

Office of the New York State Comptroller

Thomas P. DiNapoli • State Comptroller



Property Tax Cap

Property Tax Cap Instructions: School Districts

The State Legislature and the Governor enacted legislation that establishes a “property tax cap” which limits growth in the property tax levy to 2 percent or the rate of inflation, whichever is less, with some exceptions. School districts have the ability to override the cap with a 60 percent supermajority of voters.

For more information on the background of the property tax cap legislation, guidelines, FAQ’s or additional guidance visit our tax cap website at

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

Official school district guidance issued by the State Education Department can be found here:

<http://www.p12.nysed.gov/mgtserv/propertytax/taxcap/>

To comply with the law, school districts are required to report their tax cap calculation to the OSC via an online reporting form. To access the form, click

<https://onlineservices.osc.state.ny.us/Enrollment/login?1>

This online form is designed to capture the information needed from school districts to meet their property tax levy limit filing requirements. Once the necessary information has been entered, the form will compute the tax levy limit and provide the user with a summary and a receipt confirming that the report has been submitted.



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Tax Levy Limit Elements

Total Prior Year Real Property Tax Levy The Total Prior Year Real Property Tax Levy is the first element of the tax cap calculation. The amount that the school district levied for the prior fiscal year should be calculated starting with what was actually levied according to the tax rolls.

*Below is a description of what **should be included in the levy.***

- **Tax levy for all funds.**
- **School Tax Relief (STAR) funds:** STAR funds are part of the tax levy. No adjustments are to be made to the tax levy limit calculation due to STAR.¹

*Below is a description of what **should NOT be included in the levy.***

- **School District Library Levy:** For purposes of tax cap calculations, any taxes levied by a school district on behalf of a school district public library are subject to the library's tax cap and not subject to the school district's tax cap.²

¹ New York State Education Department (NYSED) Tax Cap Guidance – January 2020, page 6, Frequently Asked Question #1

² NYSED Tax Cap Guidance – January 2020, page 6, Frequently Asked Question #4

Tax Cap Reserve Offset used to reduce the prior year levy

The Reserve Offset is the amount that was used to reduce the prior year's levy as a result of exceeding the tax cap. This line is used to add back that reduction from the prior year to bring the school district back to its base prior year levy. As shown in the example, for a school district that exceeded the levy limit in 2013, the 2015 fiscal year is the first year the Reserve Offset takes effect.

Tax Levy Limit - Calculations and Total				
	2013	2014	2015	
Tax Levy Limit (Cap) Before Adjustments and Exclusions				
Tax levy PY	50,000	51,000	49,000	PY tax levy should be what was actually levied
+ Reserve used to reduce PY levy	-	-	1,000	PY offset should be added back to PY tax levy to make LG whole
- Total Reserve Amount (including interest earned)		1,000	-	PY levy is reduced to prevent the LG from getting a benefit from overlevying without a proper override
x Tax base growth factor	1.0000	1.0000	1.0000	
+ PILOTS receivable FYE 2013				
x Allowable levy growth factor	1.0000	1.0000	1.0000	
- PILOTS receivable FYE 2014	-	-	-	
+ Available Carryover	-	-	-	
+ Net adjustments and exclusions	-	-	-	
Tax Levy Limit with Adjustments and Exclusions	50,000	50,000	50,000	
Total Tax Cap Reserve Amount including interest - used to reduce levy	-	1,000	-	
Proposed Levy	51,000	49,000	50,000	Amount levied on tax roll
Difference Between Tax Levy Limit + Exclusions and Proposed Levy	(1,000)	-	-	

Note: For ease of demonstration, the tax base growth factor and allowable levy growth factor have been set to 1.00

Tax Cap Reserve for exceeding the cap in the prior year

The Tax Cap Reserve consists of the amount that the school district placed in reserve (including accrued interest) for exceeding the tax cap in the prior year. **Note: For detailed instructions as to the actual accounting treatment and required journal entries associated with placing excess levy into a Tax Cap Reserve, please consult OSC's accounting [bulletin](#) on the topic.**

When an excess tax levy has been identified and set aside in reserve, the law requires that the excess levy plus any interest earned be used to offset the tax levy in the coming fiscal year. There are two steps involved in order to accomplish this:

- **The Form:** OSC's online report form includes this dedicated field that captures the total amount the unit had to place in a tax cap reserve. Once the user enters that

figure, it will automatically be subtracted from the amount in the “Prior Fiscal Year Tax Levy” field—before the tax base growth factor is applied.

- **Offsetting Tax Levy:** Once the total level of property taxes needed to support the budget for the coming year is set, the amount in reserve must then be used to offset the property taxes that will be levied for the coming fiscal year. That means that the entity would only have to levy the difference remaining.

Tax Base Growth Factor

The tax base growth factor is provided by the Department of Taxation and Finance (Office of Real Property Tax Services) and has been pre-populated in the form. Questions related to calculation of the quantity change factor (upon which the tax base growth factor is based) should be directed to the Tax and Finance Solutions Center: 518-474-5666. More information about the tax base growth factor can be found online at: <http://www.tax.ny.gov/research/property/cap.htm>

PILOTS Receivable for the prior year

PILOTS Receivable for the prior year has been pre-populated using the amount entered on the Prior Year’s tax cap form on the coming year’s PILOTS receivable line. It can be changed to correct material errors, but generally, this number should not change. This figure is added to the property tax levy limit in this year’s form. This is not the amount you actually collected but rather what you expected to collect and should be based on the school district’s PILOT agreements/schedule.

