

New York State Office of the State Comptroller

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Property Tax Cap

Overview of the Role of the Office of the State Comptroller

The information provided below is intended for general discussion purposes only. To view the actual legislation, click here www.osc.state.ny.us/localgov/realprop/pdf/parta-chapter97.pdf

Chapter 97 of the Laws 2011 establishes a property tax levy limit (generally referred to as the tax cap) that restricts the amount of property taxes local governments and school districts can levy. The Office of the State Comptroller (OSC) has a number of responsibilities outlined in the legislation. Some of these responsibilities are highlighted below.

Prescribe Form and Manner of Reporting Information. The legislation requires that local governments and school districts submit to the State Comptroller any information necessary for calculating their tax levy limit for the coming fiscal or school year. The information is required to be submitted by local governments in the form and manner prescribed by the State Comptroller prior to adopting a budget for the coming year. School districts, on the other hand, are required to submit the information to the State Comptroller, as well as to the Commissioner of Education and Commissioner of Taxation and Finance, by March 1st each year.

Prescribe Requirements for Reserve for Excess Funds. In the event that a local government or school district's actual tax levy exceeds the allowable tax levy limit due to "clerical or technical errors," the excess must be placed in a reserve in accordance with requirements prescribed by the State Comptroller. These funds, and any interest earned, must be used to offset the tax levy in the following fiscal year or school year. If, upon post audit, the State Comptroller finds that a local government levied taxes in excess of their tax levy limit (i.e., the taxes levied exceeded the levy limit and the local government did not comply with the provisions to override), an amount equal to the excess also must be placed in the reserve.

Determine Costs and Savings of Transfer of Functions. When the responsibility and associated cost of a local government function is transferred from one local government, to another, the State Comptroller is charged with determining the costs and savings of affected local governments, attributable to the transfer, for the first fiscal year following the transfer. The local governments are required to adjust their tax levy limits accordingly.

Determine New Cap in Cases of Consolidation or Dissolution. When two or more local governments consolidate, the State Comptroller must determine the tax cap for the consolidated local government for the first fiscal year following consolidation, based on the respective tax levy limits of the component local governments from the last fiscal year. Likewise, when a local government dissolves, the State Comptroller must determine the tax cap for the local government that assumes the debts, liabilities, and obligations of the dissolved local government, for the first fiscal year following the dissolution, based on the respective tax levy limits of the local governments from the last fiscal year.