Property Tax Cap for Villages

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Monitoring and Analysis Unit
Topics for Today’s Session

• Overview of the Property Tax Cap Legislation

• Common Errors

• Reporting Requirements
  – Online Services Filing System

• Q&A Segment
Tax Cap Legislation

Overview

• The Tax Cap limits total levy set by local governments, not assessed value or tax rate.
• It generally limits the amount local governments and school districts can increase property taxes to the lower of 2% OR the rate of inflation, unless they officially override the tax levy limitation.
Tax Cap Legislation

All Villages, FYE 2017 Revenues

- **Real Property Taxes**: 48%
- **Charges for Services**: 28%
- **Other Local Revenues**: 8%
- **Sales and Use Tax**: 6%
- **State Aid**: 5%
- **Federal Aid**: 2%
- **Other Sources**: 3%
- **State Aid**: 5%
- **Other Sources**: 3%

**Limited by Tax Cap**

Fees and consumption-based charges are NOT limited.
Tax Cap Legislation

Calculation Involves Several Components

• Prior Year Levy
• Allowable Levy Growth Factor – 2% or rate of inflation, whichever is less
• Tax Base Growth Factor
• PILOTs
• Carryover
• Exclusions (Retirement & Tort Costs)
• Transfers of Function
Tax Cap Formula

Base Formula:

\[
\text{Tax Levy Limit} = \left( \text{Prior fiscal year tax levy} + \text{Prior year reserve offset} - \text{Reserve amount (including interest earned)} \right) \times \text{Tax base growth factor}^* + \text{PILOTs receivable in the prior fiscal year} - \text{Tort exclusion amount, prior fiscal year}
\]

\[
\times \text{Allowable levy growth factor (1.00 to 1.02)**} - \text{PILOTs receivable in coming fiscal year} + \text{Available carryover}
\]

+ Transfer of Function

+ Exclusions

\[
\text{Tax Levy Limit, Adjusted for Transfers, Plus Exclusions} = \text{Tax Levy Limit} + \text{Net of Transfer of Government Function (as determined by OSC)} + \text{Tax levy necessary for expenditures from court orders/judgments resulting from tort actions for any amount in excess of 5% of the total taxes levied in the prior fiscal year} + \text{Levy necessary to pay for increases to the system average actuarial contribution rate (or normal contribution rate) of pension funds over 2 percentage points}
\]
Tax Cap Legislation

Allowable Levy Growth Factor

- Allowable levy growth is not always 2%; it is tied to the actual rate of inflation.

<table>
<thead>
<tr>
<th>Fiscal Year Ending</th>
<th>Inflation Factor</th>
<th>Allowable Levy Growth Factor</th>
</tr>
</thead>
<tbody>
<tr>
<td>12/31/2018</td>
<td>1.84%</td>
<td>1.0184</td>
</tr>
<tr>
<td>02/28/2019</td>
<td>1.99%</td>
<td>1.0199</td>
</tr>
<tr>
<td>03/31/2019</td>
<td>2.05%</td>
<td>1.0200</td>
</tr>
<tr>
<td>05/31/2019</td>
<td>2.13%</td>
<td><strong>1.0200</strong></td>
</tr>
<tr>
<td>07/31/2019</td>
<td>2.09%</td>
<td>1.0200</td>
</tr>
</tbody>
</table>
Tax Cap Legislation

Allowable Levy Growth 5/31 Villages

- 2013-14: 2.00%
- 2014-15: 1.48%
- 2015-16: 1.68%
- 2016-17: 0.12%
- 2017-18: 1.15%
- 2018-19: 2.00%
Tax Cap Legislation

Override

• The law allows local governments to override the levy limit.
• A village must enact a local law to override before budget adoption.
• The governing board must approve by at least 60% of voting power (i.e., 3 out of 5).
Tax Cap Legislation

Consequences of Exceeding the Limit

• If a village levies more than the tax levy limit without an override, the village must place the excess amount in a reserve.
  – Must be an interest bearing account.
  – Must be used to offset the tax levy the following fiscal year.

• If, prior to the adoption of the budget, the village board successfully passed an override local law, no reserve is required.
Common Errors

• Failure to file the Tax Cap Form with OSC’s Online Services
  – Local governments that fail to complete or submit a form are more likely to adopt a levy that exceed the limit.

