

**Comparison of Property Taxes between
Williamsville Village and Amherst Single Family
Homes**

Village of Williamsville Citizens Study Group

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Executive Summary

A petition to bring the dissolution of the Village of Williamsville to referendum has been submitted. The referendum is likely to take place in August or September of 2010. The Village of Williamsville Citizen's Group is dedicated to providing factual information about the costs and benefits associated with the Village of Williamsville Government and impact that Village dissolution will have on residents, so that Village residents can make an informed decision when the vote takes place.

Two important questions regarding the costs of Village government are:

- 1) Do Village residents pay higher property taxes than Town residents?
- 2) If so, how much higher are the taxes?

This report summarizes a study that compares the property taxes within the Village of Williamsville to those in the Town of Amherst. One-hundred nine single-family homes were selected at random throughout the Village. A much larger sample of single-family homes outside of the Village within the Town of Amherst was also selected at random. The 109 Village properties were then matched with 109 Amherst town properties of the same 2010 assessed value. Property taxes were compared for each of the matched pairs. Tax exemptions and school taxes were not included in the analysis.

The results showed that on average the property taxes are \$170 higher per year for single-family homes in Williamsville Village when compared to single family homes outside of the Village within the Town of Amherst.

There was a large amount of variability in the tax differences between properties, and larger differences were more likely for properties of higher value. This was not unexpected. Property taxes within the town are affected by special districting of highway, water, sewer, drainage and fire, with different special districts having different rates of taxation for each type of service. The Village taxes are based on the previous year's assessment, so that two homes in the Village having the same value on a given year, may have different Village taxes if one of the homes had a lower assessed value in the previous year.

The Village of Williamsville Citizens Groups acknowledges that the results and conclusions of this report are based on only a sample of single-family properties in the Village. However, this study is the most comprehensive published comparison of Williamsville Village and Amherst town single family properties to date, and therefore represents our best estimate of the actual difference in property taxes between the two municipalities.

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Introduction

A petition to bring the dissolution of the Village of Williamsville to referendum has been submitted. The referendum is likely to take place in the fall of 2010. This referendum is arguably the most important in the history of the Village of Williamsville.

The Village of Williamsville Citizen's Group is dedicated to providing factual information about the costs and benefits associated with the Village of Williamsville Government and impact that Village dissolution will have on residents, so that residents can make an informed decision when the vote takes place.

The Village of Williamsville government has indicated that investing in a detailed economic analysis of its affairs related to the topic of dissolution is premature. The Village of Williamsville Citizen's Study Group believes that specific quantitative information about the costs and benefits of Village government is very important for informing individuals who will be asked to vote on Village dissolution, and therefore we have taken it upon ourselves to collect this information.

There is a common misconception that Williamsville Village residents are either "double taxed" or pay a Village tax in addition to a full town tax. Village residents are not "double taxed" and, in fact, do not pay a full Town tax. Village property owners pay a general Town/County tax that covers such things as Town administration, police protection, library costs, and New York State mandated programs that are run by the County, a Village tax that covers things such as Village administration, garbage collection costs, fire protection, and maintenance of infrastructure such as storm water drainage, and a Village Sewer maintenance fee. Amherst property owners pay a Town/County tax, and a large number of special district fees for things such as water, sewer maintenance, drainage, fire protection, garbage collection and highway maintenance (Figure 1).

While Village residents do pay for administrative costs at both the Town and Village level, administration is a small proportion of the expenditures. The vast majority of the Village taxes go to services that replace Amherst's special district fees/taxes. (Figure 2).

Because Village services replace many of the Town's services, it becomes quite difficult to estimate the additional costs of Village government on the taxpayer. One approach is to evaluate the actual property taxes paid by residents in both municipalities. This study attempted to address important questions:

- 1) Do Village residents pay higher taxes than Town residents?
- 2) If so, how much higher are the Village taxes?

The study focused only on single family households.



Figure 1. Village versus Town property taxes show that Village residents are not “double taxed”.

