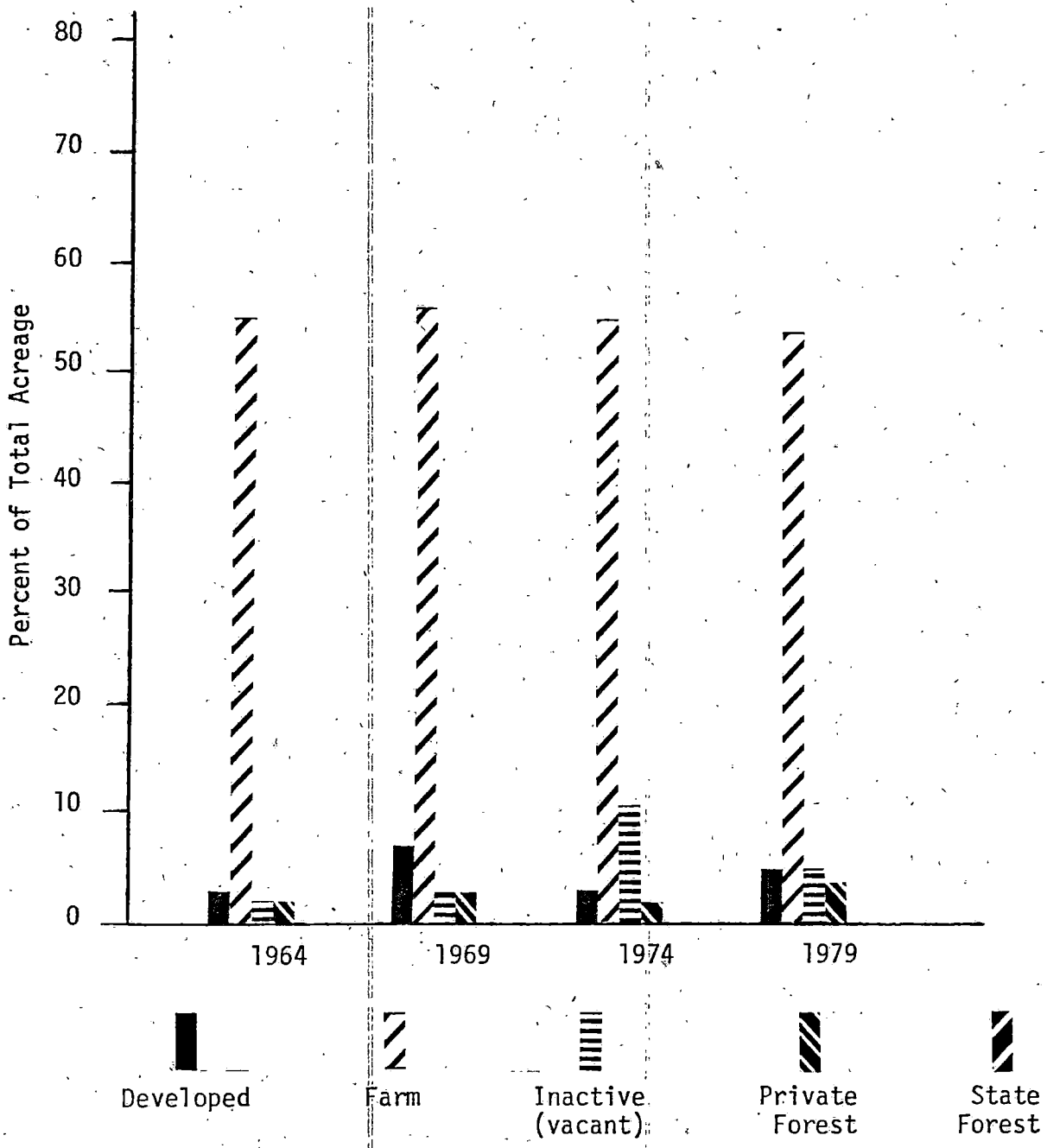
Land title transfers were examined from 1974 through 1979 for residential, commercial, farm, inactive, and seasonal lands. Figure D-2 shows that Lorraine possessed a fluctuating land transfer market for all of the land types. Residential and inactive property transfers in 1978 had risen sharply from 1977 levels. Farmland transfers have been steadily increasing since 1976. The increased buyer interest in farmland plus the data gathered from Figure D-5 indicates a trend toward farms becoming larger. This shows no change since 1974. The most significant land use change occurred in the inactive land category, showing a decrease of 6 percent between 1974 and 1979. The only other category showing a decrease in acreage was active agriculture. However, this decrease was very insignificant compared to total farmland acreage. Developed and private forest lands increased over the study period by 2 percent each, probably at the expense of agricultural and inactive lands. The loss in agricultural acreage has been small since 1974, having a loss of 95 acres. However, it is not readily known how much of this farmland was of poor (or marginal) productivity, thus making it difficult to determine the impact of such acreage losses. Development pressures may not be totally responsible for this farmland loss. Some of this farmland may have reverted back to brush and forest cover.

Figure D-3 shows that the number of parcels in the developed category has increased significantly since 1974, from 81 parcels to 136 parcels (approximately a 40 percent increase). However, there has been a decrease in average acreage per parcel, from 8.76 acres per parcel in 1974 to 7.94 acres per parcel in 1979. The most common parcel size occurred in the 0-2.0 acre category and comprised 35 percent of total developed parcels.

Figure D-5 indicates that farm parcels in Lorraine have decreased 23 percent in number from 1974 but have increased in average acreage per parcel (from 82 acres per parcel to 106 acres per parcel in 1979). Average farm unit size has also increased from 611 acres per farm (1974) to 668 acres per farm (1979). The most common parcel size category is the 50.1-200 acre class, comprising 52 percent of total farm parcels.

Figure D-1

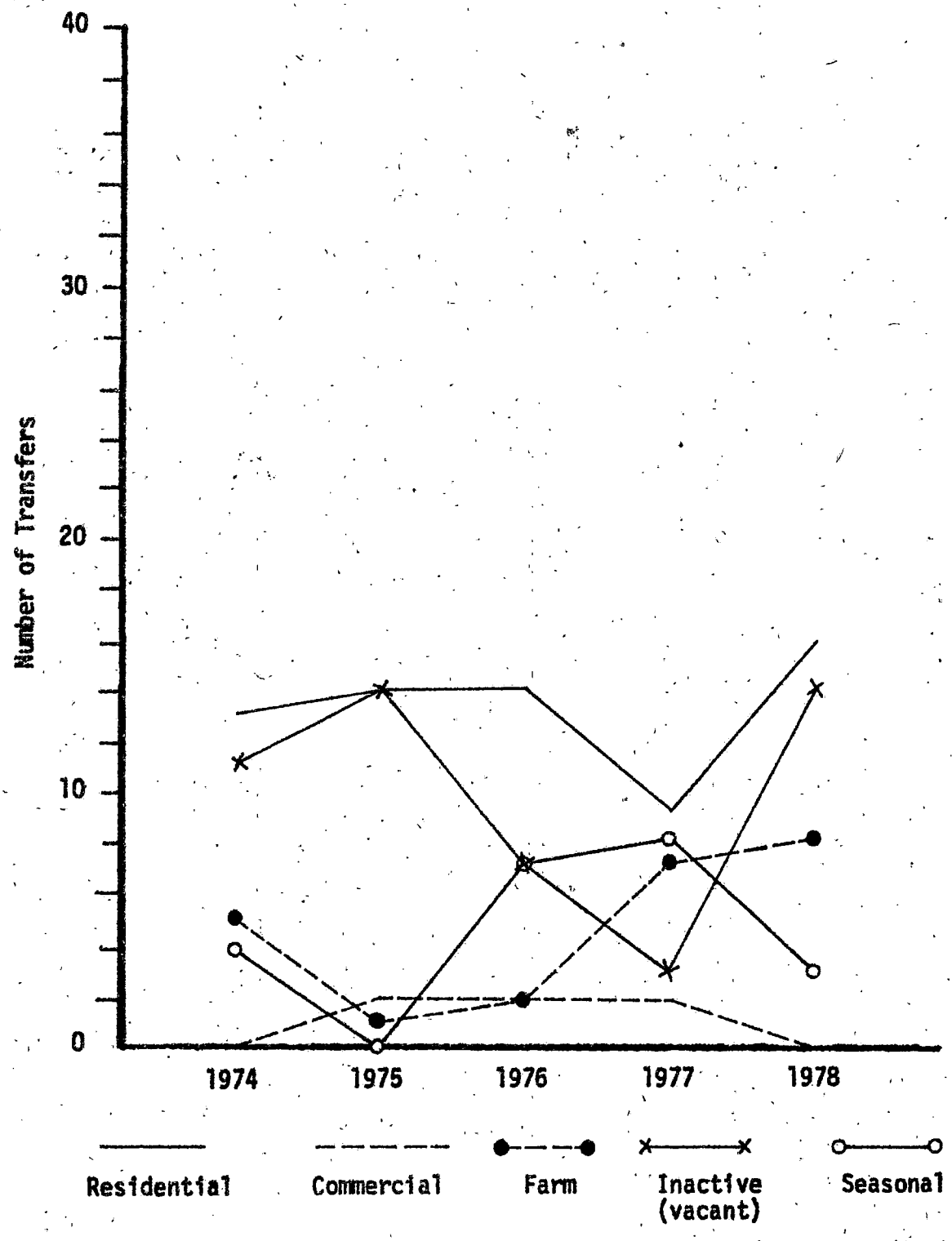
Lorraine Land Use, 1964, 1969, 1974, 1979



Source: Jefferson County Tax Records, 1979; and Parsons and Murray, 1974.

Figure D-2

Lorraine Land Title Transfer Trends, 1974-1978

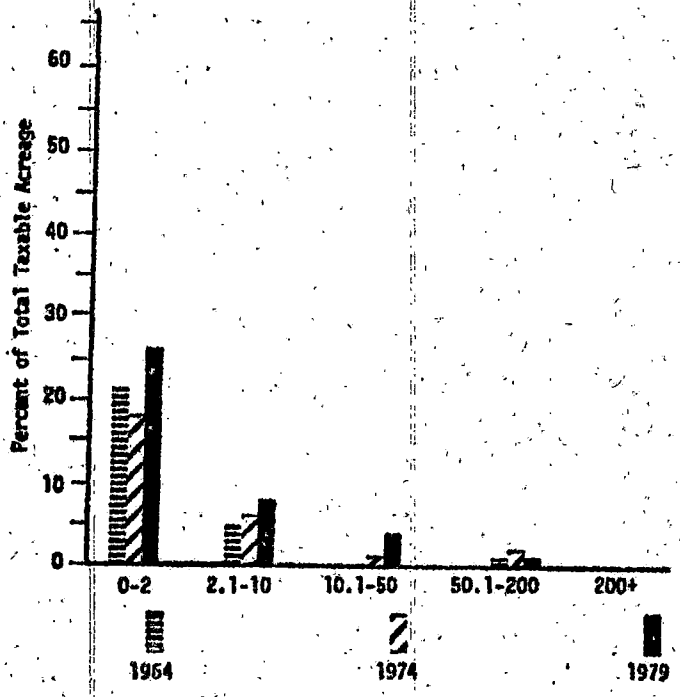


Source: Jefferson County Tax Records, 1974-1978.

Figure D-3

Lorraine Parcel Size Classes For All Land Uses
1964, 1974, 1979

Developed

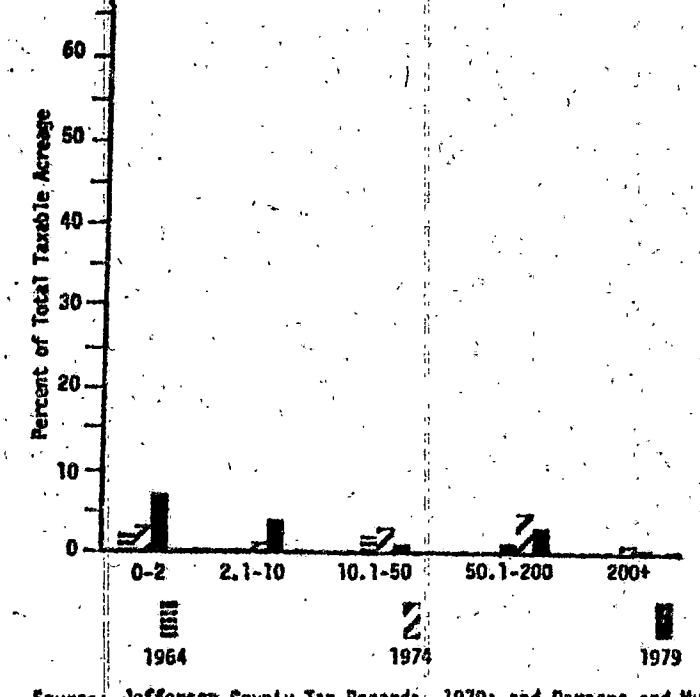


Source: JeffersonCounty Tax Records, 1979; and Parsons and Murray, 1974.

Figure D-4

Lorraine Parcel Size Classes For All Land Uses
1964, 1974, 1979

Inactive (vacant)

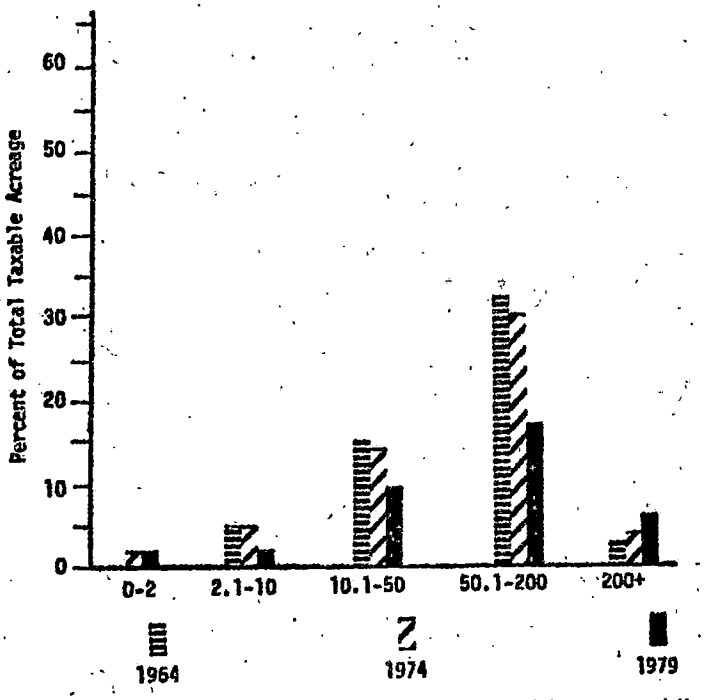


Source: Jefferson County Tax Records, 1979; and Parsons and Murray, 1974.

Figure D-5

Lorraine Parcel Size Classes For All Land Uses
1964, 1974, 1979

Farm

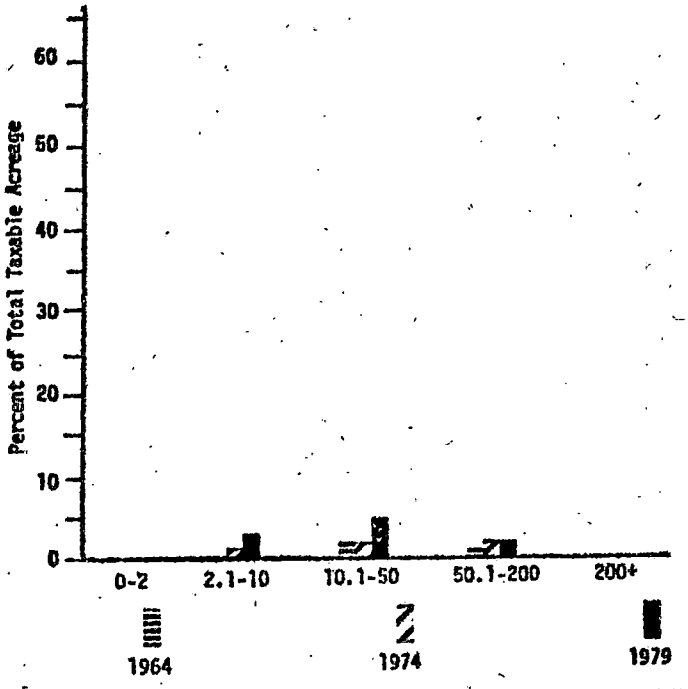


Source: Jefferson County Tax Records, 1979; and Parsons and Murray, 1974.

Figure D-6

Lorraine Parcel Size Classes For All Land Uses
1964, 1974, 1979

Private Forest



Source: Jefferson County Tax Records, 1979; and Parsons and Murray, 1974.

The number of parcels classified as inactive land have increased 22 percent since 1974. Average acreage per parcel has decreased substantially; in 1974 the average was 68 acres per parcel and in 1979 it was 25 acres per parcel.

The number of private forest parcels has increased 52 percent since 1974. Inversely, the average acreage per parcel has decreased from 41 acres to 30 acres (1979). The most common parcel size did not change between 1974 and 1979 (see Figure D-6).

In summary, subdivision of all land uses except farmland has increased since 1974. Agriculture was the only land use whose average acreage per parcel increased from 1974. This indicates a trend toward fewer but larger farm units. Privately owned forest parcels experienced the greatest increase in numbers. This may be due to the recent demand for woodlots for fuelwood purposes.

NONRESIDENT OWNERSHIP INCREASING IN ALL LANDS EXCEPT VACANT

Table D-1 shows that nonresident ownership in the Town of Lorraine decreased only slightly (-6 percent) overall. However, nonresident-owned acreage had increased substantially in developed (+337 percent), private forest (+53 percent), and farm (+25 percent) lands since 1974. Nonresident ownership in vacant (or inactive) lands dropped 69 percent from the 1974 level.

