Moving beyond the Influence of Neighbors on Policy Diffusion: Local Influences on Decisions to Conduct Property Tax Reassessment in New York

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2017

Eom, T. H., Bae, H., & Kim, S. (2017). Moving beyond the Influence of Neighbors on Policy Diffusion: Local Influences on Decisions to Conduct Property Tax Reassessment in New York. *American Review of Public Administration*, 47(5), 599-614.

<https://hdl.handle.net/10356/82594>

<https://doi.org/10.1177/0275074017706754>

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Abstract

Over the past few decades, research on policy adoption and diffusion has grown rapidly. Despite the relatively large number of publications, however, little attention has been paid to the important question of *why* a policy is differently implemented or diffused across governments. To answer this question and improve our understanding of local policy choice beyond widely cited neighboring influences, we closely examine the roles of three main policy actors—internal actors, external actors, and go-betweenes—in the local policy diffusion process, drawing particularly upon property tax reassessment scenarios. Additionally, we focus on nested institutional arrangements, including form of government and type of property tax assessor, that affect the policy decisions of internal actors. Using data on cities and towns in New York State for 1993–2010, we estimate event history models of property tax reassessment activities. Our findings reveal that regional interactions with neighbors that have already adopted the policy and *top-down* go-betweenes through positive inducements can help facilitate property tax reassessment across municipalities. Reformed municipal governments in the council-manager form, along with appointed assessors, are also most likely to adopt reassessment policy frequently, compared with other institutional arrangements. Overall, this study advances the policy diffusion literature by exploring the roles of different influences through a more detailed, broader approach.

Keywords: policy diffusion; institutional arrangements; local policy choice; property tax reassessment

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Introduction

Who is involved in the policy adoption process and *how* a policy is being adopted are the controversial subjects, as well as salient empirical questions, that have long been addressed in the policy adoption and diffusion literature. According to Mohr (1969, p. 111), the propensity of innovation¹ (that is, the probability of policy adoption) is likely to rely on the interplay of motivation to innovate, obstacles against innovation, and resource availability. Among them, motivation to innovate has received increasing scrutiny. To pursue this line of inquiry, to date, much scholarly attention has been paid to such issues as the state lottery (Berry & Berry, 1990; Filer, Maok, & Uze, 1988; Jensen, 2003), state tax (Berry & Berry, 1992), education, welfare, and civil rights (Gray, 1973), charter schools (Zhang & Yang, 2008), e-government (Lee, Chang, & Berry, 2011), drug courts (Douglas, Raudla, & Hartley, 2015) and pay-for-performance (Ingraham, 1993).

Although the scopes and contexts of previous research vary across policy and public service areas, a significant question—*why* a policy is differently implemented or diffused across governments—still remains underexplored. Moreover, most studies have focused solely on policy adoption rationales rather than detailed, broader approaches of the policy diffusion process (Douglas et al., 2015; Füglistner, 2012). In particular, it is notable that these studies have tended to rely heavily on the standard policy innovation model of Berry and Berry (1990) for their conceptual and analytical logic. In their seminal works on policy adoption, Berry and Berry (1990, 1992) have viewed both internal determinants of and (external) regional influences on a

state's likelihood of innovation together, which appears to make a great deal of sense for providing a better understanding of the dynamic process of policy adoption or change. They also have detailed the two main factors: while the internal factors represent political, economic, and social characteristics embedded in the government, the regional diffusion factors represent external pressure outside the government but in adjacent localities. Interestingly, between the two, it would appear that the existing literature has focused to a large degree on the influence of other jurisdictions (neighbors) who have already adopted a policy (here, external factors or actors).

Given that there is a relative scarcity of diffusion-oriented research beyond the existing standardized approach, it is necessary to make an in-depth examination and obtain additional knowledge of the complex policy diffusion process. Thus, more empirical research is required to examine other factors, beyond the widely observed internal and external factors (actors) affecting a policy adoption, that can increase or decrease the likelihood of policy diffusion in a broader manner. From this perspective, this study attempted to apply recent theoretical developments from policy adoptions in expanding the typical dichotomous characterization of policy innovation, to reach a more thorough understanding of policy diffusion.

First, we focused on another main factor referred to as *go-betweens* (other actors potentially influencing local adoption decisions), as described in recent scholarship (Douglas et al., 2015; Füglistner, 2012; Graham, Shipan, & Volden, 2013; Karch, 2007). Specifically, the role of *top-down* go-betweens that exist in the hierarchical state-local governance relations in policy diffusion was analyzed in this study. In addition, we took a further step by looking at the dynamics of the nested institutional arrangements² that affect the policy decisions made by internal actors at the local level. As with McCabe and Feiock's (2005) analytical approach, a

model of nested institutions that proposes two-layered institutional differences influencing property tax reassessment policy was outlined in this research: (1) mayor-council versus council-manager government and (2) elected versus appointed property tax assessor. By focusing on the effect of nested institutional arrangements on local policy diffusion, we attempted to shed light on the determinants of local governments' decision differentials across different governance structures.

This study essentially aims to answer the following question: how does a set of factors inherent in the policy environment correlate with local policy diffusion over time and further lead to different decisions about policy innovation across local entities? To explore the question with care, we paid attention to the adoption and diffusion of local governments' property tax reassessment activity in New York State (NYS). Because property tax is the largest tax for local governments, and its assessment (revaluation) practice is one of the most salient and tangible local government decisions to their residents in that they are heavily associated with equity issues and production of the tax (Lee, Johnson, & Joyce, 2013, p. 161), understanding the dynamics inherent in the local decisions of property tax reassessment policy adoption appears to be worthwhile. Moreover, in the context of public finance and management, it is important for local governments to have an accurate prediction of their financial revenues, not only to smooth revenue volatility in the short term, but also to achieve financial stability in the long term. Thus, from the closest standpoint of the citizens they serve, local governments and actors have enough reason to devote time to implementing reassessments of taxable properties frequently. It is expected that such policy decisions and the subsequent outcomes will help ensure that financial resources are efficiently monitored (managed) in response to socio-economic and demographic changes in the cities and other localities.

This article is structured as follows: The next section begins with the background of property tax assessment policy and explains the case of NYS. The second section provides the conceptual framework of this research to examine the relationships between a set of factors and the likelihood of implementing frequent property tax reassessment at the local level. The third section discusses data collection and measurements for the analysis. The fourth section presents the empirical results. Finally, the article closes with a brief discussion of the findings and their implications for policymaking and management.

Background of Property Tax Assessment Policy and the Case of New York State

Given that property tax is basically levied on two types of property—land and permanent structures (mostly houses)—at large (Zodrow, 2001), it has a number of advantages as a local tax such as immobility, high visibility, stability, ease of administering (collecting), and a broad tax base. Yet, it has also been considered politically vulnerable and traditionally regressive in a partial-equilibrium framework (Netzer, 1966; Wassmer, 1993; Zodrow, 2001).³ These unique characteristics of property tax point to a widely accepted recognition that property tax is the most unpopular tax as well as an unfair one (Eom, 2008; Fisher, 1996).

Property tax, unlike other taxes, requires assessment processes through which the taxable value of residential and commercial property is determined and monitored by assessors rather than observed from market transactions (Eom, 2008). According to Mikesell (1980), valuation is the heart of property tax administration and works on a cycle basis, thereby playing an important role in shaping assessment quality (uniformity), accompanied by (effective or not) tax rates.

