

“A Taxing Issue”

During the tax collection season as well as budget development season, the district is asked a variety of questions regarding tax rates and tax bill calculations. We would like to take this opportunity to address some legitimate concerns regarding the district’s role in the calculation of the tax rate. The actual role that the district plays in this process is strictly to set the tax levy. This means that the district makes a determination of the amount that it needs to collect from the local taxpayers to support the approved or contingency budget. We do not make up the tax rate.

There are a variety of factors that are used in determining the tax rate. Other than the district declaring the TOTAL amount of the levy, none of the factors are made up or controlled in any way by a school district. One of these factors is the equalization rate. The equalization rate is administered by the New York State Office of Real Property Service (ORPS) and is updated annually. There is a very informative publication on their website, called “Understanding the Equalization Rate” (http://www.tax.ny.gov/pdf/publications/orpts/under_eqrates.pdf). As stated in this document, the equalization rate, established by ORPS annually, seeks to measure the relationship of locally assessed values to an ever-changing real estate market. Rates are set annually so that the tax burden may be equally apportioned in townships between the assessed value of your property and its current market value. A significant change in equalization rates can shift the burden from one township to another, thus adjusting taxes accordingly. For more information about equalization, assessments and other aspects of property tax administration, the document directs you to an assessor or county director of real property tax service.

Another factor is the change in assessed value for an individual property or a town. For example, if a property comes off the tax role, for whatever reason, the taxes are absorbed by a smaller tax base. That means that although our levy may be increased by X% in total, a taxpayer of a township may experience an additional burden due to an increase in assessed value or a decrease in taxpayer base. This can work the other way too as new industry is brought into the tax base.

Final information on assessment roles and equalization rates is not available until August, which is long after the May vote. Dates of final rate establishment can be found on the NYS Department of Taxation and Finance website. The district is notified as rates are finalized, but this in no way would affect our total levy amount. The district’s tax rate projections are based on the assumption that there has been no change in assessment, valuation, or equalization (as stated during each budget discussion of the *possible* tax rate increase). Since the date of the district’s budget vote is mandated by the State, we use the prior year information to the district to estimate the tax rate increase.

Other factors that would have been used to determine the tax rate were changes in the full market value of all of the towns that compose the school district tax base, and each township’s current total valuation percentage as determined by the assessors. For example, in The Oneonta City School District, from 2015 to 2016, The Town of Oneonta, experienced a decrease in the tax levy percentage that they were responsible for contributing, while the other municipalities that make up the district tax base were responsible for a larger portion. This results in a change in tax rate per thousand for individual tax payers, which is not equal to the percentage increase that was levied by the school district.

To complicate the “art” of tax bill comparison with prior year, we must throw in the STAR exemption. This can affect the TOTAL amount that you can expect to pay and the change from prior year. You can reference the ORPS website (listed above) for the explanation of how STAR Exemptions are calculated. This year, you will note that the

tax cap was applied to your STAR exemption contribution from NYS. This reduction in the STAR Exemption was in no way controlled by the school district. It is a reduction in a benefit provided by New York State.

Please feel free to contact the district or any of the above sources to clarify questions that you might have regarding school taxes.