Table D-1

Town of Lorraine Land Use Characteristics, 1974 & 1979

		Acres			% of Total	
		Resident	Nonresident	Total	Resident	Nonresident	Land Use as % of Total
1979	Developed	530	551	1,081	2%	3%	5%
	Inactive	530	701	1,231	2%	3%	5%
	Active Ag	9,925	3,426	13,351	40%	14%	54%
	Private Forest	493	449	942	2%	2%	4%
	Other	7,997	-	7,997	32%	-	32%
	Total	19,475	5,127	24,602	78%	22%	100%
1974	Developed	583	126	710	2%	1%	3%
	Inactive	373	2,284	2,656	2%	9%	10%
	Active Ag	10,711	2,735	13,446	44%	11%	55%
	Private Forest	359	294	653	1%	1%	2%
	Other	7,137	-	7,137	29%	-	29%
	Total	19,163	5,439	24,602	78%	22%	100%

Source: Jefferson County Tax Records, and Parsons and Murray, 1974.

LAND SALES PRICES LOWER THAN NORTHEAST

Farm, vacant, seasonal, and private forest transfers were examined between 1975 and 1978 to determine average per acre sales prices for these lands. In general, farm and vacant land sales prices were lower than those for private forest and seasonal.

Table D-2

Lorraine Average Sales Prices, 1975-1978

	Farm	Northeast Average	Vacant	Northeast Average	Seasonal	Northeast Average	Forest	Northeast Average
1978	144	1,044	128	1,531	417	-	164	-
1977	372	821	-	1,007	155	695	-	334
1976	-	-	-	-	-	-	-	-
1975	-	-	310	-	-	-	-	-

Source: USDA Farm Real Estate Market Developments, 1979; and Jefferson County Tax Records, 1975-1978.

The reason for the decrease in per acre farm prices between 1977 and 1978 is not known. Table D-2 also shows that average sales prices for all lands in Lorraine were substantially lower than those for comparable lands throughout the northeast.

From the sales data gathered for this report, it was found that the prices offered by both residents and nonresidents were similar.

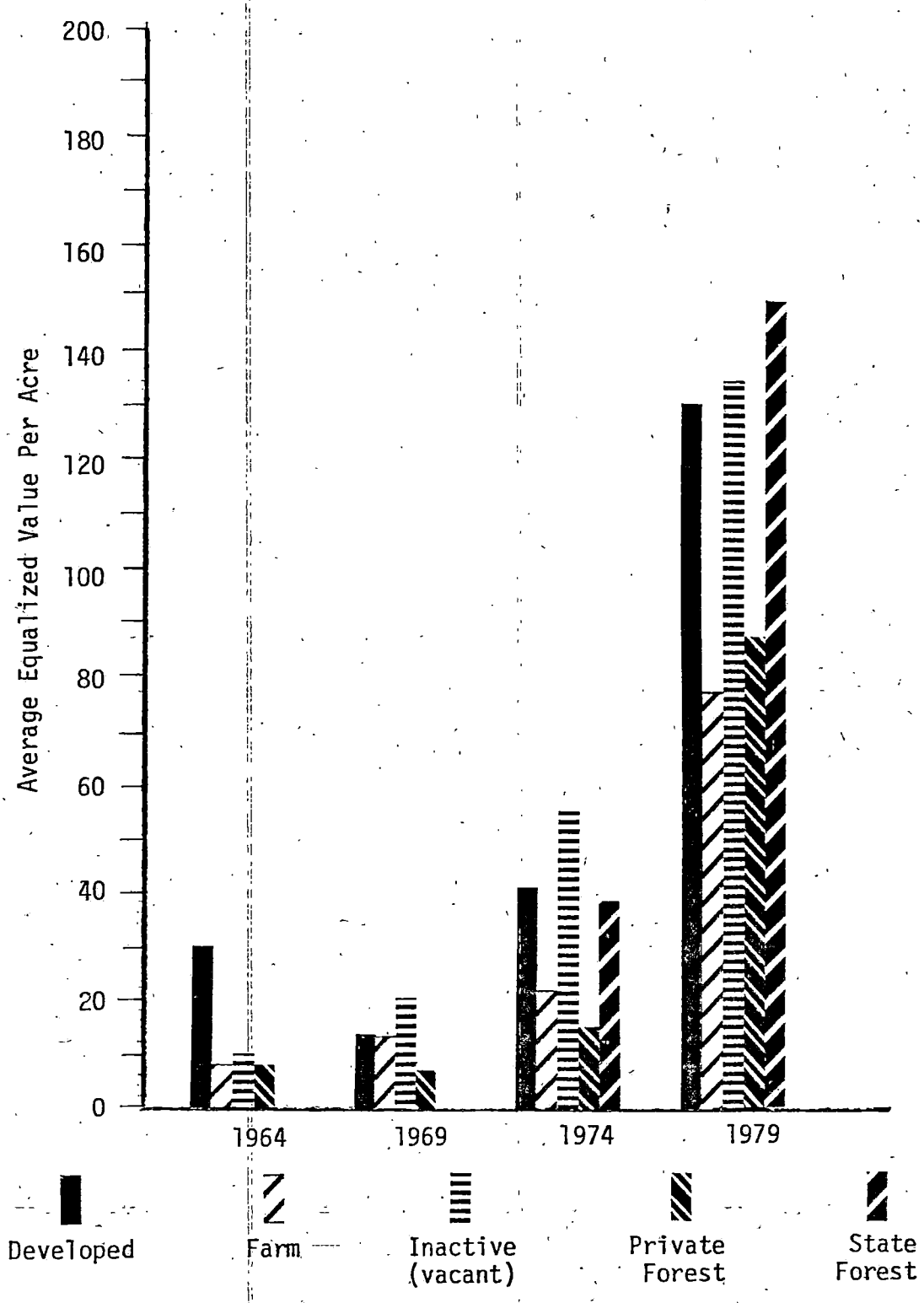
SHARP LAND VALUE INCREASE; FOREST VALUES INCREASE MOST

Figure D-7 shows average equalized land values per acre for each of the major land uses for 1964, 1969, 1974, and 1979. A fairly constant increase in assessed values occurred between 1969 and 1974. However, between 1974 and 1979 the assessed values of all land uses increased sharply. Private forest land incurred the greatest per acre assessed value increase (+480 percent). State forest land had a 292 percent increase; farmland had a 250 percent increase; developed land experienced a 217 percent increase; and vacant land incurred a 144 percent increase in per acre value.

In both 1974 and 1979 private forest land values were substantially below those for state forest lands.

Figure D-7

Lorraine Equalized Land Values*
1964, 1969, 1974, 1979



*Note: Equalized value per acre is based on assessed value of land only.

Source: Jefferson County Tax Records, 1979; and Parsons and Murray, 1974.

PRIVATE FORESTS HAVE GREATEST TAX INCREASE

The number of tax delinquent parcels recorded at the county tax office from 1974-1979 provided one indication of the tax burden on private landowners. The number of tax delinquent parcels has fluctuated some over the past five years with 1975, 1977 and 1979 being the peak years. Eighty-five percent of those parcels not paying their taxes on time were redeemed by the original owner or another person providing the finances. In Jefferson County, there is also approximately a three year time period in which the owner can pay his taxes before being taken by the county.

Table D-3 presents taxes by land use for the tax years 1975 and 1980. Private forest land experienced the largest increase in tax burden since 1974. Developed land and state forest lands had the second largest increases. Tax increases occurring since 1974 for the major land uses in Lorraine are as follows: private forest land (+337 percent); developed land (+213 percent); state forest land (+197 percent); farmland (+163 percent); and inactive land (+82 percent). Should these increases continue at this pace in the near future, more exemptions will be sought by various landowners. This would result in an even larger tax shift to those not receiving an exemption.

EXEMPTIONS DECREASING

The amount of exemptions granted in 1975 and 1980 is shown in Figure D-8. Between 1975 and 1980, there was a 46 percent increase in the amount of taxes shifted due to exemptions. In 1975, exempt taxes represented 4 percent of Lorraine's total property tax revenues and in 1980 this amount had dropped to 2 percent. Thus, exemptions do not appear to be threatening erosion of the tax base.

REVALUATION IMPACTS

Market value ratios are only one indicator of the degree of impact to be expected from implementing full value assessments. Market value ratios are calculated by the SDEA and are based upon a limited sample of appraisals and sales of various property types in each town. They represent the ratio of assessed value to full value. Hence, these class ratios can only attempt to predict the direction of tax shift should it occur as a result of revaluation. Even this prediction is not 100 percent accurate.

Class market value ratios are presented in Table D-4.

Table D-3

TAXES PAID IN TOWN OF LORRAINE, 1975 and 1980

1975

Town	Developed		Farm		Inactive		Private Forest		State Forest		Total Taxes Paid
	Total Tax [4.5]	Tax/Acre	Total Tax [45]	Tax/Acre	Total Tax [22.4]	Tax/Acre	Total Tax [1.5]	Tax/Acre	Total Tax [26.6]	Tax/Acre	
Lorraine	1,001.35	1.41	10,041.68	0.75	5,003.80	1.89	332.53	0.51	5,949.85	1.29	22,329.21

1980

Town	Developed		Farm		Inactive		Private Forest		State Forest		Total Taxes Paid
	Total Tax [8.5]	Tax/Acre	Total Tax [46.5]	Tax/Acre	Total Tax [7.5]	Tax/Acre	Total Tax [3.7]	Tax/Acre	Total Tax [33.9]	Tax/Acre	
Lorraine	4,778.14	4.42	26,304.75	1.97	4,229.12	3.44	2,101.24	2.23	19,154.16	3.83	56,567.41 [+153%]

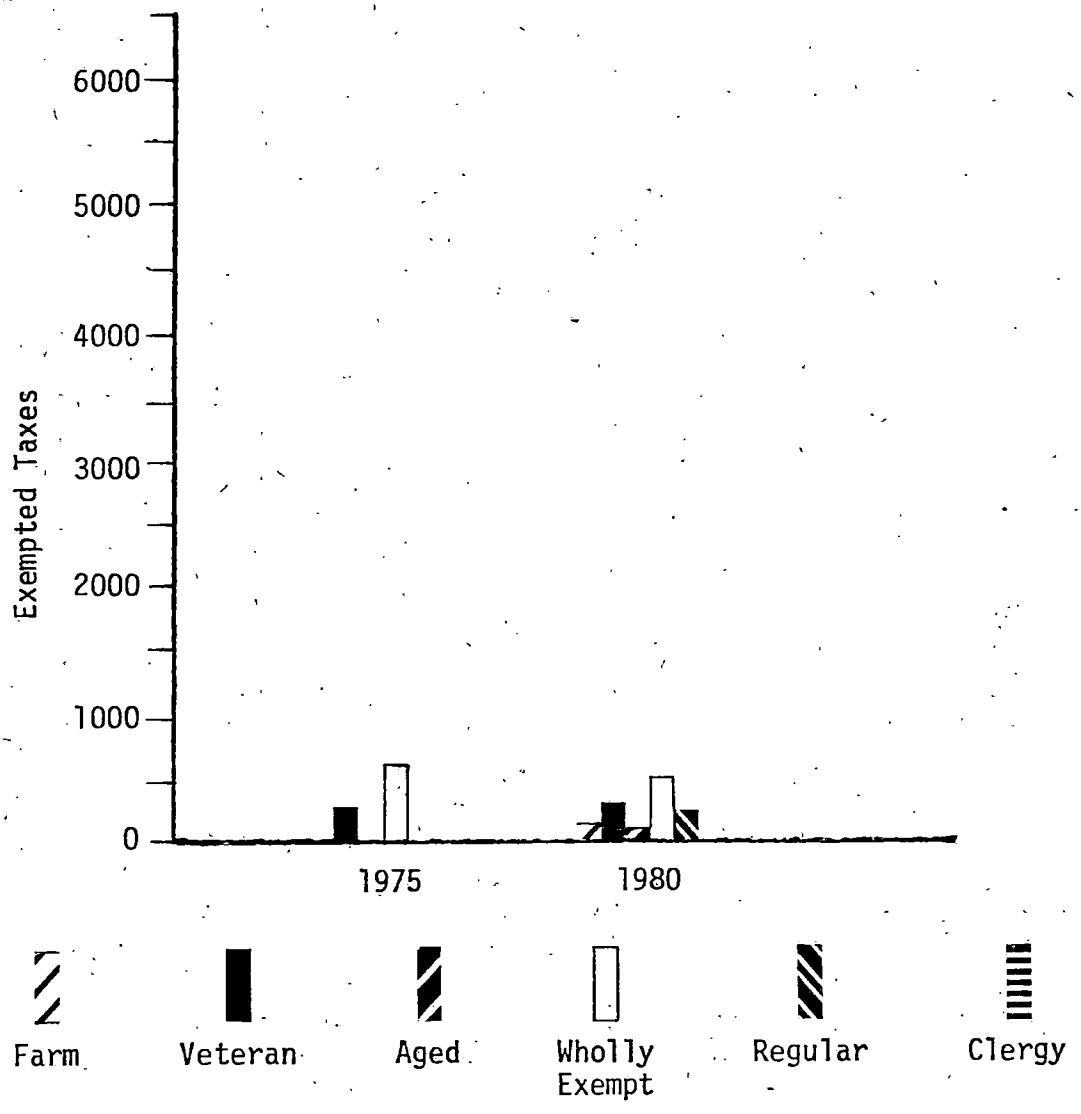
Source: Jefferson, Lewis, Oneida, and Oswego County Tax Records, 1979-1980; Parsons and Murray, 1974; and Tug Hill Commission, 1979.

[ ] = Percent of Total Tax Revenues by town and land type (upper left corner).

[ ] = Percent change from 1975.

Figure D-8

Lorraine Taxes Shifted Due To Exemptions
1975 and 1980*



*Note: 1975 and 1980 taxes are based on 1974 and 1979 final assessment roles, respectively.

Source: Jefferson County Tax Records, 1974 and 1979; and Tug Hill Commission, 1979.

Table D-4

Lorraine Market Value Ratios*

Ratio for Whole Town	Misc. and Commercial	Commercial	Vacant	Farm	Industrial	Utility
11.87	12.78	17.52	22.66	11.42	11.87	19.54

*Note: Revised and based on 1976 SDEA Market Value Survey.

Source: New York State Division of Equalization and Assessment, Market Value Survey, 1976.

The table shows that industrial, farm and residential properties are underassessed relative to the other land types sampled. Thus, if full value policy were to be implemented in Lorraine then any tax shift would probably trend toward farm, residential, and industrial landowners. However, there are other towns which could possibly experience larger shifts than Lorraine (see Table B-5, Appendix B).

Appendix E

OSCEOLA

FORESTRY AND RECREATION INTERESTS DOMINATE

Osceola is predominantly open space in character with forests and wetlands comprising the majority of this open space. The remaining nine percent of the town's land acreage is in the developed category which includes all residential, commercial, and industrial acreages. Baumann reported in 1974 that residential units are unevenly distributed throughout the town with the southern half of the town having most of the few residential units that exist.[1] Fewer than 50 percent of the town's residential units are used year-round and that the town's population could double in the summer or on hunting weekends.[2] The basic character of the Town of Osceola has not changed substantially since 1964 as indicated in Figure E-1. The major land use is still in private forest lands. The largest land use change has been a loss of 2,999 acres of farmland in the period 1964-1979. However, because there has not been a very large increase in the developed land category, it is assumed that most of this lost farmland has reverted back to inactive or forest land.

LAND MARKET ACTIVITY AND CHARACTERISTICS

Land title transfers were recorded for 1974 through 1979 for residential, commercial, farm, inactive, and seasonal lands. Figure E-2 shows a very fluctuating land transfer market over the past five years. Seasonal land title transfers reached the highest levels over the study period in 1978. This might have been due to sharply increased fuel costs and increased loan interest rates occurring in late 1978 and early 1979.