Capital Tax Levy for the prior year

The tax levy necessary to support Capital Local Expenditures from the prior fiscal year. This amount has been pre-populated with the prior-year Capital Tax levy entered on the previous year’s tax cap form. This will be subtracted before the allowable levy growth factor is applied to the tax cap formula. See page 4 of the [NYSED Tax Cap Guidance](#) for further explanation on the calculation of this line. Based on a recent clarification from the Division of the Budget and the State Education Department, this figure cannot be changed in this year’s form and has therefore been locked from editing.

Tort Exclusion claimed in the prior year

The Tort Exclusion claimed in the prior year is subtracted from the property tax levy limit. This amount will be pre-populated from the amount that was entered on the tax cap form from the prior year.

Allowable Levy Growth Factor

The Allowable Levy Growth Factor is calculated and pre-populated by OSC. This amount is the smaller of 2 percent or the inflationary change using the Consumer Price Index. OSC has calculated

the allowable levy growth factor and has provided it in the form. The calculation is based on the monthly average consumer price index for all urban consumers (CPI-U).

PILOTS Receivable for the coming year

PILOTS Receivable for the coming year is the amount of PILOTS expected to be collected for the coming year’s budget. This figure will be subtracted from this year’s property tax levy limit. Again, this is the receivable amount you are expecting based on your PILOT agreements/schedule.

Available Carryover from the prior year

If the total property taxes levied in the prior year was less than the tax levy limit in the prior year, a school district is permitted to carryover the lesser of 1.5 percent of the prior year levy limit or the difference between what was actually levied and the levy limit. In accordance with the guidelines issued by the New York State Department of Education, there is no carryover permitted for unused exclusions associated with capital, growth in pension costs or tort judgments.

Carryover Calculation			
To Calculate the Unused		To Calculate the Maximum	
Tax Levy Limit 2014 (prior to exclusions)	\$1,020,000	Tax Levy Limit 2014 (prior to exclusions)	\$1,020,000
- Total RPT 12/31/2014	\$900,000	* Percentage	1.5%
Unused Levy 2014	\$120,000	Maximum Carryover for 2015	\$15,300

While the school district did not use \$120,000 of the available levy in 2014, it can only carry over up to \$15,300. The carryover amount for this municipality would be \$15,300.

Total Tax levy necessary for expenditures from court orders or judgments resulting from tort actions claimed in the prior year

The total costs (in excess of 5 percent of the prior year’s levy) arising from court orders or judgments against your school district resulting out of tort actions to be paid in the coming fiscal year are an exclusion to the property tax levy limit. Note that this exclusion may only be used if the annual debt service associated with the bonds or notes issued, or the total payment budgeted in the coming school year for the judgment, exceeds 5 percent of the prior year’s levy. Enter the total amount of these expenditures. This amount will not carry forward to the calculation page if the amount does not exceed 5 percent of the prior year’s levy. Tax certioraris and breach of contract actions are among the types of actions that **are not** tort actions.

Capital Tax Levy for the coming year

The tax levy necessary to support Capital Local Expenditures for the coming fiscal year. See page 4 of the [NYSED Tax Cap Guidance](#) for a more detailed explanation regarding the calculation of this line. The exclusion related to these expenditures is then reduced by the lines listed below: Expenditures Supported by Reserves and Fund Balance, State Aid (less any prior year(s) Deferred Bldg Aid), Federal Aid, and Gifts & Other Revenue for Capital Purposes. Two lines are available at the bottom of the schedule to make positive (or negative) revenue adjustments.

Tax levy necessary for pension contribution expenditures caused by growth in the system average actuarial contribution rate (ERS, PFRS) or normal contribution rate (TRS) in excess of 2 percentage points.

Pension costs resulting from growth in any pension system's average actuarial or normal contribution rate that exceed two percentage points may be excluded from the property tax levy limit. To see if TRS and ERS exclusions are permissible for the upcoming fiscal year, please consult [OSC's Retirement Exclusions for School Districts](#) bulletin which is updated annually.

Tax Levy Limit, Plus Exclusions

This is the maximum that your school district may raise in taxes without passing an override.

Tax Cap Reserve Offset, used to reduce the coming year levy

This amount is the same amount as the Total Reserve, noted above, which consists of the amount that the school district placed in reserve (including accrued interest) for exceeding the tax cap in the prior year. Once the total level of property taxes needed to support the budget for the coming year is set, the amount in reserve must then be used to offset the property taxes that will be levied for the coming year.

Proposed Levy for the coming year, net of reserve

The Proposed Levy for the coming year should be the amount the school district is proposing for the coming year considering all the same elements for the prior year as stated above, net of the reserve.

Difference between Tax Levy Limit Plus Exclusions and Proposed Levy

This calculation computes the difference between the proposed levy (net of reserve) and the tax levy limit. A negative result (shaded red) means the proposed levy would cause the school district to exceed the levy limit and an override is required.

Do you plan to override the cap?

Click "Yes" if you plan to seek an override of the property tax levy limit for the current fiscal year. Click "No" if you do not.

Please note that school districts are responsible for determining their own tax levy limit. Although the form assists you with the calculation, it is incumbent upon you to submit accurate information. OSC will not certify the data that you submit nor correct inaccurate data. If changes/corrections are necessary, we encourage you to resubmit your form as soon as possible in order to ensure your information is accurate.