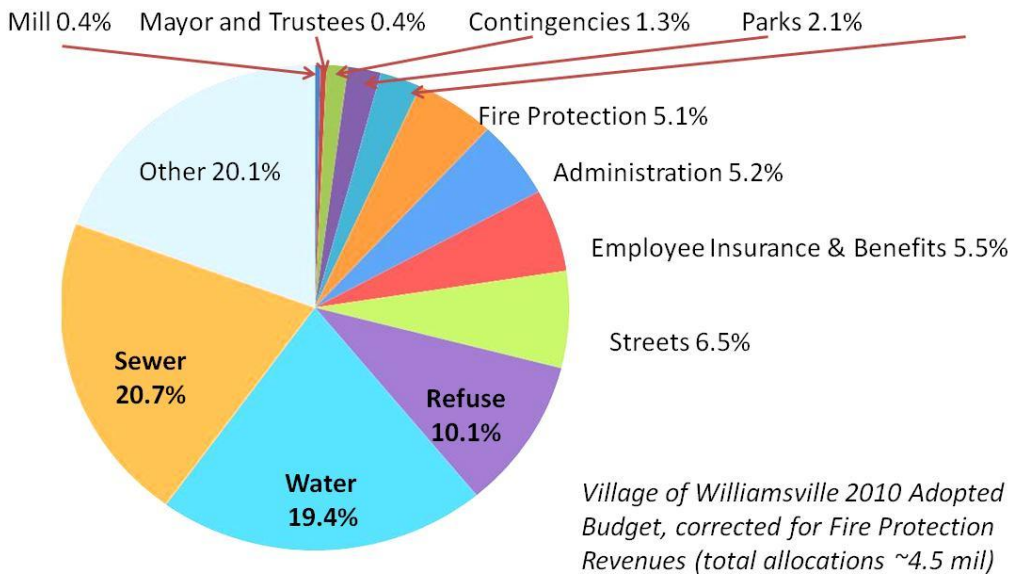


Figure 2. Village of Williamsville budget allocations demonstrate that the majority of the budget goes to sewer, water and refuse (garbage) collection, while only a small percentage goes to administration costs.

Methods

In order to provide a reasonable comparison of property taxes paid by single-family home owners in the Village as compared to residents outside of the Village within the Town, a large sample of homes of the same value was required. One-hundred nine single-family homes throughout the Village were selected at random. A much larger sample of single-family homes outside of the Village within the Town of Amherst was also selected at random, so that Village and Town properties could be matched on 2010 assessed value. Properties within an assessed value of \$500 were considered “matched”. Tax exemptions and school taxes were not included in the analysis.

Town property tax information for each of the homes was obtained from the Town of Amherst Comprehensive Property Information System, a web-based information system that allows individuals to view properties and provides information about each property’s characteristics, value and taxes. The system can be accessed via the Town’s official website (www.amherst.ny.us). Village tax information was obtained via Freedom of Information Act (FOIA) request for the properties in the Village sample.

Adjustments were made to the Village and Town property taxes to allow the property taxes to be fully comparable. The Village water fees are paid via a separate water bill and therefore the Amherst special district fee on water was subtracted from each of the Town property’s taxes. Amherst’s special district sewer fees/taxes account for services that are based on the rates of water usage that are not accounted for in the Village sewer fees, and therefore \$177 was added to the Village property tax based on mean sewer usage in the Amherst sample and the Village rate for sewer water use. Exemptions and school taxes were not included in the analysis. The calculations were made as follows:

Town adjusted property tax = Town/County + Special District Fees/Taxes – Special District Fee for Water

Village adjusted property tax = Town/County + Village + Village Sewer + Mean Sewer Water Usage (65 k gallons) Water Sewer rate per k gallon (\$2.68)*

The difference between the property taxes for each matched pair of properties was determined. The mean difference of adjusted property taxes was calculated. Scatter plots, correlation and regression analyses were used to evaluate the relationship between assessed property value and the difference in property taxes.

Results

The results showed that on average the property taxes are \$170 higher per year for single-family homes in Williamsville Village when compared to single family homes outside of the Village within the Town of Amherst. This difference is approximately 7% of the sample’s adjusted property taxes (Table 1).

Table 1. Average property taxes and average differences in property taxes for the matched sample of homes studied.