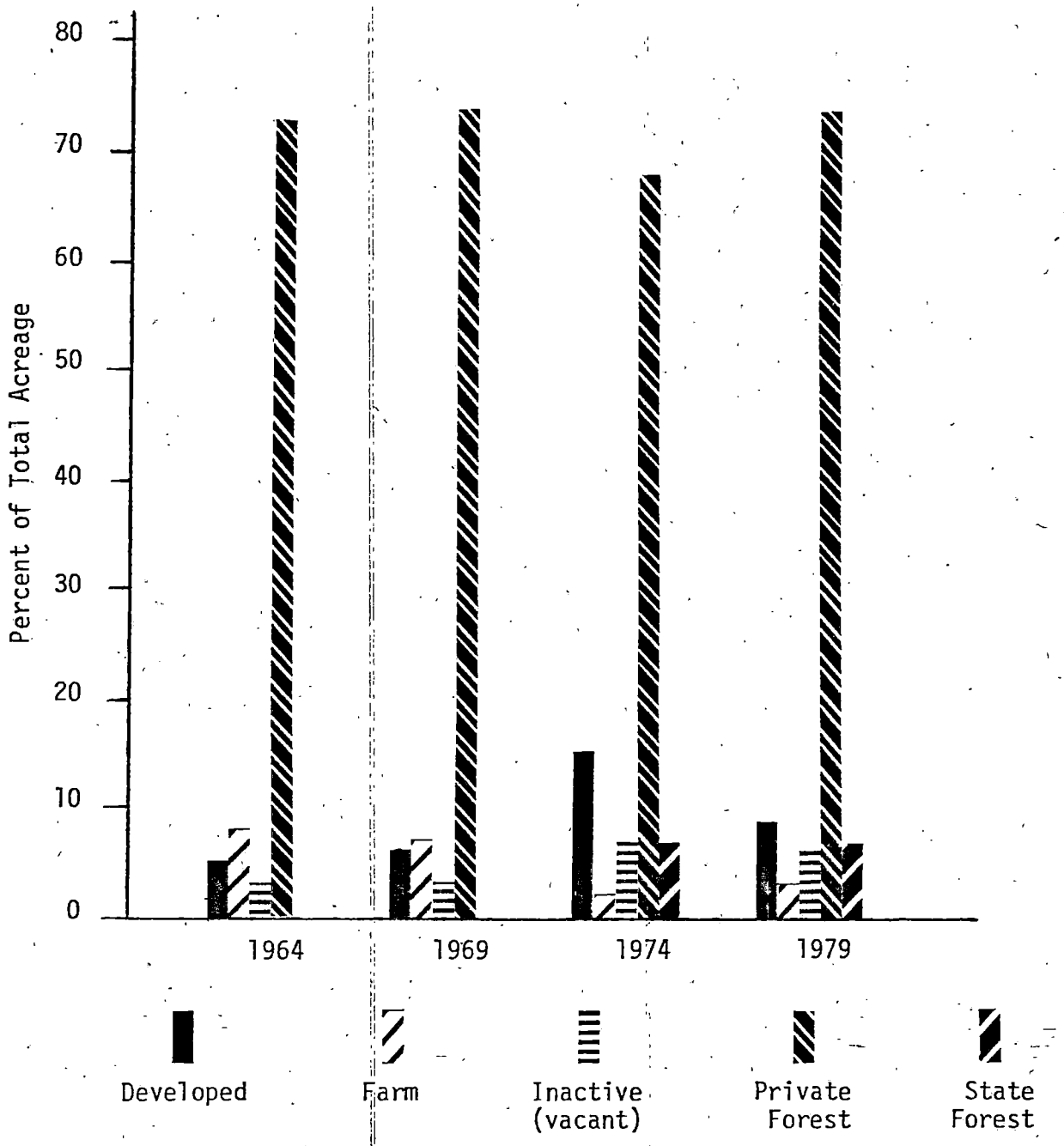
As Figure E-1 indicates, the only year in which a substantial land use change occurred was in 1974. In this year, the chart shows developed land acreage increasing at the expense of forest land. However, this change was the result of a reclassification of some properties in the town because in 1979, forest land acreage was back to its pre-1974 level of 74 percent of total town acreage.

Figures E-3 through E-6 show the most common parcel sizes for each of the four land uses in the town. It was found that while subdivision is occurring, it is not happening at as great a pace as in some other case towns. The number of parcels in 1979 (all land uses considered) had increased 72 percent from 1974 levels. From 1964 to 1974 there was only a 22 percent increase in the number of parcels.

Most of the developed and inactive properties are about 10 or fewer acres in size. There has been a decrease in the size of inactive parcels between 1974 and 1979. In 1974, the most common sizes for these lands ranged between 2 or less acres and 10 to 50 acres. In 1979, this average size decreased so that most of the parcels were again (as in 1964) 2 or less acres in size.

Figure E-1

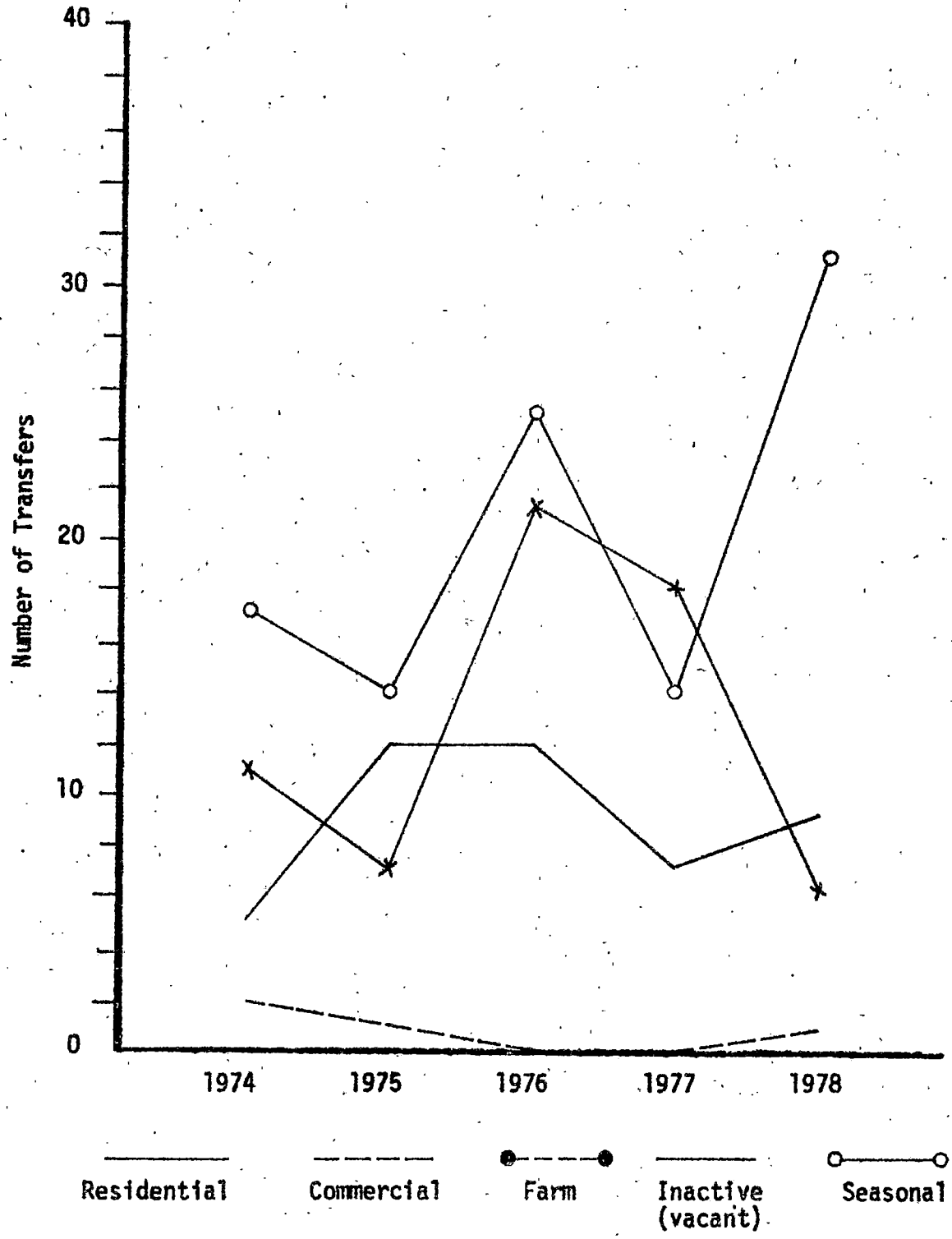
Osceola Land Use, 1964, 1969, 1974, 1979



Source: Lewis County Tax Records, 1979; and Parsons and Murray, 1974.

Figure E-2

Osceola Land Title Transfer Trends, 1974-1978

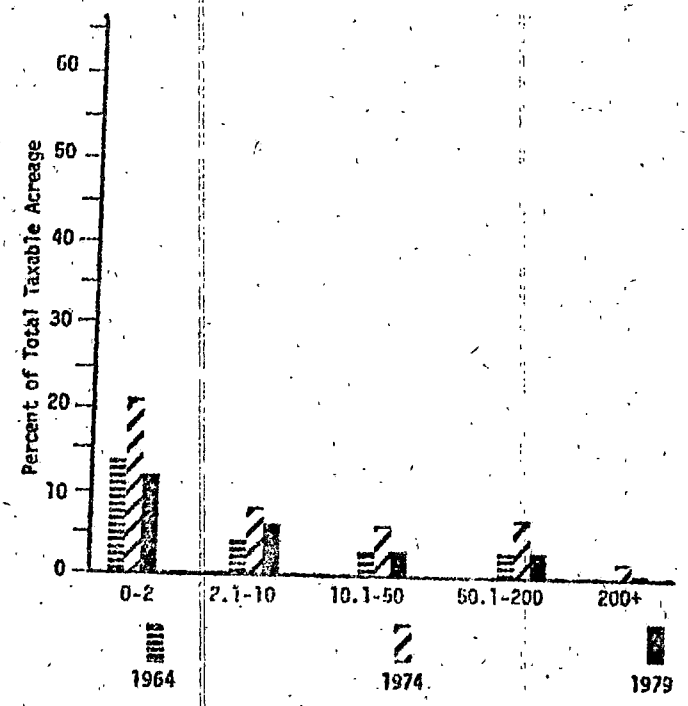


Source: Lewis County Tax Records, 1974-1978.

Figure E -3

Osceola Parcel Size Classes For All Land Uses
1964, 1974, 1979

Developed

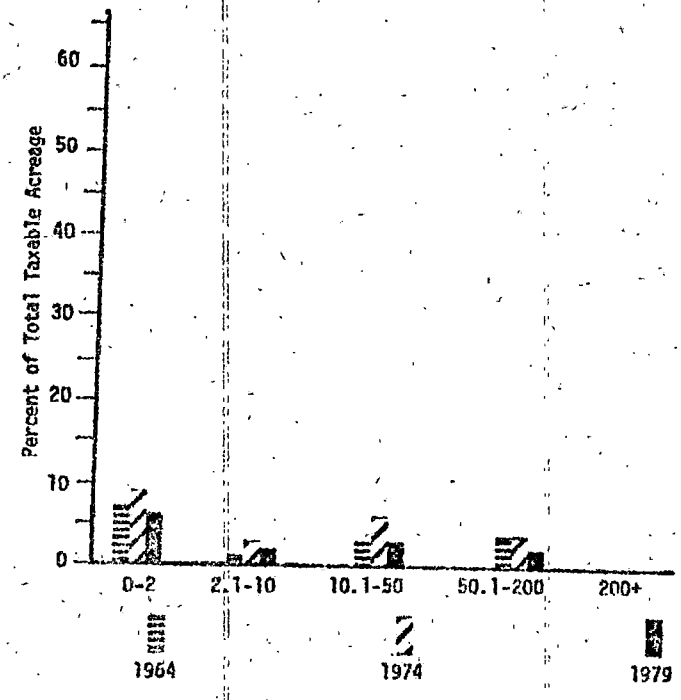


Source: Lewis County Tax Records, 1979; and Parsons and Murray, 1974.

Figure E-4

Osceola Parcel Size Classes For All Land Uses
1964, 1974, 1979

Inactive (vacant)

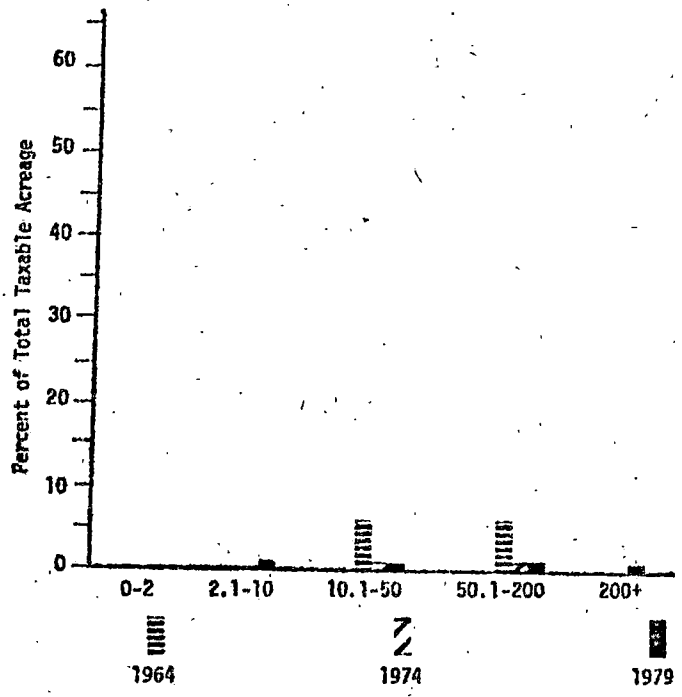


Source: Lewis County Tax Records, 1979; and Parsons and Murray, 1974.

Figure E-5

Osceola Parcel Size Classes For All Land Uses
1964, 1974, 1979

Farm

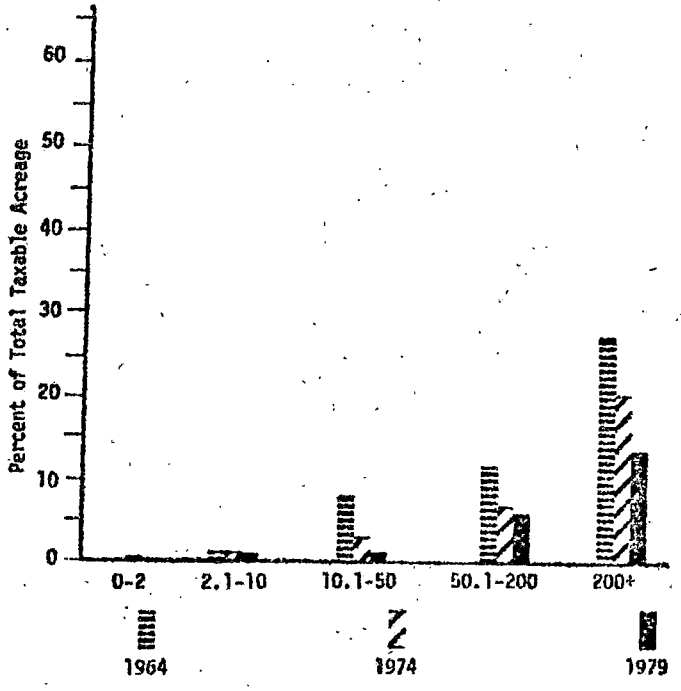


Source: Lewis County Tax Records, 1979; and Parsons and Murray, 1974.

Figure E-6

Osceola Parcel Size Classes For All Land Uses
1964, 1974, 1979

Private Forest



Source: Lewis County Tax Records, 1979; and Parsons and Murray, 1974.

Figure E-1 clearly shows the decrease in active farmland since 1969, while Figure E-5 shows a decrease in the size of farm parcels. Most of the farm parcels still range from 50 to 200 acres in size. There was some subdivision which put more parcels into the less than 10 acre size.

The number of private forest land parcels has increased since 1974 but most of the parcels remaining are still of 200 acres or more in size. The increase in forest parcels was due to assessor reclassification of lands.

NONRESIDENT OWNERSHIP DECREASING

Land transfer data indicates that nonresident purchases of rural land in Osceola reached a peak in 1976 and has been declining sharply since then.

Table E-1 shows that the percentage of total town acreage owned by nonresidents of the town has decreased since 1974. The private forest category was the only category to experience an increase in nonresident-owned acreage. It gained 1,481 acres of nonresident-owned land (a 4 percent increase). Table E-1 shows that the percentage of total developed land acreage owned by nonresidents has decreased 3,048 acres (-48 percent) since 1974. It appears that there are increasing numbers of nonresident-owned seasonal properties but of smaller average size in the Town of Osceola.

Table E-1

Town of Osceola Land Use Characteristics, 1974 & 1979

		Acres			% of Total		
		Resident	Nonresident	Total	Resident	Nonresident	Land Use as % of Total
1979	Developed	1,648	3,184	4,832	3 %	6 %	9%
	Inactive	318	2,864	3,182	0.6%	5.4%	6%
	Active Ag	1,520	86	1,606	2.9%	0.1%	3%
	Private Forest	4,414	37,221	41,635	8 %	66 %	74%
	Other	4,451	-	4,451	8 %	-	8%
	Total	14,540	41,166	55,706	22.5%	77.5%	100%
1974	Developed	1,918	6,232	8,150	4 %	10 %	14%
	Inactive	774	3,085	3,859	1 %	6 %	7%
	Active Ag	1,079	-	1,079	2 %	-	2%
	Private Forest	2,084	35,740	37,824	4 %	64 %	68%
	Other	4,794	-	4,794	9 %	-	9%
	Total	10,649	45,057	55,706	20 %	80 %	100%

Source: Tug Hill Commission, 1979; and Parsons and Murray, 1974.

VACANT/FOREST LAND PRICES HIGHEST

Vacant, seasonal, and private forest land transfers were examined from 1975 to 1978 to determine per acre prices given for these lands. Table E-2 shows that vacant and forest land prices were generally higher than seasonal prices. However, many parcels classified as seasonal are, in fact, wholly or partially forested. Thus, some seasonal prices could be reflecting forest land values.

Table E-2

Osceola Average Sales Prices, 1975-1978

	Vacant	Northeast Average	Seasonal	Northeast Average	Forest	Northeast Average
1978	388	1,531	206	-	833	-
1977	-	1,007	-	695	-	334
1976	130	-	156	-	406	-
1975	910	-	600	-	-	-

Source: USDA Farm Real Estate Market Developments, 1979; and Lewis County Tax Records, 1975-1978.

In all of the land uses, the prices paid by nonresidents were comparable to prices paid by residents and sometimes nonresident prices were substantially lower.

Thus, the sales data shows that the hypothesis that nonresidents consistently offer higher bids for land which results in higher per acre prices and assessments is not true in the Town of Osceola. Resident and nonresident per acre prices were determined to be comparable. However, it cannot be determined how many residents wished to buy land but could not because of the inability to outbid a nonresident.

