



# **Board of Education Meeting**

## ***Explanation of Tax Levy Cap***

*February 7, 2019*

**Base Formula**

$$\left[ \left( \begin{array}{c} \text{Prior} \\ \text{fiscal} \\ \text{year tax} \\ \text{levy} \end{array} \times \begin{array}{c} \text{Tax} \\ \text{base} \\ \text{growth} \\ \text{factor}^* \end{array} \right) + \begin{array}{c} \text{PILOTs} \\ \text{receivable} \\ \text{in the prior} \\ \text{fiscal year} \end{array} \right] \times \begin{array}{c} \text{Allowable} \\ \text{levy growth} \\ \text{factor (1.00} \\ \text{to 1.02)**} \end{array} - \begin{array}{c} \text{PILOTs} \\ \text{receivable} \\ \text{in coming} \\ \text{fiscal year} \end{array} = \text{Tax Levy Limit}$$

**+ Transfer of Function**

$$\text{Tax Levy Limit} + \begin{array}{c} \text{Net of Transfer of} \\ \text{Government} \\ \text{Function (as} \\ \text{determined by OSC)} \end{array} = \text{Tax Levy Limit, Adjusted for Transfer of Function}$$

**+ Exclusions**

$$\text{Tax Levy Limit, Adjusted for Transfer of Function} + \begin{array}{l} \text{Tax levy necessary for} \\ \text{expenditures from} \\ \text{court orders/judgments} \\ \text{arising from tort} \\ \text{actions for any amount} \\ \text{in excess of 5\% of the} \\ \text{total taxes levied in the} \\ \text{prior fiscal year} \end{array} \text{ AND } \begin{array}{l} \text{Levy necessary to pay} \\ \text{for increases to the} \\ \text{system average} \\ \text{actuarial contribution} \\ \text{rate (or normal} \\ \text{contribution rate) of} \\ \text{pension funds over 2} \\ \text{percentage points} \end{array} \text{ AND } \begin{array}{l} \text{School} \\ \text{districts ONLY:} \\ \text{capital tax} \\ \text{levy} \end{array} = \text{Tax Levy Limit, Adjusted for Transfers, Plus Exclusions}$$

# Key Multipliers in the Formula

- Lower of 2% or CPI
  - 2015-16 1.62%
  - 2016-17 0.12%
  - 2017-18 1.26%
  - 2018-19 2.13%
  - 2019-20 2.44%
- Tax base growth factor (Mineola)
  - 2015-16 1.0027
  - 2016-17 1.0000
  - 2017-18 1.0006
  - 2018-19 1.0033
  - 2019-20 1.0026

# Part 1 of the Formula

*(Adjusted prior year tax levy)*

$$\left[ \left( \begin{array}{l} \text{Prior Year} \\ \text{Tax Levy} \end{array} \times \begin{array}{l} \text{Tax Base} \\ \text{Growth} \end{array} \right) = \begin{array}{l} + \text{Prior Year} \\ \text{PILOTS} \end{array} - \begin{array}{l} \text{Tort} \\ \text{Exemption} \end{array} - \begin{array}{l} \text{Capital} \\ \text{Expense} \\ \text{Exemption} \end{array} \right]$$

$$\left[ \left( 80,998,420 \times 1.0026 \right) 81,209,016 + 2,300,000 - 0 - \begin{array}{l} \text{Capital} \\ \text{Expense} \\ \text{Exemption} \end{array} \right]$$

Supplied annually by the State Taxation and Finance Department. This numerical value adjusts the tax levy limit to reflect an increase in the full value of taxable real property in a district due to new growth or significant additions to existing properties



# Capital Expense Exemptions 2018-19

• Debt in budget	1,678,116
• Bus leases	347,000
• Energy performance contracts	316,287
• <b>Sub –Total</b>	<b>2,341,403</b>
<b>MINUS</b>	
• Building Aid and Trans. Aid	-689,549
• <b>TOTAL</b>	<b>1,651,854</b>

# Complete Part 1 of the Formula

$$\left[ \left( 80,998,420 \times 1.0026 \right) = 81,209,016 + 2,300,000 - 0 - 1,651,854 \right]$$

= An adjusted prior year tax levy of 81,857,162

# Formula for Determining the Levy Cap

*(Adjusted prior year tax levy)*

$$\left[ \begin{array}{c} 81,857,162 \\ \times \end{array} \right]$$

$$\text{Levy growth factor} - \text{Coming Year PILOTS} + \text{Capital} + \text{Carryover} = \text{Levy Cap}$$

*(2% or CPI)*

The allowable Levy Growth Factor is the lesser of 2% or the inflation rate factor. If the inflation rate is less than 2%, then the allowable Levy Growth Factor is the sum of 1 plus an inflation rate (average of last 2 years CPI).

# Formula for Determining the Levy Cap

*(Adjusted prior year tax levy)*

$$\left[ \begin{array}{c} 81,857,162 \\ \times \end{array} \right]$$

$$2.00 = 83,494,305 - \text{Coming Year PILOTS} + \text{Capital} + \text{Carryover} = \text{Levy Cap}$$

The allowable Levy Growth Factor is the lesser of 2% or the inflation rate factor. If the inflation rate is less than 2%, then the allowable Levy Growth Factor is the sum of 1 plus an inflation rate (average of last 2 years CPI).





# Estimated Capital Expense Exemption 2019-20

• Debt in budget	1,658,331
• Bus leases	350,000
• Energy performance contracts	316,287
• <b>Sub –Total</b>	<b>2,324,618</b>
<b>MINUS</b>	
• Building Aid and Trans. Aid	-700,000
• <b>TOTAL</b>	<b>1,624,618</b>

## Formula for Determining the Levy Cap

*(Adjusted prior year tax levy)*

$$\left[ \begin{array}{c} 81,857,162 \\ \times \end{array} \right]$$

$$2.00 = 83,494,305 - 2,400,000 + 1,624,618 + \text{Carryover} = 82,718,923$$



- New Levy \$82,718,923
- Old Levy \$80,998,420
- Increase in Levy \$1,720,503 or 2.12%