

NYS Property Tax Cap 101

- In 2011, New York State passed the Tax Cap Law to establish a limit on the annual growth of property taxes levied by local governments and school districts
- The Tax Cap Law applies to all independent school districts outside of the Big Five Cities (Buffalo, Rochester, Syracuse, Yonkers, and NYC) and to all local governments including counties, cities, towns, villages, and special districts

Monroe County School Boards Association (MCSBA) is a non-profit organization of school board members and superintendents who lead 21 school districts and 2 Boards of Cooperative Educational Services in the greater Rochester area. Since its inception in 1970, MCSBA's mission has been to support public school leaders as they strive to provide an equitable education for all students. The association offers over 50 informational programs, professional development training along with a wide array of advocacy efforts in support of public education.

For more information about MCSBA and the NYS Tax Cap, visit our website, www.mcsba.org



NYS Tax Cap Explained

Monroe County School Boards Association 2023



MCSBA is considered one of the most active and effective school board associations in New York State

How Tax Cap is determined

While touted as 2%, the tax cap levy limit for school districts is the result of a complex 8-step formula that rarely calculates to 2%:

- **First**, the total amount of taxes levied in the prior fiscal year is determined.
- **Second**, multiply by the tax base growth factor which NYS Tax assigns to each public school district annually.
- **Third**, add any PILOT that was receivable in the prior year.
- **Fourth**, subtract applicable exclusions from the prior year for capital and/or tort tax levy.
- **Fifth**, multiply the result by the allowable levy growth factor, (the lessor of CPI or 2%)
- **Sixth**, subtract any PILOT receivable in the coming year.
- **Seventh**, add any available carryover from the prior fiscal year.
- **Eighth**, add applicable current-year exclusions for capital tax levy, tort actions over 5% of the prior year levy, and increases in retirement systems contributions over 2%. **Additions cannot be carried over.**

Your school district authorizes a spending plan based on state and federal mandates, as well as programs valued by district residents that best serve all students.

NYS provides Foundation Aid, which is the state's constitutional obligation to fund public education.

The local tax levy is based on your home's assessed value, which is a process controlled by the town and the state.

The tax levy cap does not take into consideration many of the increases that school districts must account for, including health insurance costs, inflationary increases and other mandated costs that could easily exceed 2% in any given year.

Glossary

PILOT - (payment in lieu of taxes) PILOT programs are used as financial incentives to encourage economic development. It is a payment made to compensate for a loss of property tax revenue.

Tax Levy - The NYS school tax levy is the amount of money a district needs to collect in taxes for each school year. It is determined by subtracting the anticipated revenue from the total proposed budget.



The tax levy cap takes away local decision-making control from Boards of Education as elected officials and puts both major revenue streams for school districts under the control of the state.

MCSBA urges the state legislature to change the tax levy limit to allow school districts to comply with a 2% floor, or the CPI, **whichever is higher.**

The tax levy limit, in its current form, has resulted in disruptions to long term budget planning, negative tax caps and community misunderstanding.

The tax cap formula and other information on the tax levy cap can be found at:

<http://www.osc.state.ny.us/localgov/realprop/index.htm>