Because market values of properties change rapidly, especially when growth rates of properties

are heterogeneous, the lack of reassessment is likely to generate lower assessment uniformity⁴ and entail significant discrimination⁵ regarding tax burdens. Therefore, it is possible that property owners lose the true market value of their property for that year and bear an unfair tax burden even if their properties have not actually increased in value (Fisher, 2007; McMillen, 2013; Yinger, Borsch-Supan, Bloom, & Ladd, 1988).⁶ Hence, it is important for governments not only to evaluate local properties fairly (at a uniform percentage of market value) and accurately, but also to administer the assessment policy effectively.

Recognizing the complex nature of property revaluation, a body of previous literature has empirically explored the determinants of property tax assessment uniformity. The findings revealed that reducing assessment errors (revaluation lag) and improving assessment uniformity (quality) may rely on, for example, the local economy, housing market conditions, and assessor characteristics (i.e., full-time vs. part-time *or* local vs. state or private assessors) (Bowman & Mikesell, 1978, 1989; Ross, 2013), the number of years of experience an assessor has (Propheter, 2016), the institutional types of assessors (elected vs. appointed assessors) (Bowman & Mikesell, 1989; Lowery, 1984; Ross, 2012), the quality and quantity of the personnel (sufficient staffing with well-trained, professional assessors) (Eom, 2008; Mehta & Giertz, 1996), or neighborhood characteristics (socio-economic status) (Allen & Dare, 2002; Heavey, 1983). In addition, in a broader manner, maintaining fair and accurate property tax assessments can depend largely on a state's institutional constraints on local governments, including the requirements for a specific reassessment cycle⁷ (e.g., annual, longer, or none) and the level of governments whose assessment functions. This viewpoint appears to be directly associated with whether local governments adopt an annual reassessment policy, how well the assessments are performed by assessors, and which are policy adoption or managerial capacity issues. When considered

together, in the property revaluation practice, it seems that how to make the property tax (or value) assessment more effectively manageable matters and still continues to be controversial.

NYS has undertaken unique institutional arrangements pertaining to property tax assessments that significantly differ from those of other states, providing a valuable research opportunity. NYS has no legal provision for a specific reassessment cycle⁸ and, in contrast to southern and western states, most decisions regarding property tax administration are determined by local governments (IAAO, 2000; Melnik & Cenedella, 2009).⁹ Although the number of assessing units has been recently reduced because of the county-level co-assessment practices induced by the state, cities, towns, and even some villages basically have their own assessment functions (particularly the property tax assessor selection method).

According to the New York State Department of Taxation and Finance (2015), municipal-level jurisdictions in NYS have the option of adopting a local law to retain elected three-member boards of assessors, a single appointed assessor, or a sole elected assessor (pursuant to New York State Real Property Tax Law (RPTL): §310, §328 and §329).¹⁰ The law may require a mandatory or permissive referendum, or no referendum, on the replacement of the assessor type in each municipality. There has been a general trend of moving toward the appointment system from the traditional selection method of assessors based on election. As a result, it was reported that nearly 86 percent of the cities and towns in NYS are likely to have appointed assessor systems in 2010.¹¹ Therefore, the localities of NYS in terms of a property's reassessment are markedly independent, with autonomous managerial power. This distinctive feature that hinders statewide full-value assessment is reminiscent of the tradition of local assessment autonomy, as a result of the historical heritage of colonial states (McClelland, 1965).

Overall, it can be reasonably considered that, with respect to the property tax administration, NYS has a *laissez-faire* policy orientation.

Conceptual Framework

Main Factors (Actors) Shaping the Local Policy Diffusion Process: Internal, External, and Go-betweenes

As noted earlier, exploring the determinants of policy adoption and diffusion has been one of the central trends in the public administration and policy field over the past few decades. Scholars have conducted rigorous investigations into the contextual factors affecting the local policy process. Notably, Berry and Berry's (1990) widely cited research on state lottery adoption first incorporated a comprehensive approach of policy adoption based on both internal determinants and regional diffusion models in their analysis. More recently, focusing on the larger policy environment, scholars (e.g., Douglas et al., 2015; Füglistner, 2012; Graham et al., 2013; Karch, 2007) have suggested that three main policy actors—internal actors, external actors, and go-betweenes—and their interactions are likely to play a critical role in deciding an innovation and shaping its diffusion process over time. In line with this viewpoint, this study paid close attention to the three factors (actors), each of which is discussed in further detail below.

First, it should be noted that a policy is likely to be chosen by “real people” with different views, preferences, capabilities, and goals, as mentioned by Graham et al. (2013, p. 684). In the policy environment, “people” basically refers to internal actors within governments pursuing an innovation. Although the actors (as individual decision makers) who affect local policy adoptions largely include the electorate, politicians, appointed officials, interest groups, and a local-level jurisdiction (Douglas et al., 2015; Graham et al., 2013), policy choices tend to be

finally made by local officials or policymakers. In view of this, by drawing upon the property tax reassessment scenarios, this study focused on local governments and property assessors as the main internal actors who decide and operate reassessment policies.

Second, external actors represent neighboring governments that are in close *geographic proximity* and have already made the policy choice. Starting with Walker's (1969) policy diffusion research, the so-called (external) regional factor pertaining to the influence of neighbors has been largely considered a catalyst for facilitating policy diffusion. Berry and Berry (1990, 1992) argued that regional influences, measured by the presence of neighboring states that have previously (or recently) adopted a particular policy, are likely to play an important role not only in motivating public officials to make an operational decision, but also in overcoming difficulties and risks inherent in the innovation. Through focused research, such neighboring influences leading to the policy diffusion in a jurisdiction appear to be partly a result of citizen pressure (Lee et al., 2011; Zhang & Yang, 2008), communication among the members of a system (Rogers, 2003), social learning (Berry & Berry, 1990; Meseguer, 2005; Mintrom, 1997; Mooney, 2001), competition (Berry & Berry, 2007; Karuppusamy & Carr, 2012), and leadership (Walker, 1969). Of course, one could argue that a policy adoption may occur or its diffusion may be enhanced depending on how well the policy conforms to social and cultural norms and whether it is seen to be beneficial in the jurisdictional setting (Jensen, 2003; Mooney, 2001). Yet a body of literature on policy adoption and diffusion has argued that the greater the number of previously adopting neighbors, the greater the likelihood that governments will adopt the policy over time. In light of this, this study posits that neighboring localities' statuses and regional interactions have a significant association with property tax reassessment activity in a local government. Because residents and their property-related behaviors tend to be intensively

intertwined with those of neighboring cities and towns through their housing markets in a real-world setting, we claim that a local policy diffusion process reflects the influence of neighbors.

In addition to the internal and external actors described above, we posit that “go-betweeners” play a critical role in shaping local policy diffusion. Go-betweeners refers to other actors who can potentially influence the policy adoption decision across local jurisdictions. Furthermore, it can be divided into two sub-actor groups: *top-down* go-betweeners and *epistemic* go-betweeners (Douglas et al., 2015). The former group refers to a federal or state government’s pressures on lower-level jurisdictions, which demonstrate the coercion mechanism¹² (based on the so-called “carrot and stick” approach) toward the policy diffusion. On the other hand, the latter group includes professional associations (e.g., national organizations, conferences, and think tanks) that help share each other’s experiences when adopting the policy, as well as interest groups and newspapers that help obtain the policy-related information (Füglister, 2012; Karch, 2007). With respect to the influences of *top-down* go-betweeners, as noted earlier, localities in NYS have implemented their property tax reassessment activities by themselves without a mandatory statewide cycle. Until recently, the state laws did not specifically incorporate an article making the adoption of the annual reassessment policy by the local government compulsory.¹³ Instead, it can be reasonably assumed that there has been a statewide guideline or recommendation to motivate local governments to conduct the annual revaluations of property values and the subsequent tax rates. NYS has generally employed various statewide *positive* inducements to improve their municipalities’ assessment quality. For example, the New York State Department of Taxation and Finance established a coordinated assessment program, in which two or more municipalities coordinate their assessing functions by sharing an assessor or using the same assessment schedule. This program started in 1995, along with state aid provision

to the participants. Through the Excellence in Equity Awards, established in 1999, NYS also provided financial incentives based on annual or triennial aid to municipalities conducting the reassessments on a regular basis. In addition, given that the U.S. property assessors typically have membership in more than one of the national or regional professional associations and conferences, the *epistemic* go-betweens are expected to play a role in the training and education of the assessors, regardless of whether they are elected or appointed.¹⁴

