

Property Tax Cap for School Districts

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Topics for Today's Session

- Overview of the Property Tax Cap Legislation
- Common Errors
- Reporting Requirements
 - Online Services Filing System
- Property Tax Relief Credit Program
- Q&A Segment



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Property Tax Cap Legislation

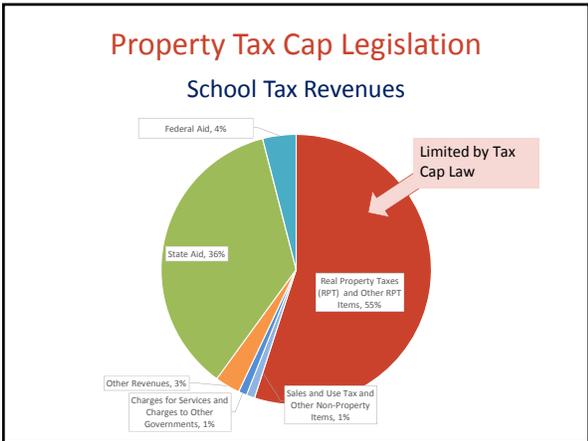
Overview

- The Tax Cap **limits total levy** set by school districts, not assessed value or tax rate.
- School districts are covered by the tax levy limit.
 - Finances of the Big Four city school districts of Buffalo, Rochester, Syracuse and Yonkers are included in their respective cities' budgets.



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Property Tax Cap Legislation

Overview

- School districts generally may not adopt a budget that requires a tax levy that exceeds the prior year's levy by more than 2% or the rate of inflation, whichever is less, unless they officially override the tax levy limitation.

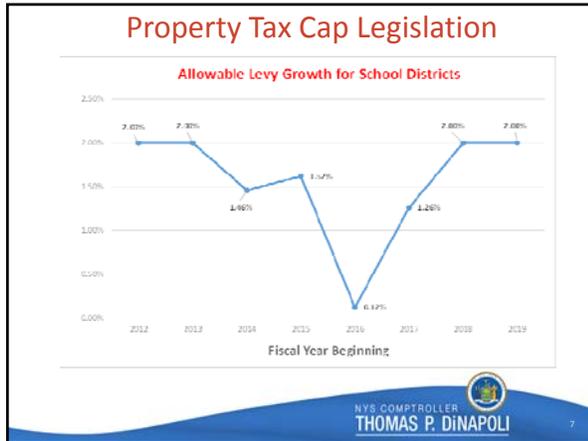

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Property Tax Cap Legislation

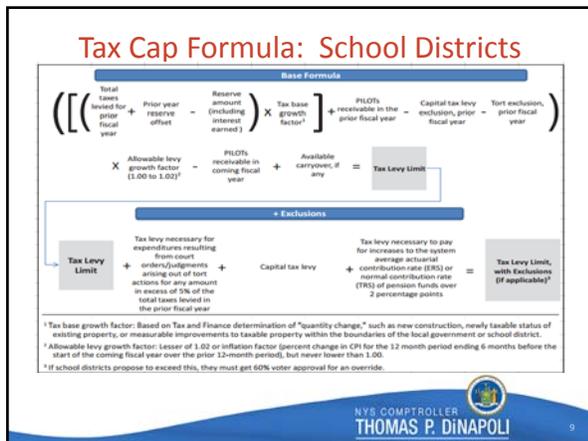
The Tax Cap is Not Always 2%

- The allowable levy growth factor is equal to the lesser of 1.02 or 1 plus the inflation factor.
 - Inflation factor calculation is defined by law
- School Districts have an allowable levy growth factor of 1.0200 for the 2019-20 fiscal year.