Village Non-adj. Tax	Village Adj. Tax	Town Adj. Tax	Difference Vil. Adj. – Town Adj.	% Difference Vil. Adj. – Town Adj.
\$2,340	\$ 2,517	\$2,347	\$170	7%

There was a large amount of variability in the differences between properties. There were cases in which differences were much greater than \$170 and there were cases in which Village residents were paying less property tax than their matched Town counterparts. There was a moderate positive correlation (0.61) between the assessed property value and the difference in adjusted property taxes, suggesting that the disparity between Village and Town property taxes tends to increase with higher property values. (Figure 3). Given this correlation, a simple linear regression analysis was used to predict difference in property tax from assessed property value:

$$\text{Difference in Adjusted Property Tax} = \$140 + 0.11 * \text{Assessed Property Value (in thousands)}$$

However, this equation should be applied cautiously as to only provide a rough approximation of the expected difference between Village and Amherst single family home adjusted property taxes. Regression analysis showed that property value alone accounts for only 36% of the variability in the difference in property taxes.

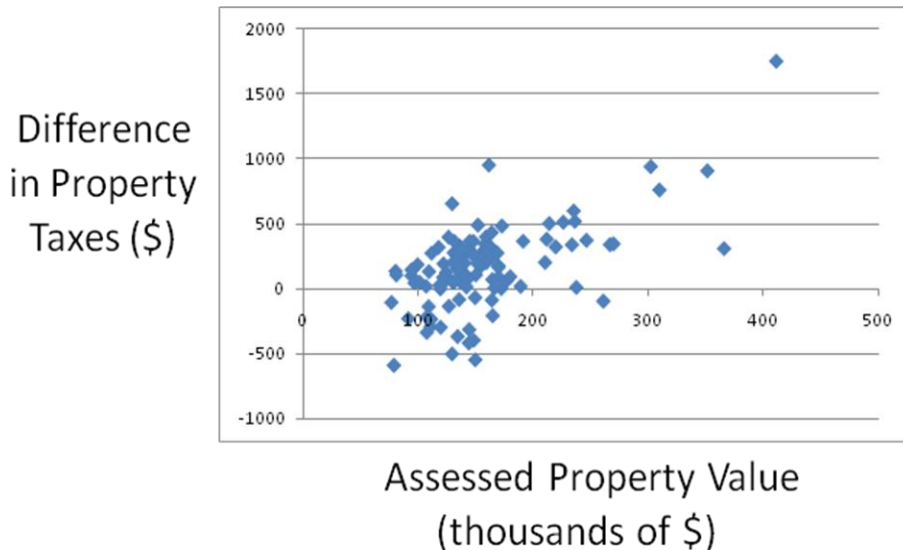


Figure 3. Differences in adjusted property tax between 109 Williamsville Village and Amherst single family homes of the same value. Positive differences reflect a higher adjusted Village tax, while negative differences reflect a lower adjusted Village tax.

The large variability in the tax differences between properties of the same value in the two municipalities is not surprising due to the special districting of services in the Town and the way in which property taxes in the Village are calculated. There is a lot of variability in property taxes for properties of the same value within municipality. Property taxes within the town are affected by special districting of highway, water, sewer, drainage and fire, with different special districts in each category having different rates of taxation. The Village taxes are based on the previous year's assessment, so that two homes in the Village having the same value during the current year will have different Village taxes if the two homes had different values in the previous year.

Conclusions

This report summarizes a study that estimates the difference in property taxes between single family homes within the Village and those with the assessed value outside of the Village within the Town of Amherst. Adjustments were made to help ensure that the tax comparisons were as valid as possible, given the different way that the Village and the Town structure their taxes. Results for a sample of 109 properties showed that on average Village single family residents pay \$170 more in property taxes than Amherst Town residents in homes of the same assessed value. This difference is approximately 7% of the average adjusted property tax bill for the sample studied.

It is likely that this difference is the result of the additional personnel costs and overhead within the Village to provide additional services (e.g., local representation, beautification, park maintenance, events, sidewalk plowing, leaf pick-up, etc.) to its residents.

The Village of Williamsville Citizens Groups acknowledges that the results and conclusions of this report are based on only a sample of single-family properties in the Village and Town. However, this study is the most comprehensive published comparison of Williamsville Village and Amherst town single-family properties to date, and therefore represents our best estimate of the actual difference in property taxes between the two municipalities.

Acknowledgements

The Village of Williamsville Citizens Study group is grateful to Mr. Prateek Vangoori and Mr. Rohit Poola, graduate students of the Industrial and Systems Engineering Department at the University at Buffalo, SUNY, who provided the random sampling, data collection and much of the statistical analyses described in this report.