An Additional Factor in the Local Policy Diffusion Process: Nested Institutional Arrangements

Although there is a large body of literature on policy adoption and diffusion that has examined *who* is involved and *how* a policy is being adopted, a scholarly approach exploring in detail *why* a policy is differently implemented or diffused across local governments is lacking. For this reason, it is important to expand our viewpoint to investigate the complexities of a policy environment in which local governments are nested at the macro level (Douglas et al., 2015). In this study, therefore, particular attention was paid to an additional factor—institutional influences—that can affect the willingness of local public officials or policymakers to adopt an innovation.

According to Clingermayer and Feiock (2001) and North (1990), institutions can be defined as humanly devised formal or informal constraints affecting individual incentive structures, accompanied by human actions (interactions). In particular, as Williamson (1985) suggested, unlike market governance, political governance and institutions, inherent in hierarchies and strict rule-based structures, help reduce uncertainty and opportunistic behaviors embedded in human transaction activities and further lessen transaction costs (e.g., monitoring cost). McCabe and Feiock (2005) agreed with the importance of institutions, stating that

“[i]nstitutions and their effects may be best understood as nested systems” (p.650). From the new institutionalism perspective, lower-level, substantive rules work within a structure of higher-level, constitutional rules, and local internal actors’ policy decisions are influenced by both constitutional- and substantive-level institutions (rules) (McCabe & Feiock, 2005; Ostrom, 1990). Consistent with this viewpoint, we could expect that the extent to which local governments’ willingness to adopt a policy depends on the nested institutional arrangements.

Notably, among diverse local political institutions, form of government¹⁵ has been widely explored in previous studies. It has long been acknowledged that form of government, as a constitutional-level rule addressed in municipal charters, specifies that either an elected mayor or an appointed professional manager owns the legal authorities in policy making (Clingermayer & Feiock, 2001; Svara & Watson, 2010; Zhang & Feiock, 2010). Given the current constitution-driven governance structures, local actors are likely to face two distinctive incentives—high-powered and low-powered—in the way of aligning their interests with those of citizens. In other words, local governments’ choices and behaviors pertaining to certain policies depend on whether the municipal’s constitutional-level institutions create high-powered or low-powered incentives (McCabe & Feiock, 2005). In practice, executive officials in mayor-council governments tend to be motivated by high-powered incentives, such as politicians’ desire for re-election, thereby increasing the likelihood of reflecting constituents’ preferences for policy (Bae & Feiock, 2004; Frant, 1996; MacDonald, 2008). Because of such political opportunism, mayor-council governments more likely value short-term visible outputs or ways to promote allocative efficiency while responding to voters’ demands in the jurisdiction. Moreover, as in previous studies (e.g., Kwon, Berry, & Feiock, 2009; Nelson & Svara, 2012; Zhang & Yang, 2008), elected executives are more politically risk-averse, and therefore sometimes become late

adopters or non-adopters of an innovative policy and practice compared with appointed executives. On the other hand, given relatively fewer political conflicts of interest and greater professional motivation in the governance setting, executive officials more likely face low-powered incentives in operating policies (Carr, 2015; Svara, 1990). In cases where a local government has weaker mayor power and its significant policy-making processes are mostly implemented by professional administrators hired by a council, it is less likely to pursue political and financial incentives. This seems to pertain to the council-manager form of local governments, known as a progressive reformed government based on the separation of politics and administration, which explicitly produces a non-partisan, efficient, and business-like regime with professional administrators (Lineberry & Fowler, 1967; Nelson & Svara, 2012). As such, it can be reasonably assumed that council-manager governments are more inclined to respond to achieve productive efficiency gains rather than behave opportunistically for individual gains in the use of public money (McCabe & Feiock, 2005). More specifically, rather than focusing on narrow issues or adopting policies that provide short-term political benefits, appointed executives are more likely not only to take risks with new ideas, but also to pursue the long-term preferences of local residents (Carr, 2015; Clingermayer & Feiock, 2001; Schelling, 1960). Such results appear to be in accordance with previous studies (Hawkins & Feiock, 2011; Kwon et al., 2009; Zhang & Yang, 2008). Taken together, it is likely that, compared with elected executives, appointed executives may be less afraid of the risks of policy adoptions and more willing to operate innovative programs and practices.¹⁶

Moreover, the proposition on institutional arrangement differentials explained above can be extended to apply to the impact of assessor types in the property tax administration. As McCabe and Feiock (2005) and Ostrom (1990) pointed out, substantive-level institutions (rules)

tend to deal with operational decisions in the form of a specific policy (e.g., taxation). In line with this approach, this research views the type of assessor (elected vs. appointed) as a substantive rule affecting local policy choices. In addition, given that local assessors, as one of the main internal actors, are responsible for monitoring property regularly and allocating available financial resources fairly (Eom, 2008; Mehta & Giertz, 1996), their property tax reassessment activities are considered a significant and specific policy innovation across local governments.

As previously discussed, municipalities in NYS have their own property assessment standards, and each city or town is able to choose an elected or appointed assessor system. Therefore, we naturally differentiated elected and appointed assessors in the institutional context of the manner of local assessor selection. Furthermore, by incorporating the dichotomy between high- and low-powered incentives embedded in the public governance structure into the current assessor institution of NYS, we predicted that the two different types of assessors exhibit distinct incentive structures in their policy decision-making processes. Specifically, elected assessors tend to have high-powered incentives in policy decision-making, thereby being more responsive to constituent pressure. On the other hand, appointed assessors' decisions on property reassessment are more likely to be driven by their own administrative viewpoint rather than the political interests of voters, because their mostly low-powered incentives are less sensitive to political pressures from house owners and taxpayers. In this respect, it can be hypothesized that appointed assessors are more likely to act in favor of innovative policy adoption than elected ones are.

Considering a combination of nested institutional arrangements in NYS municipalities, we concluded that the main differences in policy adoption across local governments center on

whether municipalities have traditional (mayor-council) or reformed (council-manager) governments and operate their property assessment practices with elected or appointed assessors. Consequently, the following assumption can be drawn: municipalities based on the form of council-manager governments and having appointed assessors are more likely to adopt a property tax reassessment policy more frequently than others, by substituting high-powered incentives with low-powered ones.

Data and Method

Data Description

The context for our study is local governments' property tax reassessment activities. The unit of analysis is cities and towns known as general-purpose local governments, as well as property tax assessment units in NYS. For the empirical analysis, we collected data on each city's and town's reassessment activities, along with its institutional, financial, and socio-economic profiles for an 18-year period (1993–2010). The data sources for constructing variables include the Office of Real Property Tax Service in New York State (ORPS), the Office of State Comptroller (OSC), the International City/County Management Council (ICMA), and the U.S. Census Bureau. In our dataset, a balanced panel data with a total 16,956 observations (942 assessing units for 18 years) is used. It should be noted that, from a total of 984 city- and town-level assessing units in NYS, the observations of the cities and towns in Nassau and Tompkins Counties were excluded because, unlike others, their property tax assessment activities are under the control of county-level assessing units. A brief description of the variables and data sources is presented in Table 1.