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- ### Property Tax Cap Legislation
- Calculation Involves Several Components
- Prior Year Levy
 - Allowable Levy Growth Factor
 - Tax Base Growth Factor
 - PILOTs
 - Carryover
 - Exclusions (Capital, Retirement and Torts)
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Property Tax Cap Legislation

Override For School Districts

- The law allows school districts to override the levy limit.
- If a district intends to override the tax cap law, a ballot statement must be included.
 - At least 60% VOTER approval required.
 - If an override budget fails to get 60%, the school district can:
 - Resubmit the original budget (requires at least 60% voter approval when it's an override budget)
 - Submit a revised budget
 - If revised budget contains a tax levy within the levy limit, then only 50% voter approval required but if the revised budget seeks to override the levy limit, then at least 60% voter approval is required,
 - Go to a contingency budget (0% levy growth)



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Property Tax Cap Legislation

Consequences of Exceeding the Limit

- If a school district levies more than the tax levy limit without a proper override, the school district must place the excess amount in a reserve.
 - Must be in an interest bearing account.
 - Must be used to offset the tax levy the following fiscal year.
- If the school district successfully passed an override, no reserve is required.



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Common Errors

- Prior Year/Coming Year Property Tax Levy
- PILOTs Receivable
- Capital Exclusions



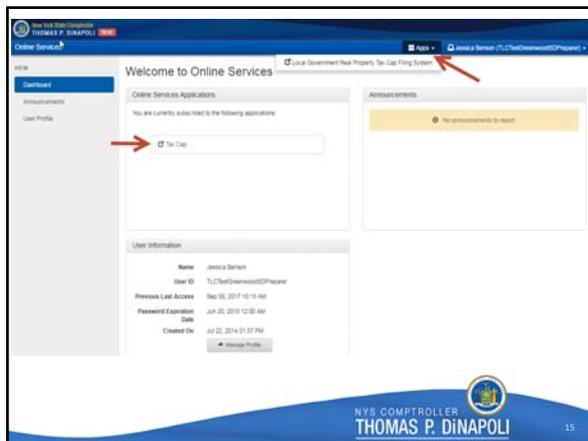
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Reporting Requirements

- School District CFOs must calculate the tax levy limit and report the data elements to the State.
 - Must use OSC's form to report.
 - User IDs and Password are required to access and submit forms.
 - Form must be submitted by March 1.
- Report must be submitted even if an override is planned.

Reporting Requirements OSC Online Reporting System

- Enrollment
 - Maintain your own contact information.
 - Change or retrieve lost passwords.
 - Create user rights and assign roles.
 - Access more than one application with same account.
 - Tax Cap Application
 - Tax Cap Form
 - Tax Cap Compliance Application
 - Tax Freeze Form (past)
 - Property Tax Relief Credit Form



Property Tax Relief Credit

Overview

- **Property Tax Relief Credit**
 - Tax Law Section 606 (n-1)
 - Provides a Real Property Tax Credit to qualified taxpayers between FYB 2016 – 2019
- Program only applies to School Districts and the Big 4 Cities (Buffalo, Rochester, Syracuse and Yonkers)

Property Tax Relief Credit

Overview

- **To qualify for the credit:**
 - School District must certify that tax levy is within the levy limit
 - Certification is submitted in the same portal as the Tax Cap form (OSC Online Services)
 - Click on link for Tax Cap Compliance
 - Certification is due by July 21
 - Qualified taxpayers must:
 - Live in a school district that is complying with the tax levy limit law
 - Receive the Basic or Enhanced STAR property tax relief
 - Have an income of \$275,000 or less

Contact Information

- **State Education Department (SED)**
 - 518-474-6541
 - <http://www.p12.nysed.gov/mgtserv/propertytax/taxcap/>
- **Department of Taxation and Finance**
 - Credit Calculation/ Tax Rolls – 518-453-8146
 - Tax Base Growth Factor – 518-591-5233
 - http://www.tax.ny.gov/pit/property/property_tax_freeze.htm
- **Office of the State Comptroller**
 - 1-866-321-8503
 - Option 1 – Technical Issues
 - Option 3 – Tax Cap and Tax Cap Compliance application questions
 - <http://www.osc.state.ny.us/localgov/realprop/index.htm>

Questions?

Please use the questions box to submit your questions.



Thank You

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