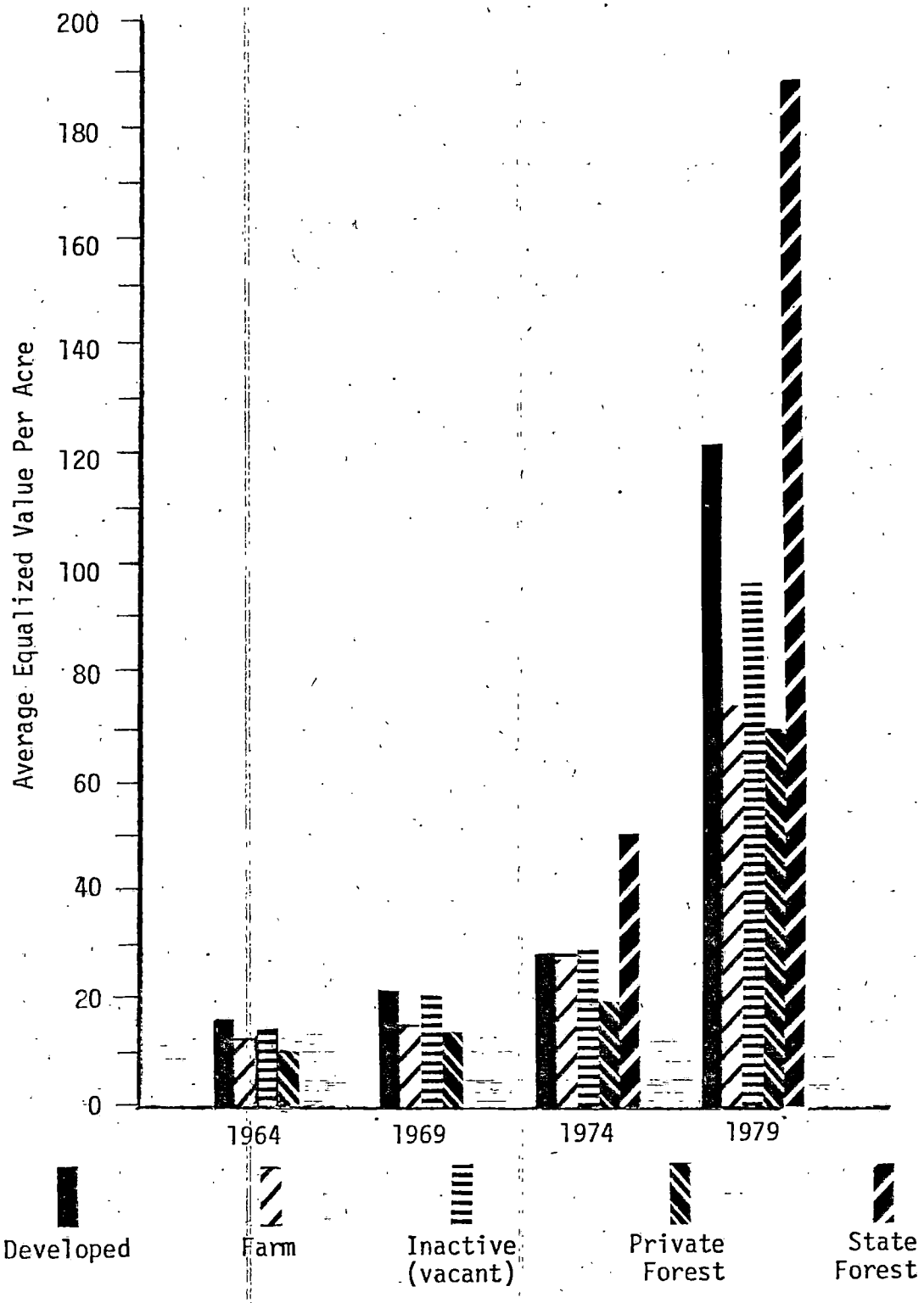
PRIVATE FOREST LAND VALUES STILL LOWEST

Average equalized assessed land values per acre were calculated for the major land types and are given in Figure E-7 for 1964 through 1979. Developed land has the highest assessed value per acre in all years except 1974. This same situation holds true for the towns of Lewis, Lorraine, and Redfield while in the Town of Vienna, per acre developed land values have traditionally been much higher than undeveloped land values. The inactive land category possessed the second highest per acre assessed values for all years while private forest lands always had the lowest per acre values.

The fact that there was a sharp increase in 1979 in assessed values of all land uses without an accompanying shift in the number acreage of the land uses may indicate the effect of going to full value assessments. The Town of Osceola implemented full value policy on the 1977 assessment rolls after which they had an equalization rate of 205.27 percent.

Figure E-7

Osceola Equalized Land Values*
1964, 1969, 1974, 1979



*Note: Equalized value per acre is based on assessed value of land only.

Source: Lewis County Tax Records, 1979; and Parsons and Murray, 1974.

As previously mentioned, private forest land assessments are the lowest of all of the land uses. Assessed land values per acre were compared with assessed values per acre on state lands for 1974 and 1979. Note that while private forest land assessed values were lower than state values in both years, the private forest land values increased at a faster rate than did state values. Possibly what happened is that the SDEA may feel that state lands are overassessed relative to private lands and may then reduce their state land assessed values. However, if this policy is practiced and if a large portion of a town's taxable assessed value is comprised of state lands, then the equalization rate for the town is eventually lowered. This effect might then reduce the financial aid going to that town's communities.

PRIVATE FOREST LAND TAXES REMAIN LOWEST

The question of whether or not property taxes on Tug Hill rural lands are a burden varies when talking with different landowners. County tax sale records were searched and it was found that in the past five years no parcels have been sold to another person (other than the original owner) due to tax sales and that ten properties were conveyed to the county and town. Nearly 90 percent of all tax delinquent properties were redeemed (that is, the tax bills have been paid by the owner). For those whose taxes went unpaid, it is not readily known whether the owner was actually heavily burdened with his tax bill or if he did not pay his taxes merely because he wanted to obtain a cheap short term loan.

Table E-3 presents tax changes by land use between 1975 and 1980. While taxes on all types of lands increased, it was developed lands that experienced the greatest increase (+211%). Inactive and private forest lands showed increases of 135 percent and 109 percent while farmland and state forest land each incurred 80 percent increases in their taxes. In both 1975 and 1980 private forest lands paid the least taxes per acre of any land use.

EXEMPTIONS DROP AS PERCENT OF TAX BASE

The amount of exemptions granted in 1975 and 1980 is given in Figure E-8. Lewis County tax records did not permit a breakdown of exemptions by type for 1975. Total exempt amounts in 1980 equalled $3,163 which is about a 16 percent increase over the 1975 level. In 1975, exemptions accounted for five percent of the town's total tax revenue and in 1980, exemptions had dropped to three percent of the town's total tax revenue. Thus, there has been no erosion of the tax base due to exemptions. It cannot be said how this picture will change in the future.

REVALUATION IMPACTS

There is no data available that can accurately predict the significance of any tax shifts which might result from implementing full value assessments. Market value ratios for individual towns and land uses are only rough indicators of the direction of tax shift that might occur. Market value ratios for those land uses examined by SDEA in Osceola are presented in Table E-4.

Table E-3

TAXES PAID IN TOWN OF OSCEOLA, 1975 and 1980

1975

Town	Developed		Farm		Inactive		Private Forest		State Forest		Total Taxes Paid
	Total Tax 17.4	Tax/Acre	Total Tax 2.3	Tax/Acre	Total Tax 8.6	Tax/Acre	Total Tax 55.2	Tax/Acre	Total Tax 16.5	Tax/Acre	
Osceola	9,856.13	1.21	1,297.20	1.20	4,904.69	1.27	31,333.69	0.83	9,391.41	2.18	56,783.12

1980

Town	Developed		Farm		Inactive		Private Forest		State Forest		Total Taxes Paid
	Total Tax 13.3	Tax/Acre	Total Tax 2.7	Tax/Acre	Total Tax 6.9	Tax/Acre	Total Tax 66.5	Tax/Acre	Total Tax 10.5	Tax/Acre	
Osceola	16,025.46	3.32	3,233.25	2.00	8,342.72	2.62	80,040.64	1.92	12,692.60	2.98	120,334.67 +112%

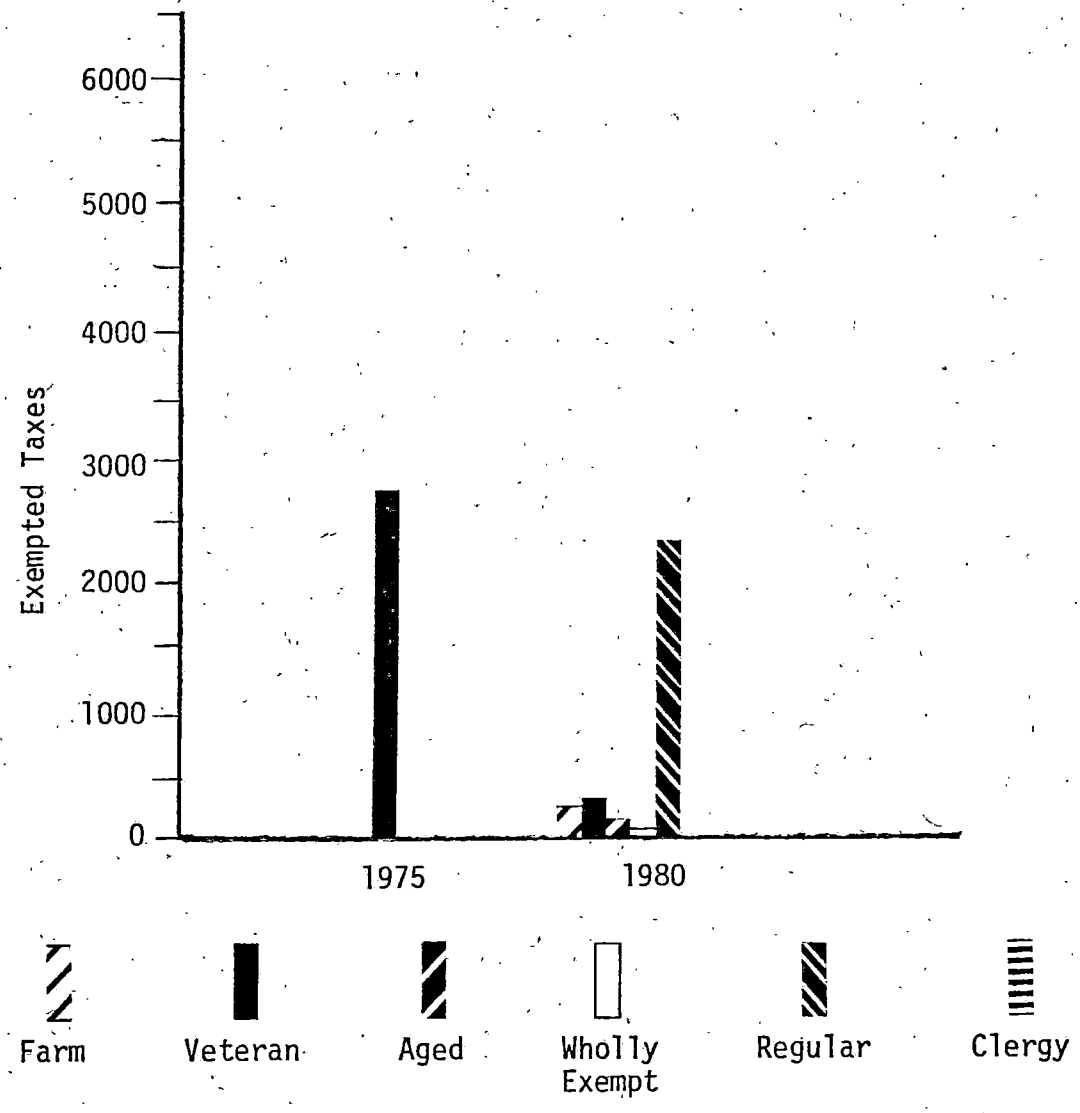
Source: Jefferson, Lewis, Oneida, and Oswego County Tax Records, 1979-1980; Parsons and Murray, 1974; and Tug Hill Commission, 1979.

[ ] = Percent of Total Tax Revenues by town and land type (upper left corner).

[ ] = Percent change from 1975.

Figure E-8

Osceola Taxes Shifted Due To Exemptions
1975 and 1980*



*Note: 1975 and 1980 taxes are based on 1974 and 1979 final assessment roles, respectively.

Source: Lewis County Tax Records, 1974 and 1979; and Tug Hill Commission, 1979.

Table E-4

Osceola Market Value Ratios*

Ratio for Whole Town	Misc. and Commercial	Residential	Vacant	Farm	Utility
129.81	158.90	115.02	125.74	133.82	110.53

*Note: Revised and based on 1976 SDEA Market Value Survey

Source: New York State Division of Equalization and Assessment, Market Value Survey, 1976.

The Town of Osceola has already implemented full value policy. However, time did not permit an in depth look at the impact of implementing the program. The results of full value in Osceola were discussed previously in this section.

Footnotes

[1]Baumann, Ernestine V., 1975. Town of Osceola Land Use Inventory and Analysis, Report #1. p. 4.

[2]Ibid., p. 4.

Appendix F

REDFIELD

A TOWN OF FORESTS, LOGGING, AND SEASONAL CAMPS

The Town of Redfield is a heavily forested town with most of the residents living in the hamlet of Redfield. They derive most of their income from forestry jobs or jobs outside of the town. Seasonal properties far outnumber all other types of property in the town.

Figure F-1 shows that the largest number of acres in the town is in private forest lands (based on the assessment rolls). This land use has remained very stable over the past 15 years. (The reason for the very low forest percentage in 1969 is not known.) Farmlands have continued their decline since 1964 so that they now occupy only 2 percent of the total acreage in the town. This decrease is probably attributed to some of the acreage reverting back to woodland and some of the acreage being developed. Vacant (i.e., inactive) land acreage also has decreased steadily since 1964. Probably much of this loss of acreage is due to the land being developed, either for permanent or seasonal residential use. Developed acreage has increased continuously since 1969 so that it now comprises 12 percent of total acres.

LAND MARKET ACTIVITY AND CHARACTERISTICS

From 1964 - 1974 there was a 25 percent increase in the total number of parcels (all land uses considered) whereas from 1974 to 1979 there was only a 5 percent increase. When considering all of the four land uses, the biggest increase in parcel numbers occurred in the less than two acre size class. Figures F-3 - F-6 show the distribution of sizes of parcels for the four major land types. Interesting trends are increasing subdivision of inactive lands and the town's limited farmland.

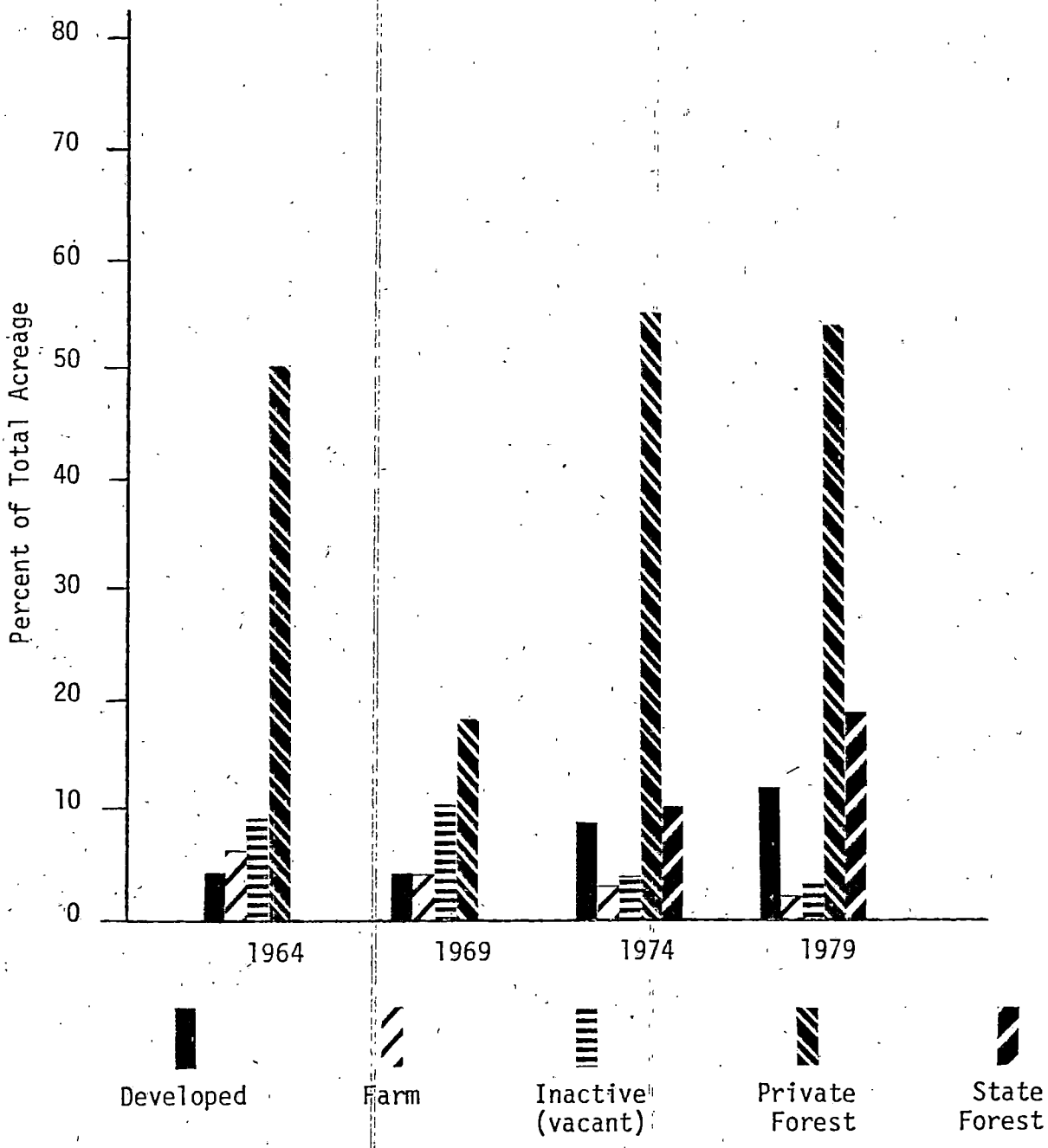
Land title transfers were searched for 1974 through 1979 for residential, commercial, farm, inactive, seasonal, and forest lands. Figure F-2 shows a generally decreasingly active land transfer market for these years for all uses except residential which increased in activity. These trends are analogous to those for Oswego County on the average (that is, counting just Tug Hill towns in Oswego County; see Table B-4). It appears that interest in land in the Town of Redfield has slacked off somewhat in recent years.