[Table 1 here]

Dependent Variable

The dependent variable indicates the occurrence of property tax reassessment (*Reassessment*) in a given year. We were able to use the ORPS database, which indicates whether or not the municipalities conducted a city- or town-wide revaluation process by which all real property parcels within the municipality are reassessed and updated to reflect market values in a specific year. Given this, the *Reassessment* variable in our estimation model was dichotomized: a “1” was recorded if the municipality conducted reassessment in a given year, and a “0” was recorded if the municipality used previous years’ property value information to impose the property tax amount.

Both Table 2 and Table 3 provide brief descriptive statistics of the frequency (cycle) of property tax reassessment activities across municipalities in NYS over the period 1993–2010. 175 of the 942 units (18.5%) were never reassessed during the timeframe of the study. 103 of the total municipalities (10.9%) were reassessed more than 10 times during the 18 years. The number of municipalities that were reassessed in a given year more than tripled for the period 1993 to 2010, indicating a steady increase in the reassessment frequency in upstate New York. This may have resulted from the state’s explicit efforts to induce municipalities to conduct a reassessment on a regular basis.

[Table 2 here]

[Table 3 here]

Explanatory Variables

For the key explanatory variables, we constructed two different measures of the local innovation—the regional diffusion factor and the internally established institutional factor. First, to explain the influence of regional diffusion on local innovation, the share of neighboring

municipalities adopting reassessment was included in the model (*Neighbors*). This diffusion factor was constructed by dividing the number of neighboring municipalities reassessed in the previous year by the total number of municipalities sharing a border. The municipalities with a higher share of neighboring cities or towns reassessed are expected to face higher pressure to adopt reassessment. Second, the types of governance structure (political institutions) were included as an institutional factor. They were determined by two dimensions—(1) general government form (mayor-council vs. council-manager governments) and (2) the manner of property assessor selection (elected vs. appointed assessors). In NYS, there are primarily two government forms: mayor-council and council-manager governments. Approximately 80 percent of cities have the mayor-council form (49 of the 62 cities in 2009), which is higher than the national average. This is partly because cities in NYS are relatively old and have a heterogeneous population composition, and so tend to adopt the mayor-council form, especially with a strong mayor (NYS Department of State, 1996). For towns, the mayor-council government has been a traditional and primary government form in NYS. In response to the growing demands for administrative expertise and political detachment in executive functions, some towns started to adopt the council-manager form; however, the overall number is still very small.¹⁷ Additionally, for the manner of assessor selection, as previously noted, more than 80 percent of New York State’s municipalities currently employ a sole appointed assessor. It is interesting to note that all municipalities adopting the council-manager form have appointed assessor systems only. Thus, we classified the governance structure of cities/towns into the following three types: (1) mayor-council governments with elected assessor (*MCE*), (2) mayor-council governments with appointed assessor (*MCA*), and (3) council-manager governments with appointed assessor

(CMA), assuming that political influence resulting from the election process becomes weaker in the presented order.¹⁸

In addition to such governance structure variables, we added a municipal-level variable (*City*), indicating whether municipalities in our dataset are classified as cities or towns. This variable was coded “1” if the municipality is a city; or coded “0” if it is a town. Cities and towns are generally considered general-purpose local government entities with similar powers and administrative functions under the county system. However, although cities are relatively larger in size and have a separate and strong executive branch, towns tend to exercise both legislative and executive functions through the discretionary authority conferred on the town board (NYS Department of State, 2009). When it comes to local government financing, cities tend to not only have a higher property tax rate because most public services including fire and water/sewage are covered by property tax levy, but also receive more state aid compared with equivalent towns.¹⁹ Despite the recently growing heterogeneity of sizes and structures in cities and towns, which has led to the blurred distinction between the two, they are still different in their operating systems and some other features.

As discussed earlier, NYS is one of the states in which municipalities have a wide range of autonomy in their property tax assessment administration and practices. However, since the late 1990s, NYS has made extensive efforts to improve municipalities’ assessment quality, including the provision of state aid for achieving more frequent and regular property tax reassessment and enhancing inter-jurisdictional collaboration. We therefore hold the view that such factors could be intertwined with the regional diffusion factor. In other words, we posit that a state’s influence based on financial incentives (positive inducements per se as one of the coercive isomorphism forces) and administrative coordination toward frequent reassessment of

property tax should be explained and controlled in the model. The analysis thus included the *Program* variable, which indicates whether or not a municipality participated in a coordinated assessment program in a given year.

In support of previous studies of policy adoptions (e.g., Berry & Berry, 1990, 1992; Jensen, 2003) and property tax assessment (e.g., Allen & Dare, 2002; Bowman & Mikesell, 1978; Eom, 2006, 2008; Wassmer, 1993), this study also included several social or economic variables relevant to property tax reassessment activities. Specifically, we considered fiscal, housing market, socio-economic, and assessment quality factors.

As a fiscal factor, the nominal tax rate (*TaxRate*), which is calculated as the total property tax levy divided by the total taxable assessed value of all property in the municipality, was included. In practice, a higher level of nominal tax rate is expected to induce stronger resistance of residents against reassessment, because it is more likely to result in an increase in actual tax payments (Eom, 2008). Another variable included as a fiscal factor was the share of local-source revenue in the total revenues (*LocalRevenue*). The share of local-source revenue represents the level of municipalities' revenue independence, measured by the ratio of local base revenue to total revenue. In addition, the fiscal stress resulting from fund imbalance or rapid expenditure growth, may put more pressure on local officials to do reassessment (without raising a tax rate), thereby incentivizing more frequent reassessments. To control for the fiscal stress that a municipality may face, the variable of fund imbalance (*Imbalance*, the difference between total expenditure and revenue) and the variable of yearly expenditure growth rate (*Expenditure*) were included in the model. The last fiscal factor was the share of residential property (*Residential*), indicating the ratio of total residential parcels to total parcel counts. These variables are expected to be directly associated with the occurrence of property tax reassessment in a given year.

For the housing market factor, the total number of parcels (*NParcel*) was included to capture the size of the market. In addition, the share of houses in an urbanized area, the proportion of old houses, rental housing, and vacant houses (*Urbanized*, *Old*, *Rent* and *Vacant*, respectively) were considered in order to address the characteristics of the local housing market, along with median house value (*HouseValue*). It should be noted that these variables were drawn from the U.S. Census Bureau.

To account for the municipalities' socio-economic profiles, the following factors were included: median household income (*MedianIncome*), share of population with college or higher education (*Education*), and population density measured by total population divided by square miles of area (*Density*). *Education* was from the U.S. Census Bureau and *MedianIncome* was obtained from the Small Area Income and Poverty Estimates (SAIPE).

Finally, the assessment quality (uniformity) of the property was also considered as a control variable. It was measured by the coefficient of dispersion of residential property (*COD*).²⁰ As a widely used indicator showing municipalities' property tax assessment uniformity, *COD* represents the average percentage deviation of individual assessment ratios from the median assessment ratio (Eom, 2008). Consistent with prior research (e.g., Bowman & Mikesell, 1978; Chicoine & Giertz, 1988), we used the natural logarithm of the *COD* in our model. The descriptive statistics of all variables included in this analysis are presented in Table 4.