• Errors on the form
  – Prior year/coming year tax levy
    • Adjustments for omitted taxes
    • Benefit assessments vs. user fees
  – Other data entry elements
    • PILOTs receivable
    • Tax cap reserve
Common Errors

Omitted Taxes

• “Omitted Taxes” refers to property tax adjustments billed on a subsequent tax roll.
  – Changes in property ownership can result in a reduction in allowable exemptions.
  – A new owner is responsible for any additional prorated tax using the revised exemptions and preceding year tax rates.
  – The amount of omitted taxes should be deducted from the aggregate amount of taxes to be levied for the current year.
  – If instead the omitted taxes are added to the amounts to be levied, omitted taxes should also be added to the proposed tax levy reported on the Tax Cap form since they are also subject to the tax levy limit.
Common Errors

Benefit Assessment vs. User Fee

• Services such as water, sewer and refuse collection may be funded through the following:
  – Special assessments (benefit assessments) and special ad valorem levies, which are based on the benefit to property and subject to the levy limit.
  – User fees (contractual charges): based on consumption and not subject to the levy limit.

• Consult your attorney or call us if you have difficulty making the distinction.
Reporting Requirements

Who Must File Property Tax Data with OSC?

- Counties
- Cities (except NYC)
- Towns
- Villages
- Fire Districts
- Independent Schools
- Special Districts that have a separately elected or independently appointed board and can either tax or require a tax to be levied on their behalf.
Reporting Requirements

• Local Governments must calculate the tax levy limit and report the data elements to the State.
  – Must use OSC’s form to report (OSC Online Services System).
  – Form must be submitted prior to budget adoption.

• Report must be submitted even if an override is enacted.
Reporting Requirements

Online Reporting Application

• Enrollment
  – Provides access to our tax cap application.
  – User ID and password required.
    • Contact our office if you need assistance.
  – Must assign rights and roles depending on responsibilities.
  – Instructions can be found on our website:
    http://www.osc.state.ny.us(localgov/realprop/pdf /EnrollmentInstructions.pdf
OSC Online Reporting System

Important! Retirement Online has been upgraded with new services and features that enable you to review your retirement account details and conduct transactions in real time. Due to enhanced security features, you will need to re-register for the new Retirement Online. Please follow this link to re-register now. We believe you’ll welcome our new features and self-service improvements.

If you have any questions, please contact the ERS call center at:
- Toll-free: 1-800-805-0990 (long distance within the U.S., Puerto Rico and Virgin Islands)
- Locally: 518-474-7736

Login

*User ID
I forgot my User ID

*Password
I forgot my Password

Login

Need an account? Enroll Now
Learn more about our Online Services.

Announcements

Scheduled Outage - February 18 and 19, 2017
Due to scheduled maintenance, online services will be unavailable from 7am on Sunday, February 19 until the evening of Sunday, February 19.
Property Tax Cap

File your Property Tax Cap information with the State Comptroller’s Office.

Tax Cap Compliance

Submit information about your total taxes to be levied, and where applicable, certify for Tax Cap compliance.
Welcome

This system will allow you to file your Property Tax Cap information.

While the system will provide information that will assist you in completing your Tax Cap Form, it is your responsibility to ensure that the information is accurate.

How to Proceed...

Please select a Tax Cap Form below.

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Form Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>05/31/2019</td>
<td>Unsubmitted</td>
</tr>
<tr>
<td>05/31/2018</td>
<td>Submitted</td>
</tr>
<tr>
<td>05/31/2017</td>
<td>Submitted and Closed</td>
</tr>
<tr>
<td>05/31/2016</td>
<td>Submitted and Closed</td>
</tr>
<tr>
<td>05/31/2015</td>
<td>Submitted and Closed</td>
</tr>
<tr>
<td>05/31/2014</td>
<td>Submitted and Closed</td>
</tr>
<tr>
<td>05/31/2013</td>
<td>Submitted and Closed</td>
</tr>
</tbody>
</table>
Tax Cap Summary Table
Shows what has already been entered on your form. Select “Edit this Form” or the link below to begin entering new data.
Prior Year Levy

When determining your prior year levy, you should look at the amount levied on your tax roll and adjust for omitted taxes if necessary.
Step 2 of 15 - Tax Cap Reserve

Only necessary if your locality exceeded the tax levy limit in the prior year without an override.

