



*Harborfields Central School District*

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***UNDERSTANDING NEW YORK'S  
PROPERTY TAX LEVY CAP***

November 16, 2011



# *Property Tax Cap NYS Laws of 2011*

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- ❑ Begins in the 2012-2013 year budget
- ❑ In effect through 2016-2017
- ❑ Not really a “cap”
- ❑ Defines a CPI based Tax Levy Limit and an Allowable Tax Levy
- ❑ Sets a higher level of voter approval if the proposed levy exceeds the Allowable Levy



## *Tax Levy Limit*

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- An eight step formula calculated as the highest tax levy based upon the prior year levy and CPI
- The Tax Levy Limit is the highest allowable tax levy (before exemptions) that a district can propose
- The approval of a simple majority is needed



# *Tax Levy Limit*

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- The formula adjusts for:
  - Changes in Tax Base
  - Prior year PILOTS
  - Prior year exemption items
    - Capital Tax Levy Expenditures
    - Court Orders or Judgments (over 5% of levy)
    - Pension Cost Exemptions (over 2% change)



# *Tax Levy Limit*

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- Proposal of a Budget that includes a tax levy (before Exemptions) above its tax levy limit:
  - There must include a statement on the ballot that the proposed levy is above the Tax Levy Limit
  - The approval of a supermajority (60%) is needed



## *Options if the Budget is not approved*

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- Propose the same Budget and Levy for a Re-Vote
- Propose a New Budget and Levy for a Re-Vote
- Adopt a Contingent Budget
  - The current year levy may not be increased
  - Effect is a Zero Percent Cap



# *Calculating the Tax Levy*

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- Prior Year Levy
- Multiply by the Tax Base Growth Factor
- Add Prior Year PILOTs
- Deduct Prior Year Exemptions
- Yields an Adjusted Prior Year Levy



## *Calculating the Tax Levy (continued)*

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- Apply Growth Factor (CPI based)
- Add Next Year PILOTs
- Add Any Available Carryover
- Equals Next Year's Levy Limit
- Add Next Year's Exemptions
- Yields the Maximum Allowable Levy





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