[Table 4 here]

Estimation Method

Given the dichotomous nature of the dependent variable, we utilized event history analysis (EHA) techniques to test the main hypotheses. Specifically, the estimation process of this study

was performed using the Cox regression estimation method.²¹ This statistical technique enables researchers to estimate the impact of time-constant as well as time-varying factors of interest on the probability of the occurrence of property tax reassessment. The highest occurrence rate of the events (here, property tax reassessment) would be once a year, and it is also likely that cities and towns conducted property tax reassessments multiple times during the time period covered by this analysis (18 years). To incorporate this nature of reassessment events, we used the multiple-failure model with discrete time frame (each year). Unlike the standard policy innovation model of Berry and Berry (1990), in which the event (failure) can happen only once, the multiple-failure discrete time frame model allows the probability of the event (failure) to be present even after the event has occurred once.

[Table 5 here]

Results

Table 5 shows the estimation results of the Cox regression analysis. While the first column reports the baseline model, the second and third columns present the estimation model with county dummies and the model that includes not only the dummies, but also the *COD* variable, respectively. First of all, *Neighbors*, one of the main predictors of the policy adoption, was found to have a positive association with the likelihood that municipalities conduct reassessment activities more frequently. This finding is consistent with the view that governments tend to adopt innovative policies implemented by neighboring governments (Douglas et al., 2015; Füglistner, 2012; Graham et al., 2013; Jensen, 2003; Zhang & Yang, 2008).

It was also found that *MCA* had a significant positive impact on the likelihood of implementing property tax reassessment. This result indicates that the institutional setting of the

mayor-council government form with appointed assessors is more likely to adopt the reassessment in a given year than those of mayor-council governments with elected assessors. Consistent with our expectations, *CMA* was also found to be significantly and positively associated with the propensity of adoption of reassessment. It is worthwhile to note that the effect of *CMA* seems to have the highest coefficient (0.380, $p < .01$) among institutional-related variables. This suggests that municipalities having council-manager governance forms with appointed assessors tend to conduct the reassessment policy most frequently, followed by the mayor-council with appointed assessors. The mayor-council with elected assessors form turned out to be the least frequent assessment conductor. The additional government form variable, *City*, turned out to be statistically insignificant. The result demonstrates that whether or not a municipality is a city or a town had no impact on the implementation of a property tax reassessment. As predicted, *Program* was found to have a highly significant and positive impact on the reassessment. This result implies that participation in a coordinated assessment program is likely to lead to a more frequent reassessment by allowing municipalities to share their limited resources with other jurisdictions in property tax administration. In other words, it suggests that *top-down* go-betweens in the form of positive inducements can play a role in facilitating the local policy diffusion process.

Regarding the effects of fiscal factor variables, the results appear to be mixed. It was observed that although *TaxRate* had a significant negative effect on the likelihood of adoption, *LocalRevenue* had a positive effect. This can be explained by the concept that a higher level of nominal tax rate accompanied by greater tax burden is likely to decrease the likelihood of having frequent reassessment of property in the municipalities. It is reasonable to expect that, as a municipality operates independently from state or federal governments in the context of revenue

sources, it is more likely for the city or town to conduct reassessments more frequently to adjust its fiscal needs. Somewhat unexpectedly, the variable of *Imbalance* and *Expenditure* turned out to be insignificant, indicating that fiscal stress may not be the primary factor for inducing property tax reassessment. In addition, *Residential* appeared to have no impact on the likelihood of adoption, implying that the share of residential property as a tax base is not a significant predictor of municipalities' reassessment decisions.

Of the housing market variables, *Urbanized* and *HouseValue* turned out to decrease the likelihood of municipalities' adopting reassessment policies. Since relatively high market-valued house residents, who are located more in urban areas than rural areas, tend to face an increased tax burden as a result of property revaluation, they may resist government innovation efforts in favor of the frequent reassessment. On the other hand, it was found that *Rent* had a positive relationship with the likelihood of adoption, suggesting that in municipalities with more renter-occupied houses property reassessment activities are more likely to occur. This finding might be attributable to the nature of tax incidence with regard to owner-occupied housing, which causes relatively less political resistance from renters who are, on the surface, free of the direct property tax obligation.²²

With regard to the socio-economic factor variables, we found that only *Education* was significantly associated with the likelihood of municipalities adopting property reassessment in a positive way. This may suggest that, in municipalities where the proportion of educated residents is higher, the property tax reassessment is less likely to be resisted because those people are believed to be knowledgeable about the rationale of property revaluation administration.

The estimation result in the second column is the model with county dummies. The county dummies were included to capture all county-wide common factors within a county. In

this model, we found that the impact of four variables (*LocalRevenue*, *Urbanized*, *Rent*, and *Housevalue*) that were significant in the baseline model became insignificant. This might have been because such dummies, which are supposed to control countywide common factors, further captured a substantial portion of the variations in the city/town level variables used in this model.

In addition, to more thoroughly examine the relationship between *COD* and the dependent variable, we added the *COD* variable, along with the county dummies, to our model. As the last column shows, the results of the most important key variables (*Neighbors*, *MCA*, and *CMA*), indicating statistically significant and positive signs on the coefficients, turned out to be the same as the one shown in the previous models (here, the baseline model and the model with county dummies). This could be the most intriguing finding of this study because the effects of the main explanatory variables (*Neighbors*, *MCA*, and *CMA*), are all positive and statistically significant in three models. As expected, our empirical results confirmed that both the regional diffusion factor and internally established institutional factor, which mainly represent external (neighboring) influences and nested governance structures, respectively, are key driving forces in local governments' reassessment decisions and implementation. Furthermore, we detected that *COD* was negatively associated with the propensity of adoption of reassessment. It can therefore be deduced that, in cases where municipalities have relatively higher levels of *COD*, it is more likely to induce a higher disparity in assessed values of similar residential properties accompanied by inequity problems of tax incidence. Such situations can lead to the propensity of strong resistance of taxpayers to the reassessment activities.

Discussion and Conclusion

To explore the dynamics of the diffusion of an innovation at the local level, we chose to focus on the property tax reassessment policy conducted in NYS cities and towns. Through event history analyses using balanced panel data during the period of 1993–2010, we empirically tested the relationship between a set of factors inherent in the state-local nexus and the likelihood of implementing frequent property tax reassessment in local governance settings. Unlike most prior empirical studies of policy adoptions, this study has, by adopting a more detailed, broader approach, at least partially answered the call for a better understanding of the roles of different influences—the three different main actors (internal, external, and go-betweens) and additional institutional factors that can promote or hinder a local government in adopting a policy—in the policy diffusion process.

First, in an attempt to conclude that further analysis of Berry and Berry's (1990, 1992) integrated approach to the innovation is valuable at the local level, we revisited their widely cited policy innovation framework based on internal determinants (e.g., socio-economic characteristics specific to the government) and an external (regional) diffusion factor (neighboring governments). Consistent with the policy diffusion approach (e.g., Jensen, 2003; Mooney, 2001; Zhang & Yang, 2008), it was found that the regional influence of neighboring jurisdictions plays a significant role in policy adoption and diffusion.

Second, as with recent studies of policy diffusion (e.g., Douglas et al., 2015; Graham et al., 2013), we focused on “go-betweens” (here, *top-down* go-betweens in particular) as one of the main factors (actors) influencing local policy adoption decisions. In this study, the role of *top-down* go-betweens was found to be significant in that NYS has been shown to play a role in motivating their localities to conduct frequent reassessments of property. Given this, we

speculate that the diffusion phenomenon stemming from the neighboring effect may be partly due to a state's effort based on positive inducements (state aid) and inter-jurisdictional administrative coordination (e.g., encouraging municipalities to share assessors or use the same assessment schedule).