**What is a Tax Cap Reserve?**

**What is a Tax Cap Reserve Offset?**

**Please provide the following...**

Did your local government exceed the 2018 Tax Levy Limit without an override?

☐ Yes
☐ No

**Tax Cap Reserve**

Enter the amount that your local government levied in excess of the tax levy limit, including accrued interest, from the 2018 Fiscal Year.

Prior Year Tax Cap Reserve Identified

Indicate if your village exceeded the prior year tax levy limit without an override. If so, enter the amount, including accrued interest, in the space provided.
Prior Year Tax Cap Reserve Offset

The Tax Cap Reserve amount that was used to reduce the tax levy limit for the fiscal year ending 2018 was **$1,000**.

This amount is based on your fiscal year ending 2018 Tax Cap Form.

To make any adjustments to this amount, you would need to resubmit your 2018 Tax Cap Form. Please contact our office at (866)321-8503 for assistance.

Please provide the following...

Did your local government exceed the 2018 Tax Levy Limit without an override?

- [ ] Yes
- [x] No

---

Prior Year Tax Cap Reserve Offset

This amount is prepopulated based on your prior year tax cap form. It should be the amount that you used last year to offset the adopted levy.
Step 3 of 15 - Growth Factors

The Tax Base Growth Factor and Allowable Levy Growth Factor are provided below, if available.

*What is a Tax Base Growth Factor?*

*What is an Allowable Levy Growth Factor?*

**Tax Base Growth Factor**

A Tax Base Growth Factor of **1.0026** has been provided for this fiscal year.

**Allowable Levy Growth Factor**

Your Allowable Levy Growth Factor is **1.0200**.

---

**Tax Base Growth Factor / Allowable Levy Growth Factor**

If the tax base growth factor is provided by the State Department of Taxation and Finance, it will be prepopulated on the form. If it has not been calculated, you will be able to enter a value, but should contact OSC for guidance.

The allowable levy growth factor is calculated by OSC based on CPI-U.
Indicate if your village has PILOTs receivables. The amount you entered on your prior year form will be displayed. You have the option to use your prior year number or enter a corrected amount.
Coming Year PILOTs Receivable

PILOTs Receivable should be the amount of all PILOTs expected to be collected for the coming year, based in part on your PILOT agreements/schedules and budget.

Enter the total of any PILOTs Receivable for the fiscal year ending 2019.

Coming Year PILOTs Receivable

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 the property tax levy limit.
Step 5 of 15 - Torts

A portion of the costs resulting from court orders or judgements arising out of tort actions may be excludable from the tax levy limit. In general, tort actions do not include tax certiorari claims, contract claims, or administrative consent orders.

What is a Tort Exclusion?

Prior Year Tort Exclusion

Your fiscal year ending 2018 tort exclusion of $0 has been used to reduce your current year levy limit calculation. This amount is based on your fiscal year ending 2018 Tax Cap Form.

To make any adjustments to this amount, you would need to resubmit your 2018 Form. Please contact our office at (866)321-8503 for assistance.

Please provide the following...

Does your local government have a tax levy for costs associated with court orders or judgements arising out of tort actions in the coming fiscal year?

☐ Yes
☐ No

Tort Exclusion

In general, a tort action involves a claim for personal injury and/or property damage made against a village. This exclusion is not common and generally does not include items such as tax certiorari, contract claims, administrative consent orders, etc.
Please provide the following...

Does your local government have a tax levy for costs associated with court orders or judgments arising out of tort actions in the coming fiscal year?
- Yes
- No

Total Costs Arising from Tort Actions:

Enter the tax levy for costs arising from tort actions to be paid in the coming fiscal year.

3,200,000

Calculation

Total Costs Arising from Tort Actions: 5% of Prior Year's Actual Tax Levy
$3,200,000  $3,135,000

Your Tort Exclusion:

$65,000

Total Costs Arising from Tort Actions

A tax levy necessary for expenditures resulting from court orders or judgments against the village arising out of tort actions may be excluded from the tax levy limit for any amount that exceeds 5 percent of the total tax levied in the prior fiscal year.
Step 6 of 15 - Carryover

You are allowed to carry over the lesser of the two calculation results. Using all (or a portion) of your available carryover will increase your current tax levy limit.