NONRESIDENT OWNERSHIP DECREASING

Table F-1 shows that nonresident ownership in the town has decreased by 3 percent (or 1,865 acres) since 1974. The only land use to experience an increase in nonresident ownership was inactive land.

Figure F-1

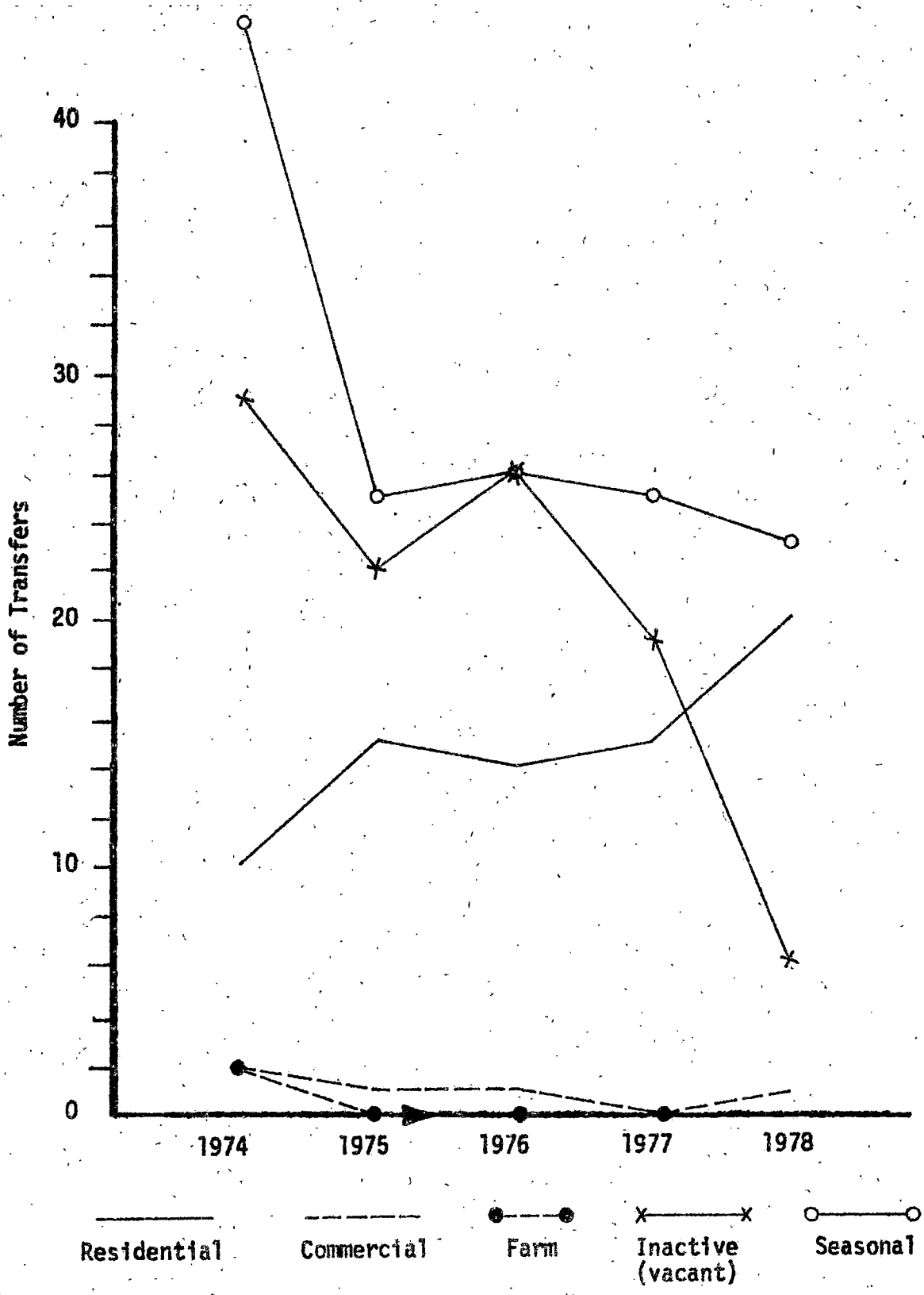
Redfield Land Use, 1964, 1969, 1974, 1979



Source: Oswego County Tax Records, 1979; and Parsons and Murray, 1974.

Figure F-2

Redfield Land Title Transfer Trends, 1974-1978

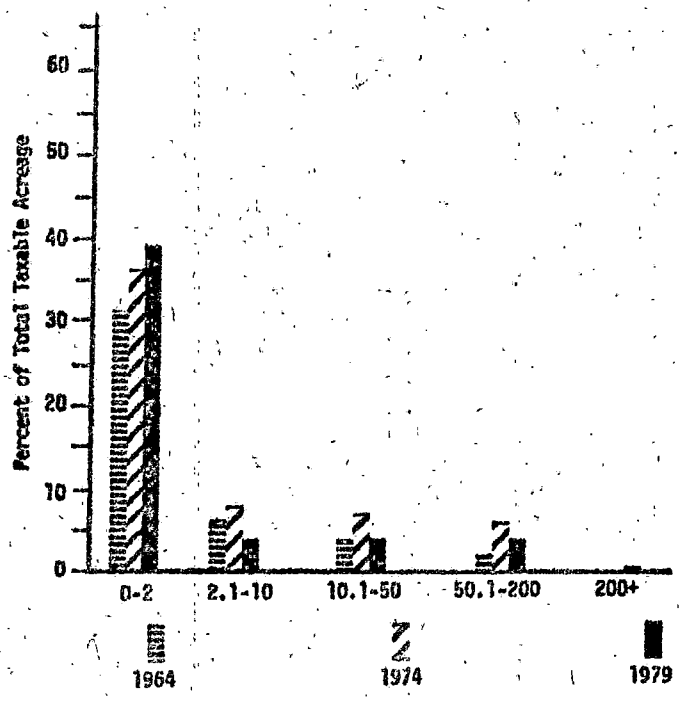


Source: Oswego County Tax Records, 1974-1978.

Figure F-3

Redfield Parcel Size Classes For All Land Uses
1964, 1974, 1979

Developed

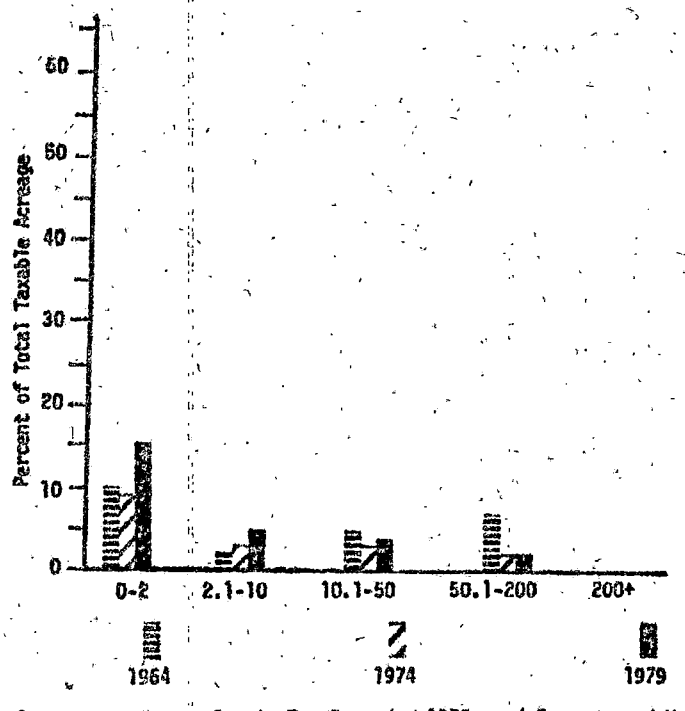


Source: Oswego County Tax Records, 1979; and Parsons and Murray, 1974.

Figure F-4

Redfield Parcel Size Classes For All Land Uses
1964, 1974, 1979

Inactive (vacant)

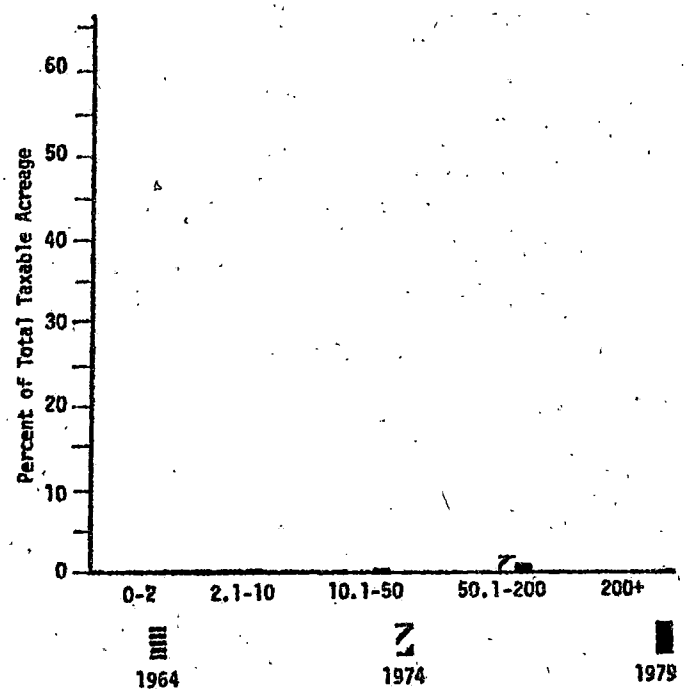


Source: Oswego County Tax Records, 1979; and Parsons and Murray, 1974.

Figure F-5

Redfield Parcel Size Classes For All Land Uses
1964, 1974, 1979

Farm

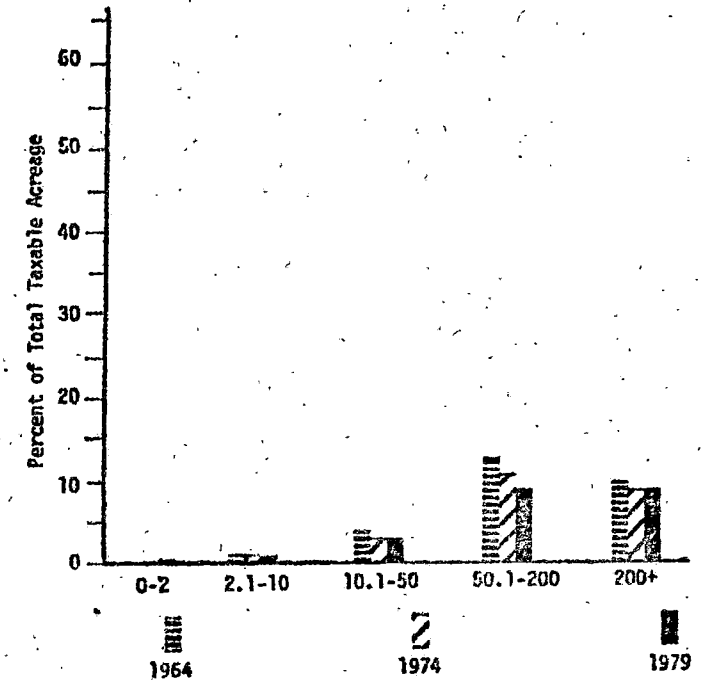


Source: Oswego County Tax Records, 1979; and Parsons and Murray, 1974.

Figure F-6

Redfield Parcel Size Classes For All Land Uses
1964, 1974, 1979

Private Forest



Source: Oswego County Tax Records, 1979; and Parsons and Murray, 1974.

Table F-1

Town of Redfield Land Use Characteristics, 1974 & 1979

		Acres			% of Total		
		Resident	Nonresident	Total	Resident	Nonresident	Land Use as % of Total
1979	Developed	2,720	4,179	6,899	5%	7%	12%
	Inactive	664	1,417	2,081	1%	2%	3%
	Active Ag	664	274	938	1%	1%	2%
	Private Forest	13,059	19,243	32,202	22%	32%	54%
	Other	17,338	-	17,338	29%	-	29%
	Total	34,445	25,113	59,558	58%	42%	100%
1974	Developed	3,148	2,505	5,653	5%	4%	9%
	Inactive	982	1,220	2,202	2%	2%	4%
	Active Ag	1,201	521	1,722	2%	1%	3%
	Private Forest	10,141	22,732	32,873	17%	38%	55%
	Other	17,108	-	17,108	29%	-	29%
	Total	32,580	26,978	59,558	55%	45%	100%

Source: Oswego County Tax Records, 1979; and Parsons and Murray, 1974.

SEASONAL LAND PRICES HIGHEST

Vacant, seasonal, and private forest land transfers were searched from 1975 to 1978 to determine per acre prices given for these lands. Table F-2 shows that seasonal land prices were significantly higher than vacant and forest land prices. Forest land prices were always the lowest of the three land uses examined for all years except 1975. In this year, both vacant and forest land prices were significantly higher than seasonal prices. It can only be speculated that this was due to greater buyer interest in vacant and forested lands. Accordingly, the prices offered for these lands was higher. After 1975, the market for these land types probably slacked off and picked up for seasonal lands.

The data gathered here shows that prices offered by nonresidents for these properties were similar to those of residents for all of the land uses.

Table F-2

Redfield Average Sales Prices, 1975-1978

	Vacant	Northeast Average	Seasonal	Northeast Average	Forest	Northeast Average
1978	409	1,531	2,707	-	186	-
1977	341	1,007	543	695	153	334
1976	429	-	3,981	-	160	-
1975	853	-	525	-	836	-

Source: USDA Farm Real Estate Market Developments, 1979; and Oswego County Tax Records, 1975-1978.

PRIVATE FOREST LAND VALUES LOWEST

Figure F-7 illustrates equalized land values per acre for each of the major land uses for 1964, 1969, 1974, and 1979. A fairly constant increase in values occurred throughout the years with the exception of 1974 inactive land values rising above forest land values and staying there into 1979. This trend is identical to that experienced by inactive land in the Town of Lewis. The high value per acre given to private forest land in 1969 is somewhat exaggerated due to the very low amount of private forest land acreage recorded then. The reason for such a jump could be due to an increase in per acre prices offered for the land, a general inflationary increase, or the assessor's attempt to bring assessed land values more in line with what he thinks they should be.

Figure F-7 also shows that in 1979, the average assessed value per acre for private forest lands is significantly lower than that for state forest lands. While both of these land values increased greatly from 1974, private forest lands had only a 204 percent increase in value as compared to the state's 432 percent increase.

VACANT LAND TAXES INCREASED MOST

The number of parcels recorded at the Oswego County tax office from 1974 - 1979 provided an indication of tax burden on private landowners in the town. The number of tax delinquent parcels has been few indeed. Only two have been sold in the past five years due to unpaid taxes. That is, from 1977 to the present, all except two properties paid their taxes on time. As in other towns, the original owner of a property has approximately three years from the time the taxes are initially due in which to pay his taxes. Thus, taxes do not appear to be excessively burdensome just yet. However, this is only one measure of tax burden and should be substantiated with further data.