Third, given the main rationale underlying new institutionalism based on Williamson's (1985) public sector transaction cost theory, it is reasonable to assume that governance structures and rules surrounding local governments shape (create) the incentives politicians and bureaucrats face, each of which is different and further entails cost, thereby resulting in different policy decision-making. With this in mind, we attempted to go a step further to capture the impact of political institutions on the behaviors of local actors, including elected officials or bureaucrats, in the context of the policy adoption. For the analysis, we carefully incorporated McCabe and Feiock's (2005) view of nested levels of institutions (rules), which include overriding standards to control specific choices (constitutional-level rules) as well as operational decisions in a specific policy area (substantive rules). This in turn caused us to expand our focus to two-tiered political institutions influencing local actors' willingness to adopt the property tax reassessment policy, including the different statewide forms of government and the local property tax assessor structure. In accordance with previous studies (e.g., Carr, 2015; Frant, 1996; McCabe & Feiock, 2005; Svara, 1990), we found that municipalities in the council-manager governance form with appointed assessors are more likely to adopt a property reassessment policy than others are, because their decisions are more related to low-powered incentives.

More interestingly, among the results concerning a combination of each nested institution, municipalities with the form of mayor-council governments with appointed assessors also turned out to have a positive impact on local policy adoption. One possible explanation for

this is that although local governments are governed under the mayor-council form, property tax reassessment is mainly performed by assessors who work in proximity to citizens and communities in practice. In turn, substantive-level institutions (elected vs. appointed assessors) are highly influential in determining how the property tax is administered and assessed, as opposed to constitutional-level ones. Given this, the findings appear to suggest that cities and towns with appointed assessors, regardless of constitutional-level institutions (traditional versus reformed government structures), are more likely to adopt a property tax reassessment than those with elected assessors. This is partially in line with previous studies indicating that appointed officials' behaviors are not based on high-powered incentives accompanied by political opportunism, but rather on low-powered incentives driven by the pursuit of professional management (Frant, 1996; McCabe & Feiock, 2005).

This study has several intriguing implications that merit discussion. First, although this study explicitly recounted the widely cited previous observations regarding a government's likelihood of policy innovation, unlike prior research, we extended our view to the local level with a large panel dataset covering more than 18 years. Because most previous studies tended to focus on higher levels of government (mostly state, federal, or nation-wide), this study dealt with cities and towns as the unit of analysis instead, and therefore, contributes to the research on the subject. In addition, this study enriches the literature of policy adoption and diffusion by casting additional light on a largely undocumented issue regarding the hierarchy of rules (nested institutions) affecting local policy decisions. Focusing on the two-tiered hierarchical governance structure influencing the probability of a municipality's adopting property reassessment provided us with a unique opportunity to explore the complex nature of local government policy-making processes. In support of North's (1990) and McCabe and Feiock's (2005) view that institutions

shape key local actors' incentives and subsequent behaviors in the context of policy choice, this study sought to unravel the ways of aligning property tax assessors' political or administrative interests, behaviors, and policy consequences given both constitutional-level and substantive institutional arrangements. As a result, we found some evidence that main local actors (here, elected versus appointed public officials) participating in the policy choice process have different individual incentives and values regarding policy consequences, given specific political institutions and the socioeconomic circumstances faced by them. While appointed executive officials tended to act based on low-powered, bureaucratic incentives, their elected counterparts were more likely to act in response to the preferences of a majority of their constituents (that is, based on high-powered, political incentives) (Clingermayer & Feiock, 2001; Kim & Eom, 2016; McCabe & Feiock, 2005). It is reasonable to believe that our empirical findings reflect real-world conditions and add some potential *post hoc* justification to confirm the normative statement about council-manager governments and appointed assessors. In this regard, it would seem that focusing on institutional influences may help answer one of the important questions that remain underexplored in the policy diffusion literature: *why* a policy is differently implemented or diffused across local governments (that is, *why* some jurisdictions adopt a policy [innovation] while others do not). This is why it is important to know the nature of institutional arrangements (policy environment) in which local governments are nested, and, further, what this implies for policy adoption and diffusion in a broader sense.²³

Furthermore, the findings presented here suggest an important practical implication. As briefly mentioned earlier, monitoring local properties regularly and assessing them fairly to achieve higher levels of assessment uniformity obviously takes time and resources (e.g., well-trained staff and sufficient funding for the actual inspection-driven valuations). Such activities

may also sometimes entail some resistance from taxpayers. In reality, it is undeniable that, to certain groups of residents (mostly the poor), rapidly rising home values and subsequent increases in property taxes might be viewed as differentiated and relatively unfair tax burdens rather than equitable tax incidences (Bowman, 2006; Eom, 2006; Yinger et al., 1988). Their resistance may cause feasible risks vis-à-vis local politics. Although simply adopting (following) a successful policy implemented by neighboring governments (here, having frequent reassessment of property) can be helpful in easing such significant internal political pressure, it would still make local policymakers (especially mayors and elected assessors) more sensitive to respond to voters' interests in property tax policies.

Nevertheless, it is important to acknowledge that more frequent revaluation or updating of local properties matters to identify and solve inequity problems embedded in real property taxation. This basically echoes Mikesell's (1980) argument that "reassessment will realign property tax payments among properties ... [and] increase effective tax rates without normal budget scrutiny" (pp. 23-24). This study revealed that cities and towns with appointed assessors appear to have been more likely to conduct the property tax reassessment activity regularly and frequently for the period 1993–2010, compared with others with elected assessors. Such a result does not necessarily mean that frequently occurring reassessment of property tax leads to improved appraisal uniformity at the local level; rather, municipalities having appointed assessor systems may have more opportunity to adjust the true market value of property in response to the rapidly changing economic cycles and accurately reflect the needs of taxpayers (e.g., fairly imposed tax rates). As noted above, this implies that, unlike their elected counterparts, because appointed assessors are considered more professional and apolitical based on low-powered

incentives, they are more willing to proceed with the reassessment policy while maintaining control over internal political threats.

When considered together, it can be reasonably expected that such a governance circumstance will help benefit both citizens and local government agencies in the long term. Therefore, this exploratory research suggests that local government agencies and actors need to pay greater attention to institutional factors (e.g., having appointed assessors) as a way to ensure that financial resources related to property are efficiently and fairly distributed. Our findings, though limited, may be helpful to guide current policymakers of financially low-performing local government agencies who are willing to pursue more innovative policies, without compromising the needs of their communities.

Although this study has provided important insights into the impact of institutional arrangements on policy adoption in municipal governments, its limitations should be noted for future research. First, many other factors that could influence the likelihood of innovation of property tax reassessment remained untested in this study. For example, more than one city or town sharing an assessor and contracting out some assessment services to private firms seems an especially promising topic, given that related data is available. More importantly, aside from internal actors, external actors, and *top-down* go-betweens affecting a policy innovation, state-level or national-level professional association memberships and networks (i.e., New York State Assessors' Association, International Association of Assessing Officers, and International City/County Management Association) may have a significant impact on the likelihood of municipalities' adopting reassessment policies. Thus, future studies should determine whether this relationship between *epistemic* go-betweens and the rate of diffusion indeed exist. If this link is verified, deeper discussion of learning as an effective policy diffusion mechanism would be

possible. For a more in-depth examination, it would be worth conducting elite interviews with elected and appointed local assessors, and then comparing two different assessor groups' motivations for conducting property reassessments.

Second, given that each municipality may have a different standard or rule to evaluate each type of property, and that inter-jurisdictional collaboration efforts have been made with various forms and versions since the late 1990s in NYS, incorporating these factors into our future empirical model would be more meaningful to entirely capture the dynamics pertaining to a local property tax reassessment process. Although this study offers a short account of the inter-jurisdictional collaboration in property assessment, future research needs to pay attention to such issues for more convincing analysis and arguments. In addition, if we had been able to include data regarding the initial years of property tax reassessment implemented in NYS and its localities, we would have been able to generate more rigorous estimation results. Given this limitation, one logical next step would be to gather more data covering a longer period and find more convincing historical trends of policy diffusion.

