

# The “Property Tax Cap”

**Is it really 2%?**

# What is it really?

- Maximum Allowable Levy-Limits the annual growth of property taxes levied by local taxing entities to 2% or the rate of inflation, whichever is less:
  - Subject to certain exemptions and allowances which could result in an “allowable levy” greater than or less than 2%.
  - Can be overridden by a Supermajority, which means at least 60% of district voters.

# In Summary

## THE CAP IS NOT ABSOLUTE

- ***School Budgets within the allowable levy limits still need to be approved by a simple majority (50% plus one) of voters.*** If voters defeat the budget twice or the district decides to implement a contingency budget after one defeat, the maximum allowable tax levy is FROZEN at the amount levied the prior year (i.e. 0% increase).
- ***The “Cap” will seldom be exactly 2% after exemptions and allowances are applied.*** These factors will vary from year to year and in each taxing jurisdiction. Examples of variances and allowances are debt service payments less aid received and retirement system costs that exceed 2% of covered payroll.
- ***Cap can be exceeded by a Supermajority*** or at least 60% of the voters.
- If you don't levy the “maximum” allowable, a district ***can carryover the unused tax levy growth to the following budget year.***

# What factors go into the calculation?

- Inflation or the Consumer Price Index (CPI).
- Growth Factor-provided by NYS. This is a quantity change in taxable property values in the base year.
- Tort settlements or awards exceeding 5% of the tax levy in the base year.
- Capital Costs-Debt Service, principal and interest payments, for voter approved projects or borrowing for capital purchases (ex. buses) less State Capital Transportation & Building Aid.
- Pension cost increases exceeding 2% of covered payroll.
- Carryover from prior year.
- PILOT payments-Payment in lieu of taxes.

# Other things to keep in mind

- A district cannot circumvent the cap by having the public vote on a separate referendum for specific programs, such as athletics or music.
- The district sets the levy TOTAL. Other factors may affect your individual tax bill, such as reassessment, equalization rate, a town's apportionment of the total levy or STAR exemption changes.

## 2022-2023 Maximum Tax Levy Calculation

2021-22 Tax Levy	\$22,176,861
X Tax Base Growth Factor	<u>x 1.0000</u>
SUBTOTAL	\$22,176,861
Plus 2021-22 PILOTS (estimate)	<u>+ 479,762</u>
SUBTOTAL	\$22,656,623
Subtract: Claims/Judgments	0
Local Share of 2021-22 Capital Exp	- <u>984,426</u>
=Adjusted 2021-2022 Tax Levy	\$21,672,197

## 2022-2023 Projected Tax Levy Threshold

Adjusted 2021-22 Tax Levy	\$21,672,197
X Allowable Levy Growth Factor	<u>x 1.02</u>
SUBTOTAL	\$22,105,641
Less Projected 2022-23 PILOTS	- 564,765
Plus Available Carryover	<u>0</u>
2022-2023 Tax Levy Limit	\$21,540,876

\*Now add 2022-2023 Applicable Exemptions\*

## 2022-2023 Projected Tax Levy Threshold

2022-23 TAX LEVY LIMIT		\$21,540,876
ADD: Claims/Judgments > 5%	+	0
ERS Employer Contribution	+	0
TRS Employer Contribution	+	0
Local Share of Capital Exp.	+	<u>753,988</u>
SUBTOTAL		\$ 22,294,864
Less: Erroneous Levy from Prior Year	-	<u>0</u>
2022-23 MAXIMUM TAX LEVY THRESHOLD		\$ 22,294,864



# Change from 2021-2022

2022-23 Maximum Levy Threshold	\$22,294,864
2021-22 Tax Levy	<u>22,176,861</u>

\$ Change	\$ 118,003
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% Change	0.532%
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# Tax Cap History

## Maximum Allowable Levy

## Actual Levy

2012-2013	1.8%	• 1.8%
2013-2014	4.5%	• 2.7%
2014-2015	1.7%	• 1.7%
2015-2016	1.5%	• 1.5%
2016-2017	0.7%	• 0.7%
2017-2018	2.5%	• 2.0%
2018-2019	1.8%	• 1.8%
2019-2020	2.34%	• 2.34%
2020-2021	2.28%	• 2.28%
2021-2022	0.39%	• 0.39%
2022-2023	0.53%	• 0.53%