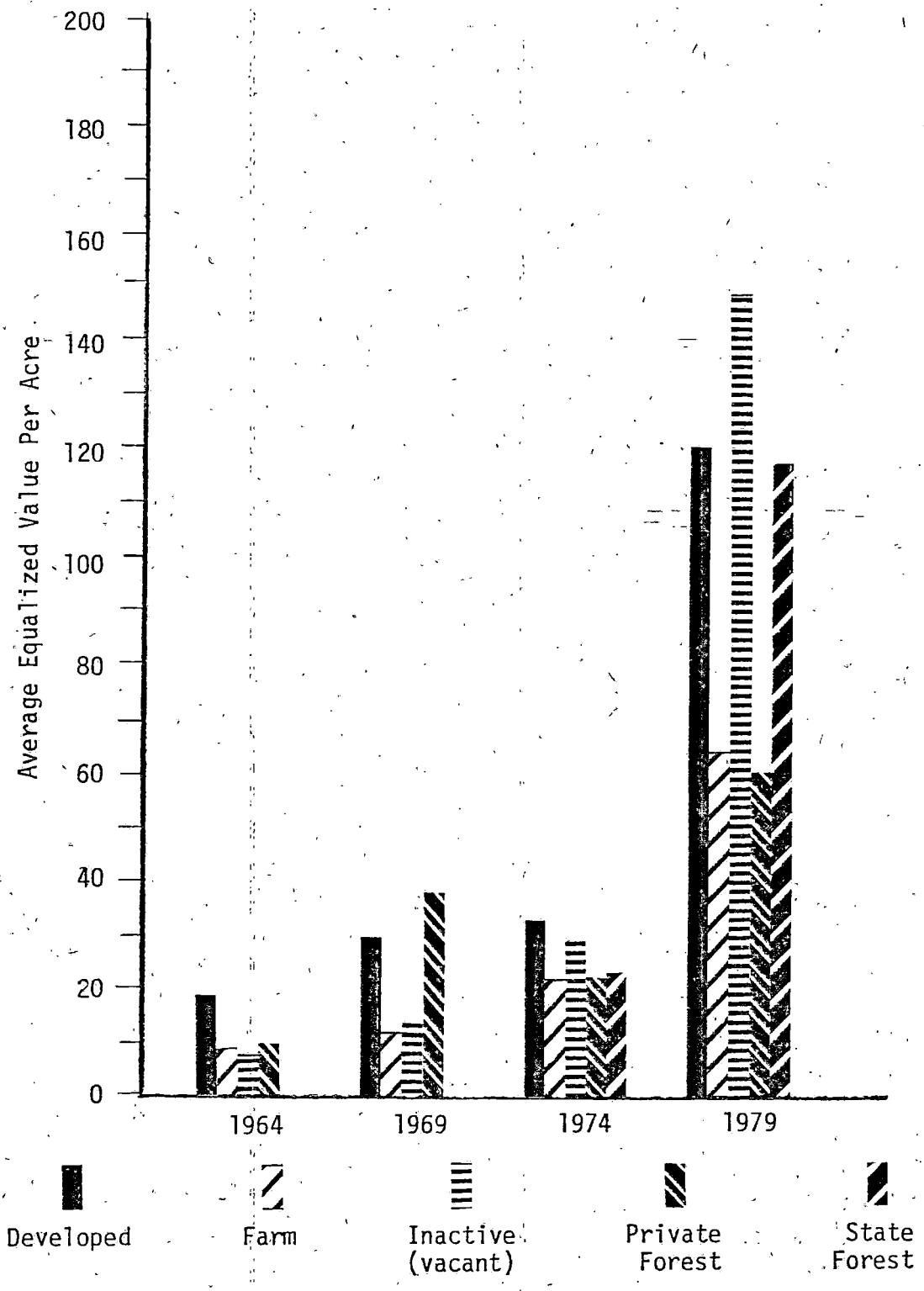
Table E-3 shows that between 1975 and 1980, taxes on inactive (or vacant) lands were increasing the fastest. This land class incurred a 27 percent increase in its tax load while developed, farm and private forest lands' taxes decreased. In both 1975 and 1980 private forest lands paid the least taxes per acre of any land use.

EXEMPTIONS INCREASE 100 PERCENT

Figure F-8 shows the exemptions granted in the Town of Redfield in 1975 and 1980. The total amount of taxes exempted in 1980 ($54,386) had increased 106 percent over 1975 total exempted amounts ($28,468). Two new exemptions appeared after 1975 - aged and clergy. However, both of these exempt amounts were very small and do not appear to present a problem to the town budget at this time. Wholly exempt properties experienced the greatest increase (111 percent or $25,681) from 1975 levels. Total exemptions accounted for 29 percent of total town property tax revenues in 1980, which appears quite substantial. In 1975, total exempt taxes accounted for 25 percent of total town property tax revenues. Thus, it might be possible for exemptions to threaten significant erosion of the tax base sometime in the future should they continue to increase at their present pace. Some of the

Figure F-7

Redfield Equalized Land Values*
1964, 1969, 1974, 1979



*Note: Equalized value per acre is based on assessed value of land only.

Source: Oswego County Tax Records, 1979; and Parsons and Murray, 1974.

Table F-3

TAXES PAID IN TOWN OF REDFIELD, 1975 and 1980

1975

Town	Developed		Farm		Inactive		Private Forest		State Forest		Total Taxes Paid
	Total Tax	Tax/Acre	Total Tax	Tax/Acre	Total Tax	Tax/Acre	Total Tax	Tax/Acre	Total Tax	Tax/Acre	
	16.5		3.3		5.6		63.2		11.5		
Redfield	18,828.97	3.33	3,744.84	2.18	6,382.85	2.90	72,044.89	2.19	13,067.85	2.22	114,071.40

1980

Town	Developed		Farm		Inactive		Private Forest		State Forest		Total Taxes Paid	
	Total Tax	Tax/Acre	Total Tax	Tax/Acre	Total Tax	Tax/Acre	Total Tax	Tax/Acre	Total Tax	Tax/Acre		
	18.6		1.4		6.9		43.7		29.4			
Redfield	20,673.07	3.00	1,505.67	1.61	7,687.67	3.69	48,603.62	1.50	32,691.33	2.92	111,161.36	-2.52

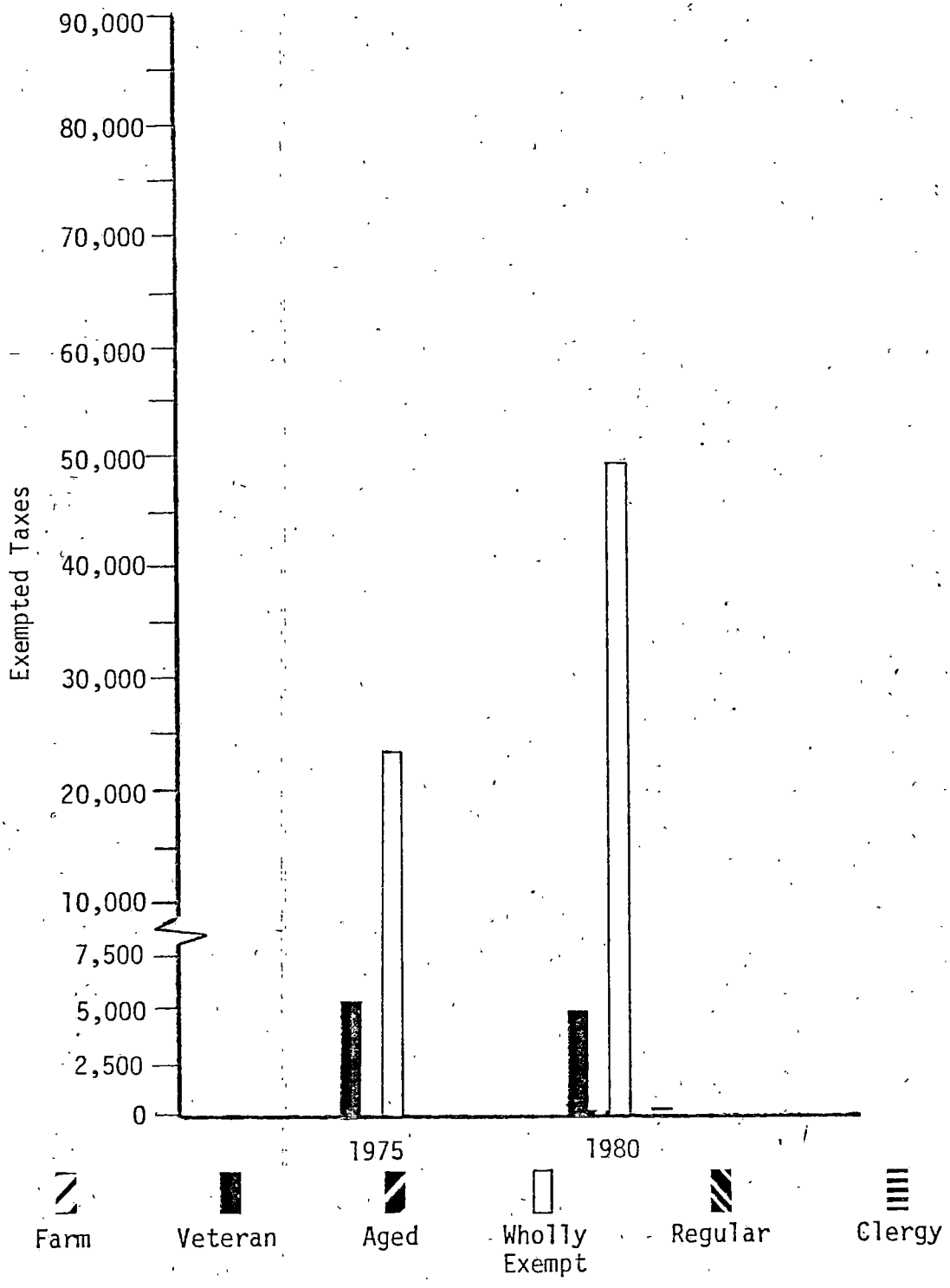
Source: Jefferson, Lewis, Oneida, and Oswego County Tax Records, 1979-1980; Parsons and Murray, 1974; and Tug Hill Commission, 1979.

[ ] = Percent of Total Tax Revenues by town and land type (upper left corner).

[ ] = Percent change from 1975.

Figure F-8

Redfield Taxes Shifted Due to Exemptions
1975 and 1980*



*Note: 1975 and 1980 taxes are based on 1974 and 1979 final assessment roles, respectively.

Source: Oswego County Tax Records, 1974 & 1979; and Tug Hill Commission, 1979.

increase in exemptions may be due to a rapidly rising inflation rate which may cause town budgets (and accordingly, exemptions) to increase.

REVALUATION IMPACTS

The data that is available from the SDEA cannot accurately predict the degree of impact of tax shifts due to revaluation. The data is only an indicator (and still not a wholly accurate one) of the direction of shift that might occur due to revaluation.

The market value ratios for Redfield are shown in Table F-4.

Table F-4

Redfield Market Value Ratios*

Ratio for Whole Town	Misc. and Commercial	Residential	Vacant	Farm	Industrial	Utility
7.00	9.48	5.87	5.05	5.94	7.00	20.76

*Note: Revised and based on 1976 SDEA Market Value Survey

Source: New York State Division of Equalization and Assessment, Market Value Survey, 1976.

The table shows that miscellaneous/commercial, vacant, and farm properties are all assessed at about the same percentage of market value. Commercial, industrial, and utility properties are now overassessed compared to the other property types. Thus, indicating that there may be some tax shift to those other properties upon implementing full value assessments. However, the true impact of revaluation cannot be known until revaluation has been completed.

Appendix G

VIENNA

A RECREATION AND COMMUTER ORIENTED TOWN

The Town of Vienna consists mostly of open space with most of the residential concentration occurring in the northeastern part of the town and along the Oneida Lake shore.[1] Most of the forest lands occur in the northern and central portions of the town with very few wetlands being mixed in with the forest cover.[2] A look at Figure G-1 shows that the number of private forested acres has declined significantly since 1974. Active agricultural land has been declining over the years, with the years between 1974 and 1978 seeing a sharp 56 percent drop in farm acreage (see Table G-1).

LAND MARKET ACTIVITY AND CHARACTERISTICS

Land title transfers were examined for the years 1975 through 1978 for residential, commercial, farm, inactive, forest, and seasonal lands. Figure G-2 shows an increasing transfer market for all land classes except commercial and farm.

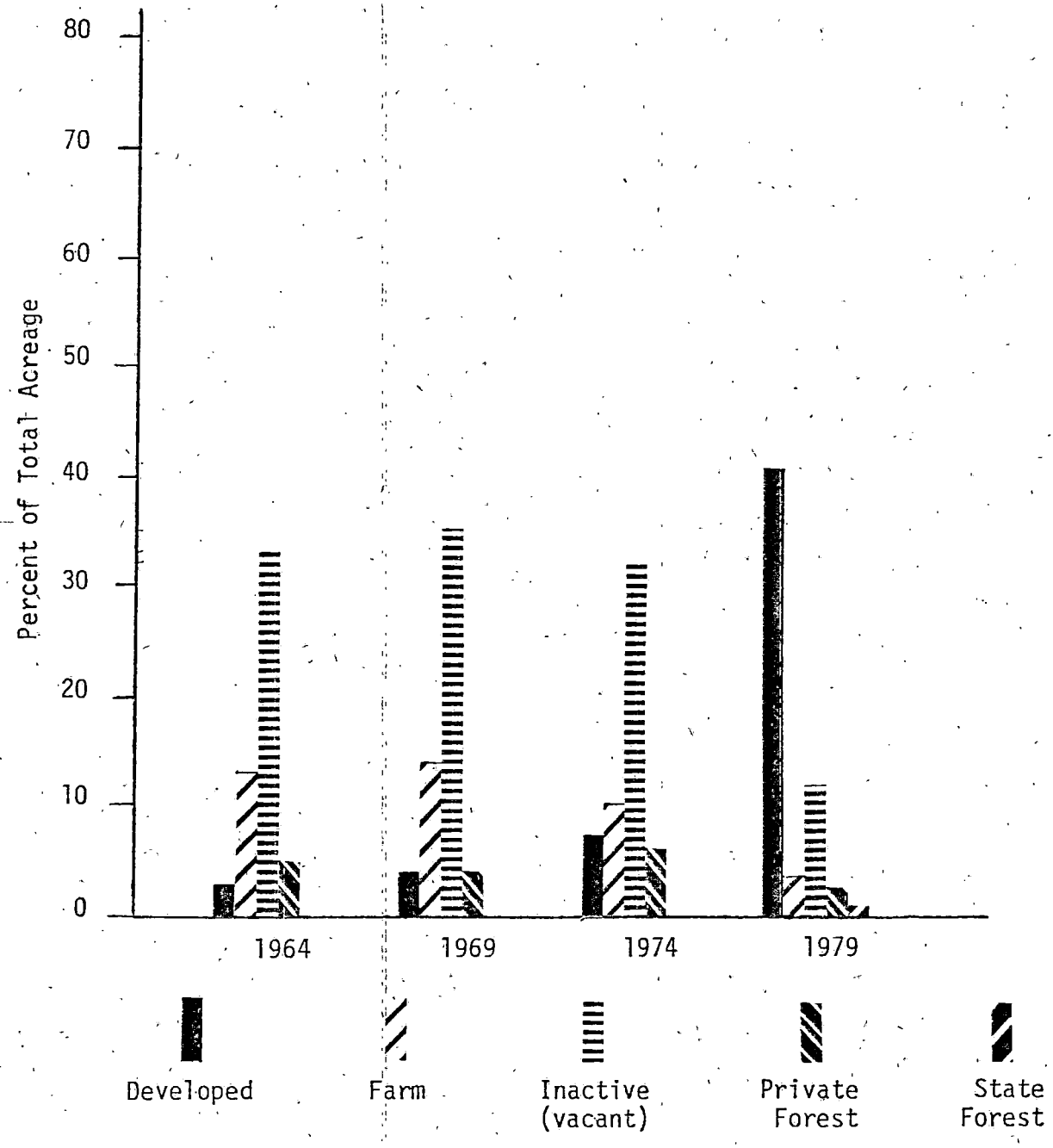
Land development in Vienna has been occurring but at a steadily decreasing rate over the past 15 years. Subdivision of land during this same time period also increased 101 percent from 1964 to 1974 and only 58 percent from 1974 to 1978. Rountree notes that in 1964 there were 185 parcels of less than two acres (all land uses considered) and in 1974 there were 1,129 parcels, a 510 percent increase.[3] By 1978, the number of parcels of less than two acres in size (all land uses considered) had increased by 31 percent, or 354 parcels, a substantial decline from the pre-1974 development rate. Many of these parcels were situated along the Oneida Lake shore to meet the increased demand for seasonal and full time residential units.

The largest change in land use composition came in the past five years when developed acreage as a percent of total town taxable acreage jumped from 7 percent to 41 percent, as Figure G-1 shows. The majority of this development occurred at the expense of the inactive (or vacant) land use class.