Finally, the data was collected in the NYS local government setting only. Admittedly, this limits the generalizability of this study due to the multiple factors that are not captured in this analysis, such as socio-economic condition (e.g., economic crisis and income inequality), political ideology (party control), election cycles, interest group and media support, and societal and cultural expectations in the governance system. Readers should therefore bear this in mind before generalizing the results as, nationwide, local governments have very different demographic, cultural, and political environments, as well as varying financial capacities and institutions. Future research is thus warranted in different local settings or other levels of government.

Notes

1. In the public sector, an innovation refers to a policy or program that is new to [the state] adopting it (Walker, 1969, p. 881). Diffusion is regarded as the process by which an innovation spreads (Gray, 1973).
2. With respect to the institutional factor, this study narrowly focused on local political institutions consisting of constitutional-level and substantive-level rules at large. As discussed by McCabe and Feiock (2005) and Ostrom (1990), it is likely that while high-level, constitutional-level rules provide overriding standards to control specific policy choices, lower-level, substantive rules of governance deal with a specific policy area.
3. There is a weak association between homeowner income and property tax burden. The poor tend to spend a greater portion of their income to rent capital than the rich. In addition, different assessments for similar properties can give rise to a sense of unfairness. As a result, the assessment tends to induce the problem of horizontal inequities (Wassmer, 1993).
4. Uniformity indicates whether similar properties are assessed at similar values, and uniform assessments are important to help ensure taxpayers are not taxed arbitrarily (Plummer, 2014, p.900).
5. In cases where the socio-economic status of homeowners is correlated with residential property values, the lack of revaluation can lead naturally to significant discrimination based on socio-economic class, which has been empirically proven (Heavey, 1983).
6. Based on the capitalization theory, discriminated tax burdens caused by revaluation lag are capitalized into house values as long as the differences between true and actual tax burdens are expected to persist (Yinger et al., 1988). Owners of under-assessed houses have windfall capital gains and, in contrast, subsequent owners do not have any capital gains because the

differences are already reflected in the purchase prices. The reverse is also applied to the subsequent owners of over-assessed houses.

7. Nevertheless, in a real-world setting, legal provisions for the assessment cycle do not guarantee that the actual revaluation of the property will occur within the cycle (Mikesell, 1980).
8. NYS is one of the states that have no state-wide legal provision for a specific assessment cycle (IAAO, 2000), which means that local governments determine a reassessment frequency cycle to ensure accurate property descriptions and (re)valuations. As a result, although some municipalities have not reassessed property in decades, others reassess each year (for more information, see New York State Department of Taxation and Finance, 2014).
9. Although state or county-driven decisions for property reassessments are prevalent and county-wide reassessment implementation is common in NYS, each city and town has a clearly defined authority to exercise property tax administration (assess, levy, collect, and enforce real property taxes) and a property's reassessment execution. It also should be noted that property tax rates in NYS are set not by assessors but by taxing jurisdictions, such as school boards, town (village) boards, and county legislators (Melnik & Cenedella, 2009, p. 274).
10. To reduce costs and improve assessment administration, if necessary, more than one city or town across municipalities may share the same assessor.
11. Assessor types in NYS vary across localities. As of December 2010, 859 municipalities had appointed assessors, 107 municipalities had elected (three members) ones, 12 towns had sole elected ones, two counties (here, Nassau County and Tompkins County) had county-

appointed ones, and New York City had appointed ones (for more information, see New York State Office of Real Property Tax Services, 2010).

12. According to DiMaggio and Powell (1983), coercive influences, one of the main mechanisms of institutional isomorphic change, result from both formal and informal pressures exerted on governments, and such pressures may be regarded as force, persuasion, or invitations to join in collusion (p. 150). The coercive pressures are based on exchange relationships (the dependence of an organization on another organization) as they relate to asymmetric power among different policy actors or organizations (governments) (DiMaggio & Powell, 1983; Graham et al., 2013). In furtherance of this perspective, it can be reasonably expected that powerful higher-level actors or organizations may induce a lower-level actor or an organization to conform to its peers by relying on a “carrot” or “stick” approach per se. As also suggested by Douglas et al. (2015, p. 507), this study posits that carrots can refer to “positive inducements” (e.g., rewards, money, information, or other assistance), whereas sticks can be considered “negative inducements” (e.g., costs, sanctions, or regulations).
13. To the best of our knowledge, there are a few papers that offer some clues about the history of NYS property taxation. For example, according to a paper by the New York State Assessors’ Association (2010), in 1978, Congress enacted legislation to impose a direct tax on property throughout the U.S. Much earlier, in 1813, NY’s legislature enacted a law establishing a procedure for the assessment of property, and empowered the county boards of supervisors to equalize the assessment rolls of towns (for more information, see New York State Assessors’ Association, Inc., 2010). The 1813 act was seen as the first codification and revision of the general laws relating to the assessment and taxation of real property in NYS.

Given this fact, it can be reasonably acknowledged that the state has made an effort to legitimate regular property assessment.

14. For example, focusing on the case of Washington State (1999–2013), Prophet (2016) noted that membership in the associations is likely to oblige assessors to adhere to a professional code of ethics that promotes maximizing assessment quality (p. 439). In this respect, it could be argued that local property assessors in NYS may not be spared being in this situation. It is expected that professional associations (*epistemic* go-betweens) can help motivate local assessors in NYS to make (different) decisions about frequent property tax reassessment. However, it should be noted that, because of a lack of available data, we were unable to test the relationship between *epistemic* go-betweens and the likelihood of implementing frequent property tax reassessment at the local level. Instead, this may be the subject of an important future research question, to validate the normative expectation mentioned above.
15. According to Carr (2015), in the previous studies, the “form” tends to be used interchangeably with the concept of “municipal structure” or “political institutions.” Most municipalities do not have pure political or administrative government form because their institutional arrangements of mayor and manager authorities have evolved to match each locality’s need and circumstance (Frederickson, Johnson, & Wood, 2004). In reality, at large, city governments can be distinguished via the following two most common municipal forms in the United States: (1) mayor-council governments and (2) council-manager governments, because many state laws still recognize only the two forms (Carr & Karuppusamy, 2010; Nelson & Svara, 2012).
16. It is worth noting that those whose low-powered incentives (here, council-manager governments or appointed officials) are less likely to engage in political opportunism (e.g.,

acting on a desire for reelection). In turn, their transactions or policy-related activities are relatively *depoliticized*, but in the policy choice process they may entail costs because the officials (actors) do not necessarily prioritize responsiveness to voters (Frant, 1996).

17. Only 5 of 932 towns have adopted or attempted the council-manager form since the approval of the State Legislature in 1972 as a town government form (Batavia, Glenville, Erwin, Mamaroneck and New Castle).
18. Instead of including two separate variables with respect to the two dimensions, the model incorporated the two dimensions jointly into one governance structure variable with the three categories, to reflect the fact that all municipalities that adopted the council-manager form have the appointed assessor system.
19. Although the empirical model included such tax-rate and state-aid factors as a separate control variable, a municipal-level variable pertaining to the level of local governments (*City*) is expected to address the institutional effect on property reassessment more clearly.
20. A high *COD* indicates a higher disparity in assessed values within similar properties. It implies that a number of houses are likely to face a higher level of adjustment (increase) in assessed value by reassessment. Accordingly, municipalities having a higher level of *COD* are expected to face a higher level of resistance to reassessment. In this study, the data regarding *COD* was obtained from the ORPS; however, it should be noted that *COD* data for some municipalities was not available for every year. Because ORPS tends to calculate and update municipalities' *COD* only when it has been more than three years from the last reassessment, the *COD* variable in our model had a significant amount of missing information.
21. Cox regression is one of the econometric estimation methods used for the EHA. Cox regression is a semi-parametric approach and has the advantage of not requiring a researcher

to specify a particular baseline hazard ratio (Garson, 2012). It also allows the modeling of changes in a categorical dependent variable over time, which probit and logit would not do (Jensen, 2003, p. 531).

