

# **COPIAGUE PUBLIC SCHOOLS**

## **BUDGET WORK SESSION**

### **PROPERTY TAX CAP CALCULATION**

***ESTIMATE 2013 -14***

*Monday, January 28, 2013*

# TAX LEVY LIMIT - 8 STEP FORMULA

$$\begin{aligned} & \text{Prior year tax levy} \\ & \quad \times \\ & \quad \text{Tax base growth factor, if any} \\ & \quad \quad + \\ & \quad \text{Payments in lieu of taxes (PILOTs) receivable during prior year} \\ & \quad \quad - \\ & \text{Taxes levied for exemptions during prior year (debt service + lease payments)} \\ & \quad = \\ & \quad \text{Adjusted Prior Year Tax Levy} \\ & \quad \quad \times \\ & \quad \text{Allowable levy growth factor (lesser of 2% or CPI)} \\ & \quad \quad - \\ & \quad \text{Payments in lieu of taxes (PILOTs) receivable in the coming year} \\ & \quad \quad + \\ & \quad \text{Available carryover, if any} \\ & \quad = \\ & \text{TAX LEVY LIMIT} \end{aligned}$$

# TAX LEVY LIMIT - 8 STEP FORMULA

	<u>2012-13</u>	<u>2013-14</u>
Prior Year Tax Levy	53,758,019	54,625,745
x		
Tax Base Growth Factor 1.00	1.0051	1.0037
	<hr/> 54,032,185	<hr/> 54,827,860
Payment in lieu of taxes receivable during prior year (+)	1,350,301	1,460,224
	<hr/> 55,382,486	<hr/> 56,288,084
-		
Taxes levied for exemptions during prior year (DEBT)	(271,521)	(344,819)
=		
Adjusted Prior year tax levy	55,110,965	55,943,265
x		
Allowable levy growth factor (lesser of 2% or CPI)	1.02	1.02
	<hr/> 56,213,184	<hr/> 57,062,131
Payments in lieu of taxes receivable in the coming year	(1,460,224)	(1,460,224)
	<hr/> 54,752,960	<hr/> 55,601,907
+		
available carryover, if any	<hr/> <b>0</b>	<hr/> <b>0</b>
=		
Tax Levy Limit (before exemptions)	54,752,960	55,601,907

# TAX LEVY LIMIT - 8 STEP FORMULA

	<u>2012-13</u>	<u>2013-14</u>
TAX LEVY LIMIT before Exemptions	54,752,960	55,601,907
+		
Coming School Year Exemptions (TRS & DEBT)	299,785	1,169,360
=		
Maximum Allowable Tax Levy (Limit & Exemptions)	<u>55,052,745</u>	<u>56,771,267</u>
Change in Tax Levy Amount	1,294,726	2,145,522
Calculated Tax Levy Cap as a Percentage	<u>2.4084%</u>	<u>3.9277%</u>

# 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/revised 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 in tax levy)** and the budget would be subject to contingent budget requirements.
- Districts will not be allowed to increase the tax levy to the extent necessary to fund items of expenditure excluded from the tax cap
  - No growth factor
  - No capital, court order/judgments or pension exemptions

# WHAT OPTIONS DOES THE BOE HAVE?

**OPTION 1:** Propose a budget requiring a tax levy increase at or below the Tax Levy Limit prescribed by law

- Requires a simple majority (over 50%)

**OPTION 2:** Propose a budget requiring a tax levy increase above the Tax Levy Limit

- Requires a “super majority” (over 60% approval)
- Requires a statement on ballot indicating the required tax levy exceeds the Tax Levy Limit

## IN SUMMARY...

- NYS now has a cap on the annual property tax levy increase, **Not a fixed “2% cap”**
- The property tax levy cap limits the school district tax levy, **NOT** the individual tax bill of resident taxpayers
- The actual allowable tax levy increase will vary by district
- The formula allows for certain expenses to be exempt from the cap therefore allowing the total tax levy increase to be greater than 2%
- A budget can be presented that “overrides” the cap but will need 60% majority voter approval
- Voters are approving the budget (spending plan) – not the tax levy
- Certain components of the 8 step formula will require clarification