The total number of privately owned parcels in the town has increased by 58 percent, or 780 parcels since 1974. Parcel size characteristics of developed and inactive lands have changed significantly since 1974 while parcel sizes for farm and forest lands remained about the same as those in 1964 and 1974. Although developed lands still had the greatest number of parcels in the less than two acre size class, the rate of increase in parcels in this size class had dropped significantly (see Figure G-3). Thus, there is a trend toward more developed parcels of greater than two acres. Inactive lands were subdivided into even smaller parcels than in 1974 and showed a very large increase in parcels of less than two acres. This could be leading toward development of these in the near future. Farm parcels showed little change in their size structure but did show a large drop in parcels of all sizes due to the decrease in total farm acreage since 1974. Private forest land parcels also showed about the same size profiles as in 1964 and 1974 (see Figures G-4 through G-6). Thus, the change that has occurred in the developed land category indicates that

Figure G-1

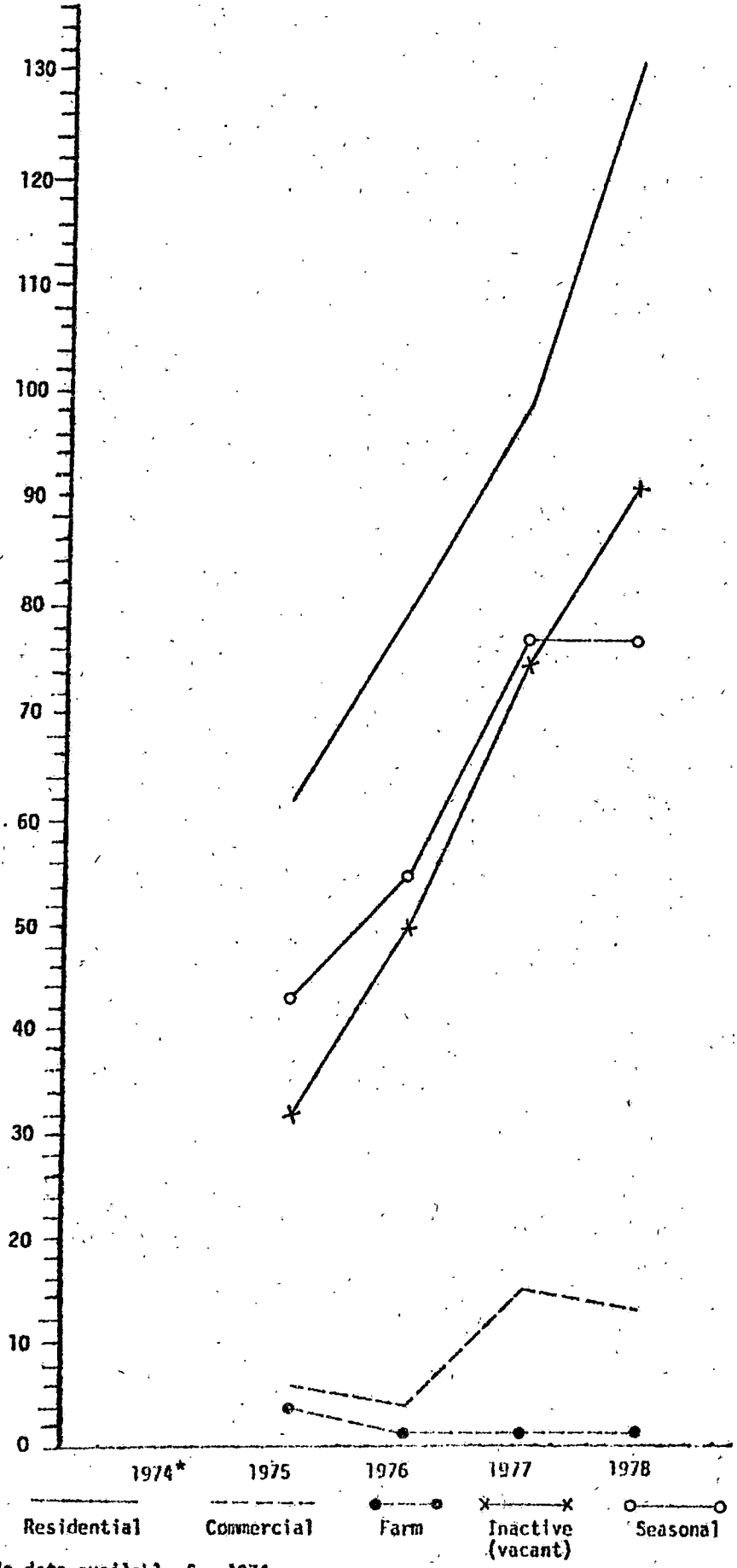
Vienna Land Use, 1964, 1969, 1974, 1979



Source: Oneida County Tax Records, 1979; and Parsons and Murray, 1974.

Figure G-2

Vienna Land Title Transfer Trends, 1974-1978

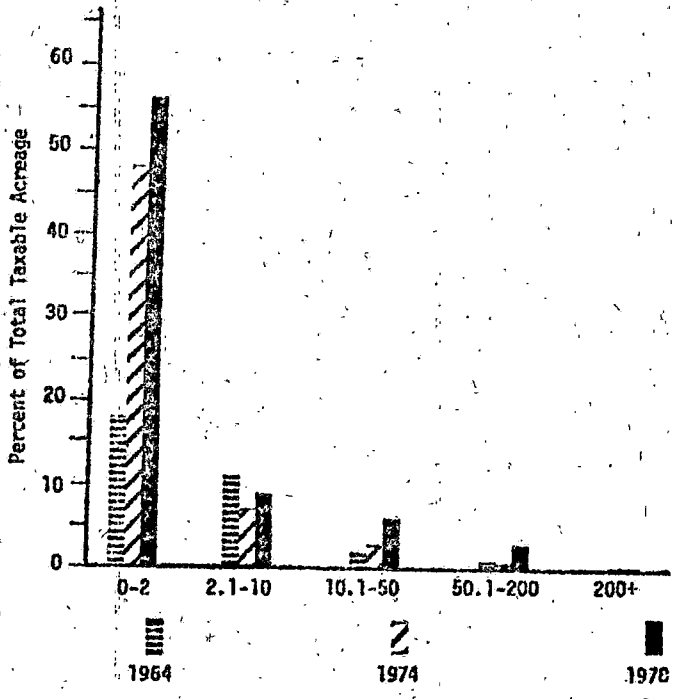


*No data available for 1974.
Source: Oneida County Tax Records, 1974-1978.

Figure G-3

Vienna Parcel Size Classes For All Land Uses
1964, 1974, 1978

Developed

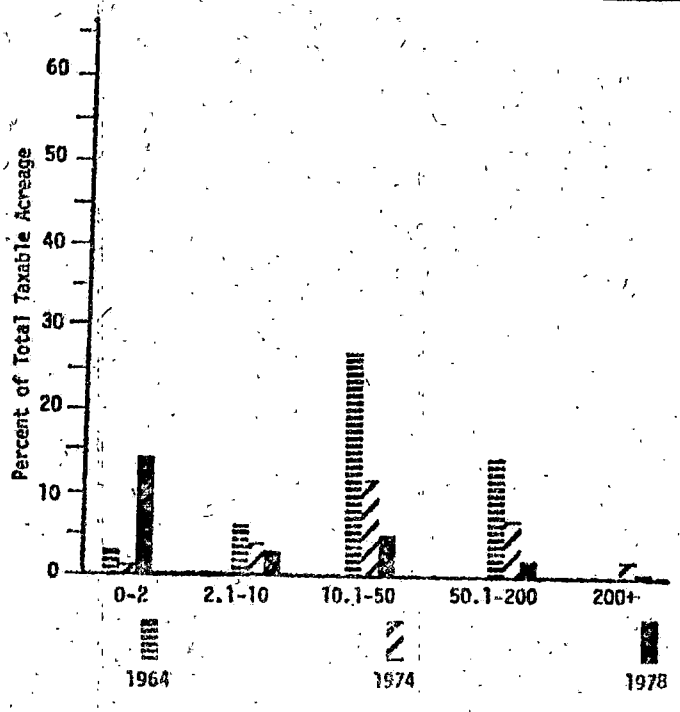


Source: Oneida County Tax Records, 1979; and Parsons and Murray, 1974.

Figure G-4

Vienna Parcel Size Classes For All Land Uses
1964, 1974, 1978

Inactive (vacant)

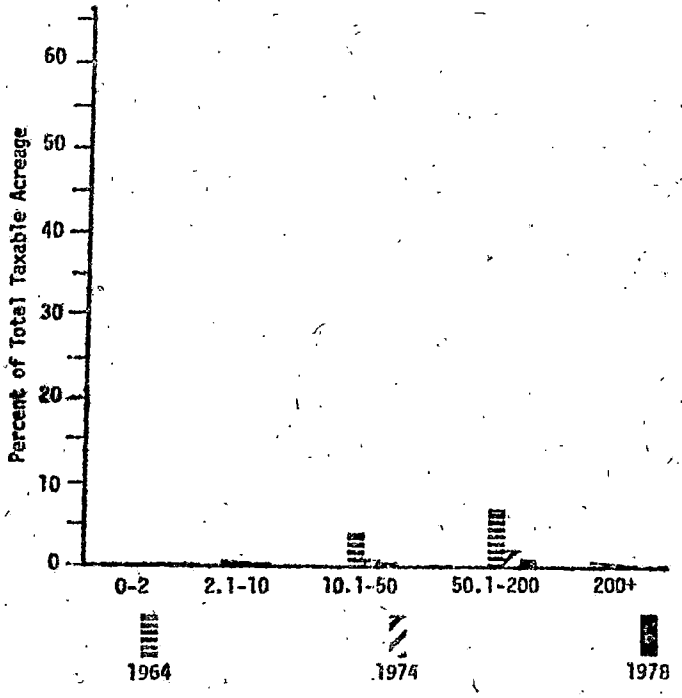


Source: Oneida County Tax Records, 1979; and Parsons and Murray, 1974.

Figure G-5

Vienna Parcel Size Classes For All Land Uses
1964, 1974, 1978

Farm

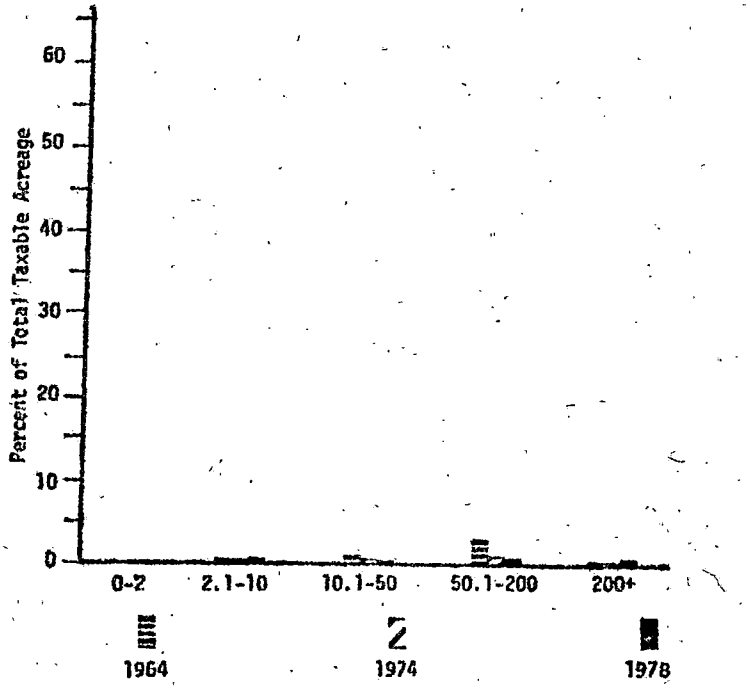


Source: Oneida County Tax Records, 1979; and Parsons and Murray, 1974.

Figure G-6

Vienna Parcel Size Classes For All Land Uses
1964, 1974, 1978

Private Forest



Source: Oneida County Tax Records, 1979; and Parsons and Murray, 1974.

subdivision is still going on but that the average per parcel size is increasing. However, the inactive land category shows that subdivision was active but that the average per parcel size fell due to greater numbers of parcels consisting of less than two acres. However, this inactive land observation can be somewhat exaggerated when recalled that developed land acreage increased at the expense of inactive land acreage, 1974-1978. In other words, greater than two acre inactive land parcels were converted to developed land. This also helps account for the increase in greater than two acre developed land parcels.

NONRESIDENT OWNERSHIP DECREASING IN MOST LAND CLASSES

Table G-1 shows that the percent of total town acreage owned by nonresidents of the town has increased by four percent since 1974. This is an increase of 2,123 nonresident-owned acres. The developed land use category was the only use to experience an increase (a 985 percent increase) in nonresident ownership.

Table G-1

Town of Vienna Land Use Characteristics, 1974 & 1978

		Acres			% of Total		
		Resident	Nonresident	Total	Resident	Nonresident	Land Use as % of Total
1978	Developed	19,674	4,871	24,545	33 %	8 %	41%
	Inactive	4,376	2,915	7,291	7 %	5 %	12%
	Active Ag	2,610	30	2,640	4 %	0 %	4%
	Private Forest	570	1,123	1,693	0.9%	2.1%	3%
	Other	23,767	-	23,767	40 %	-	40%
	Total	50,997	8,939	59,936	85 %	15 %	100%
1974	Developed	3,646	449	4,095	6 %	1 %	7%
	Inactive	15,877	3,861	19,738	26 %	6 %	32%
	Active Ag	5,601	415	6,016	9 %	1 %	10%
	Private Forest	1,839	2,091	3,930	3 %	3 %	6%
	Other	26,157	-	26,157	45 %		45%
	Total	53,120	6,816	59,936	89 %	11 %	100%

Source: Tug Hill Commission, 1978; and Parsons and Murray, 1974.

VACANT/SEASONAL PRICES HIGHEST OF FIVE TOWNS

1978 vacant and seasonal land transfers were looked at to determine per acre prices for these lands. The effects of supply and demand and urban influence can be easily seen when looking at the per acre prices in Table G-2. These prices are substantially above those offered in either Lorraine or Osceola. The reason for the extremely high per acre seasonal prices is due to the inclusion of a camp or cottage in the transfer (this seasonal dwelling may also including docking facilities or rights which raises the price substantially). All but two of the seasonal properties consisted of less than one acre. Whole sales prices ranged from $500 to $42,000 for seasonal transfers. Nonresidents purchased 28 (56%) of the seasonal properties looked at and residents the remainder at comparable prices.

Table G-2

Vienna Average Sales Prices, 1978

	Vacant	Northeast Average	Seasonal	Northeast Average
1978	809	1,531	26,352	-

Source: USDA Farm Real Estate Market Developments, 1979; and Oneida County Tax Records, 1978.

Vacant land prices were $809 per acre in 1978. When this price is compared to 1978 regional per acre figures for rural residential land ($1,338/acre) and subdivison land ($1,531/acre) in the northeast, one can see that vacant land in Vienna is lower. It is not readily known whether the high vacant land prices had any significant effect upon the increase in vacant land assessed values in 1978. Twenty (36%) of the 55 valid sales were nonresident purchases with their purchase prices being comparable to those of residents.

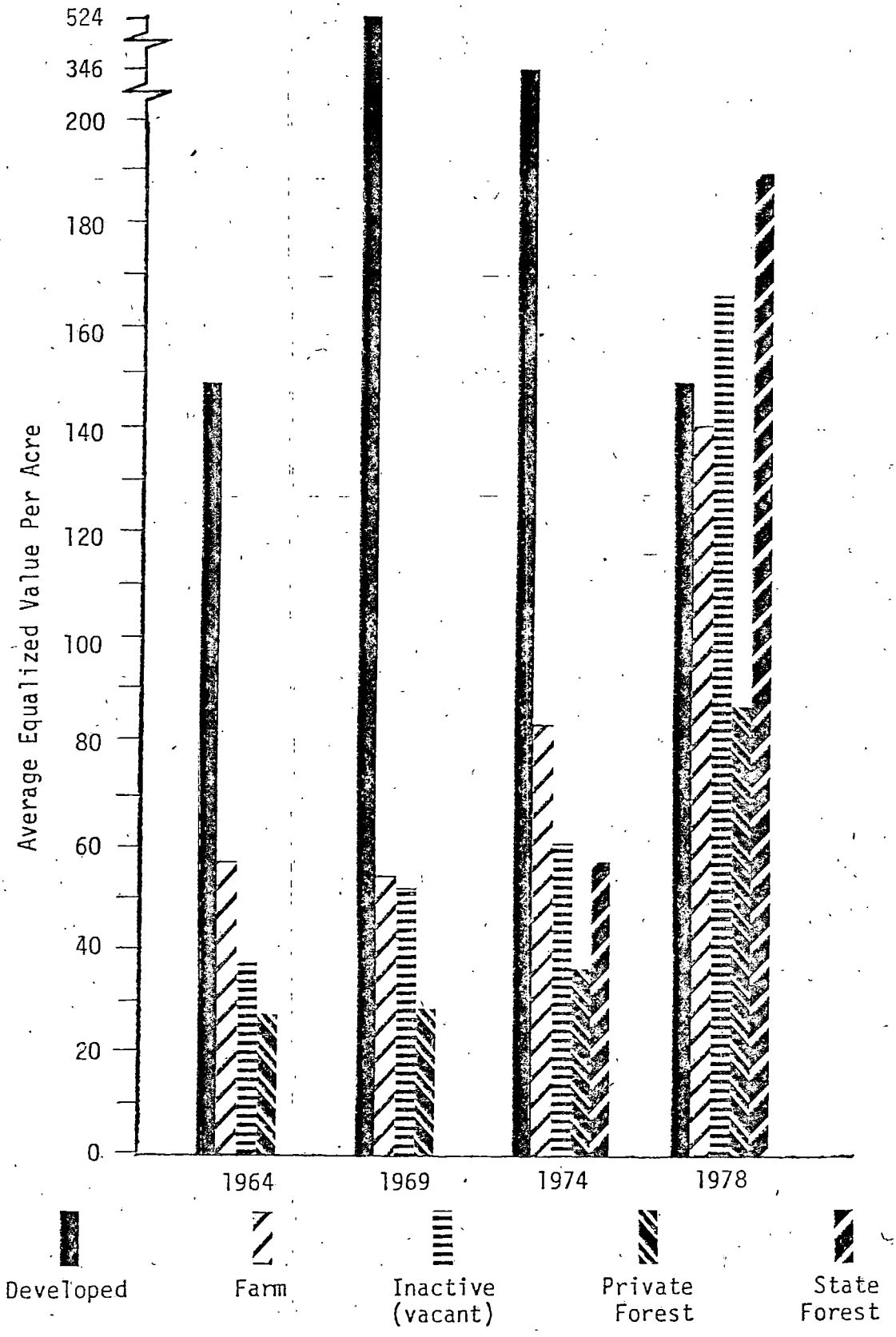
Thus, although the land sales market is more active in Vienna than in other Tug Hill towns and is reflective of having a major urban center close at hand, the per acre sales prices offered by nonresidents are similar to those offered by residents.