22. Renters do pay property tax indirectly because the property tax burden is likely to be reflected in the monthly rent.
23. The issue of nested institutional arrangements is indeed an important element in the debate about policy diffusion. Local internal actors are likely to be exposed to political institutions that affect resource allocation in the public sector, and, in turn, their behaviors regarding policy decisions depend on institutional influences in the state-local nexus. Given such institutional constraints, local public officials or policymakers can be more sensitive to their constituents rather than to external pressure from outside the government in the long run, due to the chances of renomination, reelection, or reappointment. This may suggest that institutional arrangements play a significant role in the local policy diffusion dynamics by filtering outside (neighboring) influences in a way not captured by other diffusion variables.

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Table 1. Variable Specification and Data Source

	Variables	Definition	Specification	Data Source
Dependent Variable	Reassessment	Property Tax Reassessment	1 if the municipality conducted revaluation or update, 0 otherwise	ORPS
Diffusion Factor	Neighbors	Share of municipalities sharing a border that reassessed	# of municipalities reassessed/# of municipalities sharing a border	ORPS
Institutional Factor	MCE	Government form	Mayor-Council with Elected Assessor	ICMA, York Town Board (2008)
	MCA		Mayor-Council with Appointed Assessor	
	CMA		Council-Manager with Appointed Assessor	
	City	Government level	1 if the municipality is city	ORPS
	Program	Coordinated assessment program	1 if the municipality is in the Coordinated assessment program	ORPS
Fiscal Factor	TaxRate	Nominal property tax rate	Property tax levy/assessed value	ORPS
	LocalRevenue	Local source revenue share	(Total revenue-State Aid-Federal Aid)/total revenue	OSC
	Imbalance	Expenditure-Revenue	Total expenditure-Total revenue	OSC
	Expenditure	Expenditure growth rate	$(\text{Expenditure}_t - \text{Expenditure}_{t-1}) / \text{Expenditure}_t$	OSC
	Residential	Residential property share	# of residential parcels/total # of parcels	ORPS
Housing Market Factor	NParcel	Number of parcels	# of parcels	ORPS
	Urbanized	Share of houses in an urbanized area	# of houses in a urbanized area/total # of houses	Census
	Old	Share of old houses	# of houses build before 1940/total # of houses	Census
	Rent	Share of rental housings	# of rental houses/total # of houses	Census
	HouseValue	Median House Value	-	Census
	Vacant	Share of vacant houses	# of vacant houses/total # of houses	Census
Socio-economic Factor	MedianIncome	Median Household Income	-	Census, SAIPE
	Education	Share of highly educated population	# of adults with college or higher education/Total # of adults	Census
	Density	Population density	Total population/square miles of area	Census
Assessment Quality	COD	Coefficient of dispersion of residential property	Average percentage deviation of individual assessment ratios from the median assessment ratio	ORPS

ORPS: Office of Real Property Tax Service, NYS

ICMA: International City/County Management Council

Table 2. Reassessment Frequency for the Period 1993 to 2010

Reassessment Frequency	Number of Municipalities
Never	175 (18.5%)
1-5 times	451 (47.8%)
6-10 times	213 (22.6%)
11-16 times	103 (10.9%)
Total	942

Table 3. Reassessment Activity for the Period 1993 to 2010

Year	Number of Municipalities which conducted reassessment
1993	109
1996	120
1999	91
2002	297
2005	303
2008	307
2010	360
Total number of Municipalities	942

Table 4. Descriptive Statistics of All Variables

Variables	Total				1993(2)	2010(9) ^b
	Mean	Std. Dev.	Min.	Max.	Mean	Mean
# of Obs.	16956				942	942
Reassessment	.240	.427	0	1	.115	.382
Neighbors	.108	.177	0	1	.098	.072
MCE	.155	.362	0	1	.193	.123
MCA	.823	.380	0	1	.784	.818
CMA	.020	.142	0	1	.022	.021
City ^a	.058	.234	0	1		
Program	.077	.267	0	1	0	.154
TaxRate	.019	.039	0	.356	.031	.018
LocalRevenue	.846	.092	.109	1	.854	.849
Imbalance	-49802	2751046	-8110000	8950000	57988	78650
Expenditure	-.014	.348	-.988	7.750	.039	.097
Residential	.628	.811	.003	88.59	.614	.616
NParcel	4030.28	9169.11	157	183894	3680.27	4016.68
Urbanized	.187	.257	0	1	.148	.159
Old	.425	.554	.024	.625	.312	.401.
Rent	.241	.568	.021	.852	208	.211
HouseValue ^a	93332	64814	34400	708000	78413	173610
Vacant	.189	.170	0	.887	.188	.184
MedianIncome	38824.15	12954.63	8298	18843	32744.74	40598.87
Education	.118	.042	.056	.481	.114	.129
Density	468.79	1326.43	.533	17130.48	472.20	466.47
COD	11.839	9.028	0	76.4	16.44	13.55

^a HouseValue and MedianIncome is in 2000 US real dollars

^b Reassessment information from 1993 to 2010 with one year lagged information for other variables (1992-2009).

Table 5. Cox Regression Estimation Result

Variables	Baseline	County Dummies	County Dummies + COD
Neighbors	1.267*** (.055)	.262*** (.065)	.110* (.066)
MCA	.209*** (.051)	.344*** (.054)	.272*** (.054)
CMA	.380*** (.138)	.490*** (.144)	.358** (.144)
City	-.078 (.128)	-.016 (.142)	-.073 (.143)
Program	.248*** (0.048)	.243*** (.054)	0.121** (0.053)
TaxRate	-3.843*** (.641)	-2.836*** (.659)	.450 (.648)
LocalRevenue	.514*** (.185)	.206 (.191)	.073 (.190)
Imbalance	.001 (.001)	.001 (.001)	.001 (.001)
Expenditure	.001 (.001)	.001 (.001)	.001 (.001)
Residential	-.057 (.154)	-.090 (.196)	-.112 (.194)
NParcel	.001 (.001)	-.001 (.001)	.001 (.001)
Urbanized	-.340** (.157)	-.237 (.183)	.130 (.100)
Old	-.121 (.085)	.137 (.100)	-.135 (.181)
Rent	.562** (.257)	-.067 (.298)	-.180 (.182)
Log(HouseValue)	-.620*** (.102)	-.161 (.155)	-.059 (.165)
Vacant	.171 (.117)	-.167 (.143)	-.072 (.143)
Log(MedianIncome)	.183 (.176)	-.141 (.204)	-.110 (.206)
Education	.2410 *** (.404)	1.762*** (.525)	1.305** (.530)
Density	-.001 (.001)	.001 (.001)	.001 (.001)
Log(COD)			-.047*** (.002)
# of Obs.	16956	16956	16956
# of Subjects	942	942	942
Log Likelihood	-27521.75	-26973.38	-26769.57

* Significant at $p < 0.1$, ** Significant at $p < 0.05$, *** Significant at $p < 0.01$
Standard errors are in parentheses