

# Property Tax Cap



# Property Tax Cap~ Highlights

- Effective for the 2012-13 school year budget
- New York State has a property tax cap, not a “2% cap”
- The formula allows for certain expenses to be exempt from the cap therefore allowing the total tax levy increase to be greater than the “perceived” cap
- The actual allowable tax levy increase will vary by district
- Voters are approving the budget (spending plan) not the tax levy

# Property Tax Cap~ Highlights

- The property tax cap limits the school district levy
- The Board of Education may present a budget that exceeds the cap, requiring a minimum of 60% voter approval
- Most current contingency budget restrictions remain in place
- The education community has many unanswered questions

# Total Levy to support proposed budget

(A) Tax Levy Limit

+

(B) Coming school year exemptions

=

**Maximum Allowable Tax Levy**

(requires simple majority)

# (A) Tax Levy Limit Calculation

$$\begin{array}{r} \text{Prior year tax levy} \\ \times \\ \text{Tax base growth factor, if any} \\ + \\ \text{Payments in lieu of taxes receivable during prior year} \\ - \\ \text{Taxes levied for exemptions during prior year (not ERS \& TRS)} \\ = \\ \textit{Adjusted Prior Year Tax Levy} \\ \times \\ \text{Allowable levy growth factor (lesser of 2\% or CPI)} \\ - \\ \text{Payments in lieu of taxes receivable in the coming year} \\ + \\ \text{Available carryover, if any} \\ = \\ \textit{\text{“Tax Levy Limit”}} \end{array}$$

## Data utilized to calculate Tax Levy Limit (A) ~

- Prior year tax levy
- Tax base growth factor (ORPS)
- Prior year PILOTS
- Prior year exemptions (not pension exemptions)
- Current PILOT payments
- Available carryover

# (B) Coming school year exemptions

Capital Tax Levy = Tax levy necessary to support capital local Expenditures

Capital Local Expenditures = The tax levy associated with budgeted expenditures resulting from the construction, acquisition, reconstruction, rehabilitation or improvement of school district capital facilities or capital equipment, including debt service and lease expenditures, and transportation capital debt service.

Court Orders/Judgments = Tax levy necessary for expenditures resulting from court orders or judgments arising out of tort actions for any amount that exceeds 5% of total tax levied in prior school year.  
(excludes tax certioraris)

**AND**

# (B) Coming school year exemptions

The pension cost exemption applies only when ERS and/or TRS employer contribution rates increase by more than 2 percentage points over the prior year.

- ERS Costs = Tax levy necessary for expenditures for coming school year for employer contributions caused by growth in the system average actuarial contribution rate, minus two percentage points.
- TRS Costs = Tax levy necessary for expenditures for coming school year for employer contributions caused by growth in the normal contribution rate, minus two percentage points.

Example, if an employer contribution rate for ERS and/or TRS increased by 2.2 percentage points, only an amount equal to applicable salary expenditures times .002 would be excluded from the tax levy cap

# Estimated Calculation ~ Cohoes CSD

Estimated Maximum Allowable Tax Levy 2012		
1	Prior year tax levy (2011/2012)	\$ 13,373,031.00
2	Tax Base Growth Factor	1.0006
3	product of 1 * 2 . . .	\$ 13,381,054.82
4	Prior year PILOT (2011/2012)	\$ 1,010,873.00
5	Sum of 3 + 4 . . .	\$ 14,391,927.82
6	Prior year exemptions ~ Capital Levy (2011/2012)	\$ (105,145.00)
7	Sum of 5 + 6 . . .	\$ 14,286,782.82
8	Prior year exemptions ~ Court Orders (2011/2012)	\$ -
9	Sum of 7 + 8 . . . (Adjusted Prior Year Levy)	\$ 14,286,782.82
10	Allowable growth factor (lesser of CPI or 2%)	1.02
11	Product of 9 * 10 . . .	\$ 14,572,518.47
12	PILOTS for coming year (2012/2013)	\$ (1,010,873.00)
13	Available Carry Over	\$ -
14	TAX LEVY LIMIT	\$ 13,561,645.47
15	Coming school year exemptions ~ Capital Expenditures	\$ 105,145.00
16	Coming school year exemptions ~ Court Orders	\$ -
18	Coming school year exemptions ~ ERS	\$ 19,420.61
19	Coming school year exemptions ~ TRS	\$ 68,156.62
20	Maximum allowable levy (Sum of 14+15+16+17+18) . . .	\$ 13,754,367.70
		2.85%

# Does the public still vote on a budget?

- **YES!**
- School District Annual Meeting & Election -3rd Tuesday in May  
May 15, 2012
- Proposed budget is presented
- BOE Elections

# What will the voter threshold be?

- If 2012-13 Proposed Tax Levy is less than or equal to 2012-13 Maximum Allowable Levy, then the voter approval necessary is “simple majority” (50% +1)
- If 2012-13 Proposed Tax Levy is greater than 2012-13 Maximum Allowable Levy, then the voter approval necessary is a “super majority” (60%)

# What happens if the budget is not approved by the public?

- If the proposed budget is not approved by the required margin: the district may resubmit the original budget or submit a revised budget to the voters on the third Tuesday in June OR adopt a contingency budget that **levies a tax no greater than that of the prior year (0% increase in tax levy)**.
- If the resubmitted budget proposal is not approved by the required margin: the Board of Education must adopt a budget that levies a **tax no greater than that of the prior year (0% increase tax levy)** and the budget would be subject to contingent budget requirements.