DEVELOPED LAND VALUES DROP; OTHERS UP

Equalized land values per acre are presented in Figure G-7 for the major land uses, 1964 to 1978. Until 1978 developed land had the highest assessed value per acre, at which time the value dropped $197 per acre. All other land use values increased greatly in 1978, especially inactive (vacant) land. Vacant land values per acre experienced a 178 percent increase over 1974 values. Once again, the per acre assessed values for private forest lands were the lowest of any of the land uses for the period 1964 to 1978. State forest land values showed a 233 percent increase since 1974 and had the highest assessment in 1978. With state values far above private and county values, this may then create the dilemma that was referred to concerning the state's influence on the town's equalization rate. If the state feels it is overassessed relative to other lands then it may lower its assessments. This in turn might create a cycle of assessment reductions which ultimately lowers the equalization rate.

Figure G-7

Vienna Equalized Land Values*
1964, 1969, 1974, 1978



*Note: Equalized value per acre is based on assessed value of land only.

Source: Oneida County Tax Records, 1978; and Parsons and Murray, 1974.

The fact that developed land values dropped in 1978 and the other land values increased indicates that there probably was some attempt made to equalize the various land use values. The effect of this action is not readily known.

PRIVATE FOREST LAND TAXES LOWEST

County tax sale records were searched to gain one indication of the degree of burden of the property tax on private landowners. Only in 1975 were there substantial numbers of properties deeded over to the last governmental unit (in Oneida County, the last unit to get the land if taxes are still unpaid after about three years is the Board of Legislators; they then determine the fate of the land) as a result of tax delinquency. Also in this year, there were 22 properties sold by the Board of Legislators due to unpaid taxes. The remaining 53 properties were redeemed and comprised 48 percent of total properties listed for tax delinquency. The years 1976 - 1979 show more properties up for tax delinquency while the number being redeemed is decreasing. The three year deadline had not been reached yet so it is not known how many properties will ultimately be sold for unpaid taxes.

Table G-3 shows that between 1975 and 1979, taxes on state forest lands increased the fastest (+175 percent). Private forest land taxes per acre increased 100 percent; inactive land taxes rose 130 percent; and farm land taxes rose by 40 percent. Taxes on developed lands decreased by 64 percent. In both 1975 and 1979 forest lands paid the least taxes per acre of any land use.

EXEMPTIONS NEARLY DOUBLE

Figure G-8 presents exemptions granted in the Town of Vienna in 1974 and 1979. Farm, clergy, and whole exemptions were added to the list of exemptions in 1978. The total amount of taxes exempted in 1978 had increased 143 percent over 1974 levels. Should this trend persist, the town's tax base might be substantially eroded resulting in an increase in the tax rates.

Except for farm, wholly, and religious exemptions, veteran's exemptions showed the largest increase in exempted taxes (+431 percent or $63,948) since 1975. Total exemptions accounted for 68 percent of total town property tax revenues in 1980, which is very substantial. In 1975, total exempted taxes accounted for 38 percent of the town's total tax revenues. Thus, should exemptions increase further, a very large part of the tax base would be eliminated with possible significant tax shifts occurring.

REVALUATION IMPACTS

Market value ratios are only one source of data available from the SDEA with which to attempt to predict the impact of implementing full value assessments. However, because these class market ratios are derived from a limited sample of appraisals and sales, they cannot provide an accurate, in-depth forecast of revaluation shifts between classes of property. Market value ratios can only be used to predict the direction of shift that might occur and even this is not 100 percent reliable.

Table G-3

TAXES PAID IN TOWN OF VIENNA, 1975 and 1979

1975

Town	Developed		Farm		Inactive		Private Forest		State Forest		Total Taxes Paid
	Total Tax	Tax/Acre	Total Tax	Tax/Acre	Total Tax	Tax/Acre	Total Tax	Tax/Acre	Total Tax	Tax/Acre	
	42.8		15.1		35.8		4.3		2		
Vienna*	49,931.19	12.19	17,639.62	2.93	41,731.38	2.11	4,961.83	1.26	2,339.90	2.00	116,603.82

1979

Town	Developed		Farm		Inactive		Private Forest		State Forest		Total Taxes Paid
	Total Tax	Tax/Acre	Total Tax	Tax/Acre	Total Tax	Tax/Acre	Total Tax	Tax/Acre	Total Tax	Tax/Acre	
	66.3		6.8		22.2		2.7		2.1		
Vienna*	105,852.56	4.31	10,815.11	4.10	35,351.00	4.85	4,278.79	2.53	3,273.63	5.50	159,571.09 +37%

*Note: Only 1978 Final Assessment Roll available for Vienna at time of this study. Therefore, the taxes are for 1979 tax year.

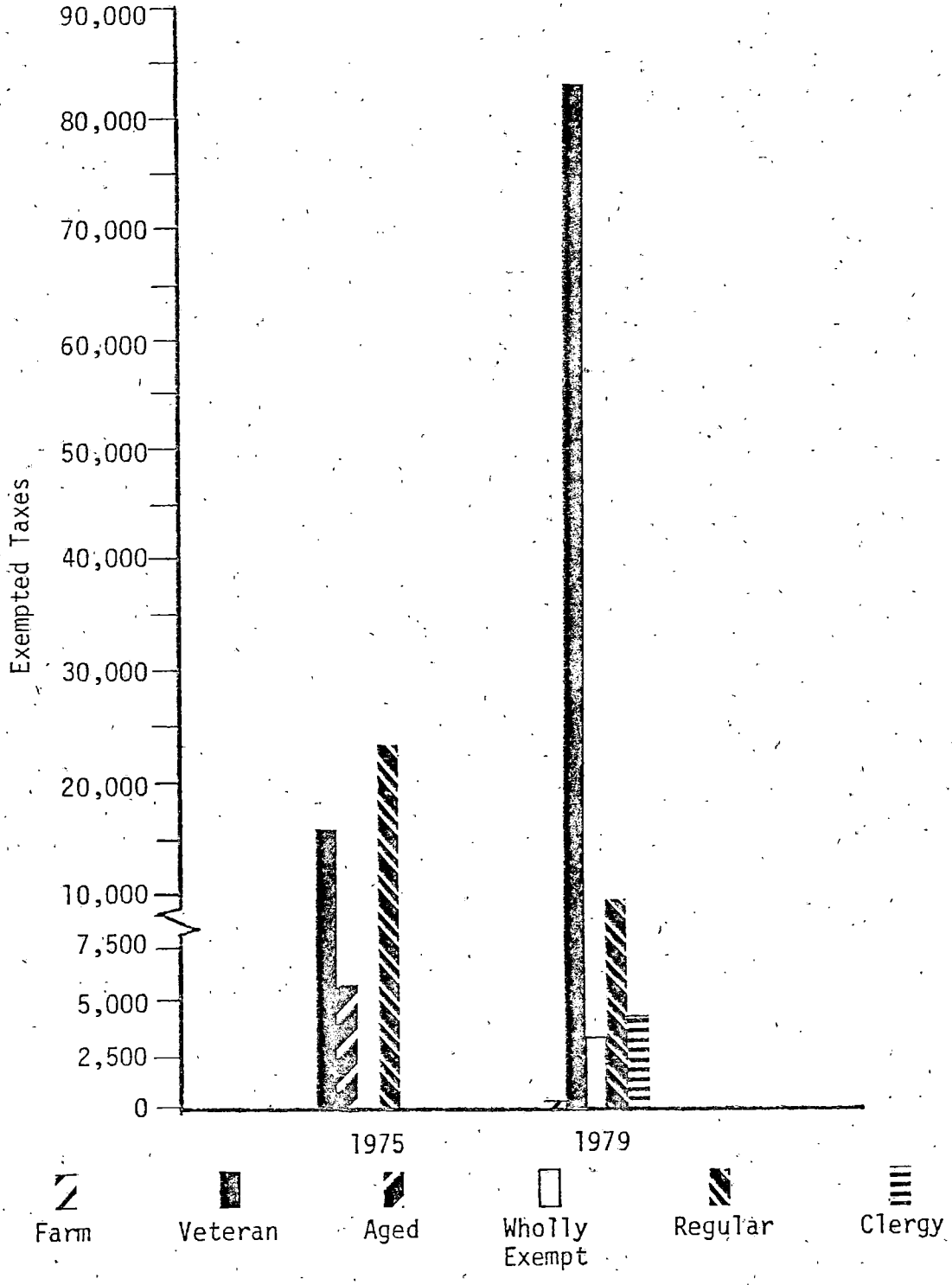
Source: Jefferson, Lewis, Oneida, and Oswego County Tax Records, 1979-1980; Parsons and Murray, 1974; and Tug Hill Commission, 1979.

[ ] = Percent of Total Tax Revenues by town and land type (upper left corner).

[ ] = Percent change from 1975.

Figure G-8

Vienna Taxes Shifted Due to Exemptions
1975 and 1979*



*Note: 1975 and 1979 taxes are based on 1974 and 1978 final assessment roles, respectively.

Source: Oneida County Tax Records, 1974 & 1978; and Tug Hill Commission, 1979.

Class market value ratios for Vienna are given in Table G-4.

Table G-4

Vienna Market Value Ratios*

Ratios for Whole Town	Misc. and Commercial	Commercial	Vacant	Farm	Industrial	Utility	
3.03	3.19	4.03	1.52	3.13	3.03	3.03	Outside Village
4.62	4.44	5.27	4.10	-	4.62	4.62	Village of Sylvan Beach

*Note: Revised and based on 1976 SDEA Market Value Survey.

Source: New York State Division of Equalization & Assessment, Market Value Survey, 1976.

Both inside and outside the village, vacant lands are assessed at a lower percentage of market value than any of the other property types, which are all assessed at approximately the same percentage of market value. Consequently, should the town adopt full value policy, the tax shift would be directed toward vacant lands (which may, in some cases, include woodlands).

Footnotes

[1]Rountree, Patrick. 1977. Land Use Survey. North Shore Cooperative Planning Board. p. 9.

[2]Ibid., p. 9.

[3]Ibid., p. 8.

Appendix H

INTERVIEWS

Two types of personal interviews were conducted in an attempt to obtain personal land use and tax perceptions for both the 39 towns and the case study towns. This information supplemented the other data gathered and used in this report.

The interview format used to contact town assessors and other people with knowledge of the Tug Hill land market was semi-structured. Eight basic questions were outlined regarding land use changes, buying and selling activity, and tax trends. This format was somewhat flexible to accommodate different interviews and situations. An attempt was made to contact all 39 town assessors. Twenty-four were finally interviewed by phone. Ten other contacts were made with people who were knowledgeable of the Tug Hill land market.

The interview format used in the five case study towns was rather structured. Calls, in this case, were made to landowners to determine the influence of taxes on the ownership and management decisions. The interview form is provided. Telephone contacts were attempted for all case towns except Vienna. Contact success rates were very low for all towns, reaching only 16 persons out of a possible 80 (approximately 20 contacts per town). The contacts were chosen on the basis of residency, type and amount of land owned or transferred, purchase price of the parcel, and the frequency of specific names. LA-23 property transmittal reports (1974-1979) and the 1979 final assessment rolls were researched to provide the contact lists for the four towns.

FINAL INTERVIEW OUTLINE USED TO CONTACT ASSESSORS

1. Has there been any significant or above average real estate turnover (change in land use) or subdivisional increase in the past five years? Do you foresee any of these developments occurring in your area in the next five years?

2. Are many lands available for sale due to taxes? Any examples?

3. What types of land are being affected by the land market trends? What are the most frequently sold land types? What are the most frequently occurring sizes?

4. What amounts of money are we talking regarding these land trends?

5. Who is buying this land?

6. If building activity is increasing, what types of structures and where are they being erected?

7. What are some of the attitudes of the owners/buyers of these lands--what do they paln to do with the land and for how long?

8. Do you think that the market price of seasonal, vacant, and vacation lands nearer the metropolitan areas tend to go up quicker than they normally would without adjacent urban influences?

Five Town

Case Study Format for LA-23 Follow-up

The following format should be used to aid in consistently collecting data via personal interviews and phone calls:

- I am _____ and I'm working with the Tug Hill Commission.
- We're looking at land sales in the Tug Hill towns to identify land use changes and trends and to determine the impact of property taxes on the use and sale of Tug Hill lands. We're conducting this study to make possible recommendations to the state legislature on rural land taxation.
- No names will be used in the report.

If land sales information was used then:

We selected certain typical sales from county tax records and now we're contacting some of these buyers and sellers to verify our information. The county data provides basic characteristics on each parcel sale or transfer such as:

- Parcel bought from _____.
- Date of sale _____.
- Sales price _____.
- Indicated use of land at time of sale was _____.
- Parcel acreage transferred _____.

If assessment roll data was used then:

We selected certain landowners and obtained information such as:

- Owner and address
- Acreage owned
- Land use

These questions will then be asked:

(1) Is this description accurate?

(2) Why did you buy or sell this land parcel? If this buyer or seller cannot think of any of the factors influencing his decision, then try suggesting the following factors:

- Taxes: too high or low?
- Price: too high or low?
- Remoteness: too far or just right distance?
- "Atmosphere" of area.
- Woodlot needed.
- Investment: short or long term?

(3) How long have/had you owned this land?

(4) How have you changed (or do you plan to change) the use of your land?

For example:

- Harvesting timber?
- Farming: continued or clearing abandoned land?
- Subdividing?
- Selling off a portion of this parcel to pay taxes?

(5) Ask this only if use of land changed:

What made you decide to change the way you use your land?

- Taxes
- Good market for products (timber or farm goods)
- Personal preference (for example, do you just like the idea of managing your land?)

(6) How do you see taxes affecting the use or sale of your land in the future?

Appendix I

EXEMPTIONS

"An exemption from real property taxation is a grant of a subsidy to a particular class of individuals on the basis that they have provided some sort of public good. Such exemptions are provided via a reduction of the taxable assessed valuation of a parcel of property based on a statutory formula."[1]

Statutes are enacted by the State Legislature as either mandatory or optional exemptions. Mandatory exemptions leave the municipalities no choice in granting them upon application. Optional exemptions are implemented by a local legislative act or ordinance. There are three recognized criteria for granting exemptions. These are (1) sovereignty: a parcel of property is exempt from taxation because of its ownership (for example, state or federal ownership); (2) the concept of intermunicipal economy applies, which states that municipalities do not tax each other's property; or (3) a parcel is exempted on the basis that its owner provides or provided a public benefit to the community (for example, veterans' and agricultural exemptions).[2] Two general classifications of real property exemptions result from these criteria - "whole" and "partial". Wholly exempt property pays no taxes and can include both publicly-owned (federal, state, municipal, etc.) and privately-owned (religious, charitable, etc.) properties. Partially exempt property pays some taxes and includes railroads, certain housing types, veterans' property, clergy and volunteer firemen, forestry, agriculture, certain industrial uses, and others.[3]

General taxes such as county, city, town, and village taxes are levied against the fully taxable properties (these exclude wholly and partially exempt properties) while only certain of these taxes can be levied against partially exempt properties.

There are six major exemption categories utilized in this study. The details and characteristics of each are as follows:

(1) Agricultural exemptions - These are previously explained in Chapter 4, Farm Exemptions.

(2) Aged exemptions - This exemption is optional and requires a local legislative resolution and enactment. When enacted it can be granted to persons 65 years of age or older whose income does not exceed the limit set by the local governing body (in most Tug Hill counties this limit hovers in the $5,000 area). This exemption applies only to real property used exclusively for residential purposes and when granted, reduces the taxable assessed value by 50 percent. School districts may opt to grant this exemption in the form of a 50 percent reduction of the individual's school tax bill. The exemption applies only to general municipal and school district taxes and excludes special district levies or assessments.[4]

(3) Clergy exemptions - Real property affiliated with a religious function or denomination may receive a maximum $1,500 reduction in the assessed value of their real property. This exemption applies to all general municipal and school district taxes and excludes special district charges. The exemption is mandatory if eligibility is proven.[5]

(4) Veteran's exemptions - This exemption is mandatory and may reduce the eligible individual's total assessed value by a maximum of $5,000. Veterans' exemptions apply to all general municipal taxes but exclude school district assessments. Applicants in towns who receive this exemption are automatically exempt from town and county taxes (to the amount of exemption granted). This exemption also does not apply to special district levies and assessments.[6]

(5) Regular exemptions - This category of exemptions includes all other exemptions which are not affiliated with any of the previous exempt types. For example, 10 year property tax exemptions for businesses would be found under this category. The majority of such exemptions are optional with the exempt limits established by the municipality.

(6) Wholly exempt property - Those public and private lands receiving this exempt status are totally exempt from paying any taxes. Federal, state, town, religious, educational, charitable, and similarly-owned lands are all eligible for this exemption. Section 421 of the Real Property Tax Law states that the exemption is mandatory upon application by the concerned party.[7]

The exemption showing the greatest percentage increase of the five Tug Hill study towns over the past five years was veterans' exemptions (+261 percent). Farm exemptions had a 256 percent increase; whole exemptions increased 144 percent; and regular exemptions decreased 35 percent (possibly in part due to reclassification of exemption types). The largest whole exemption in the study period was state-owned land in Jefferson County, religious and cemetery exemptions in Oneida County, school lands and structures and town properties in Oswego County (churches and cemeteries ranked third), and municipal structures (school, town, and state), churches in Lewis County (other State properties were third in importance).[8]

Footnotes

[1]Thomas A. Dorsey. 1974. Understanding The Real Property Tax. p. 20.

[2]James Barwick. 1976. Property Taxes In Tug Hill: Policy-Practice-Effect on Land Use. p. 58.

[3]Ibid., p. 58.

[4]Thomas A. Dorsey. 1974. Understanding The Real Property Tax. pp. 53-56.

[5]Ibid., pp. 56-58.

[6]Ibid., pp. 51-53.

[7]Real Property Tax Law, Section 421.

[8]Personal communication with real property tax officials in Jefferson, Lewis, Oneida, and Oswego Counties, 1980.