<table>
<thead>
<tr>
<th>Calculation #1</th>
<th>Calculation #2</th>
</tr>
</thead>
<tbody>
<tr>
<td>$3,105,951</td>
<td>$987,104</td>
</tr>
</tbody>
</table>

How is Available Carryover Calculated?

If the total property taxes levied was less than the levy limit in the prior year, a local government or school district is permitted to carry over the lesser of the difference between what was actually levied and the levy limit or 1.5 percent of the prior year levy limit.

Please note that you may use the full carryover amount available, a portion of the amount available or none. Using all of the Available Carryover or a portion of it in the current year's calculation will increase your current year tax levy limit.

Also, if you had an error on the prior-year form and this amount is incorrect, you may calculate your carryover separately and enter it below, or contact our office to resubmit your prior-year form.

Available Carryover is calculated based on the information you have entered in both your prior year and current year forms.

<table>
<thead>
<tr>
<th>Calculation #1:</th>
<th>Calculation #2:</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018 Levy Limit</td>
<td>2018 Levy Limit</td>
</tr>
<tr>
<td>$65,806,951</td>
<td>$65,806,951</td>
</tr>
<tr>
<td>- 2018 Actual Levy + Reserve Offset</td>
<td>- 0150</td>
</tr>
<tr>
<td>$62,701,000</td>
<td>$65,806,951</td>
</tr>
<tr>
<td>$3,105,951</td>
<td></td>
</tr>
</tbody>
</table>

Available Carryover

The maximum Available Carryover that you can apply to this year's tax cap calculation is **$987,104**.

- I will carry over the full amount of $987,104.
- I will carry over a lesser amount.
Carryover

If the total property taxes levied was less than the tax levy limit in the prior year, a local government is permitted to carry over the lesser of 1.5 percent of the prior year levy limit or the difference between what was actually levied and the levy limit.
Step 7 of 15 - Teachers' Retirement System Pension Exclusion
For the fiscal year ending 2019, there is no exclusion for the Teachers' Retirement System.

Step 8 of 15 - Employees' Retirement System Exclusion
For the fiscal year ending 2019, there is no exclusion for the Employees' Retirement System.

Step 9 of 15 - Police and Fire Retirement System Exclusion
For the fiscal year ending 2019, there is no exclusion for the Police and Fire Retirement System.
Step 10 of 15 - Transfer of Local Government Functions

OSC determines the associated costs/savings and adds it to the form.

Reporting a Transfer of Local Government Functions

Has your local government had a Transfer of Function?
☐ Yes
☐ No

Have you already reported the Transfer of Function to our office?
☐ Yes
☐ No

How to Proceed...

Please provide a description of the function being transferred, the local governments involved and the date the transfer will occur.

After the form is submitted, someone from our office will contact you.

Transfer of Function

Occurs when both the cost and responsibility for providing a function has transferred from one local government to another. For example, if a village court dissolves and the town court now performs the function for both the town and the village, you should check yes. If you haven't contacted our office, enter that information into the form.
### Tax Levy Limit, Before Adjustments and Exclusions

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real Property Tax Levy FYE 05/31/2019</td>
<td>$50,000,000</td>
</tr>
<tr>
<td>Tax Cap Reserve Offset from FYE 2017 Used to Reduce 2013 Levy</td>
<td>$1,000</td>
</tr>
<tr>
<td>Total Tax Cap Reserve Amount (Including Interest Earned) from FYE 2016</td>
<td>---</td>
</tr>
<tr>
<td>Tax Base Growth Factor</td>
<td>1.0026</td>
</tr>
<tr>
<td>PILOTs Receivable FYE 05/31/2018</td>
<td>---</td>
</tr>
<tr>
<td>Tort Exclusion Amount Claimed in FYE 05/31/2018</td>
<td>$0</td>
</tr>
<tr>
<td>Allowable Levy Growth Factor</td>
<td>1.0220</td>
</tr>
<tr>
<td>PILOTS Receivable FYE 05/31/2018</td>
<td>---</td>
</tr>
<tr>
<td>Available Carryover from FYE 05/31/2018</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Tax Levy Limit Before Adjustments/Exclusions</strong></td>
<td><strong>$67,496,055</strong></td>
</tr>
</tbody>
</table>

### Adjustments for Transfer of Local Government Functions

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Costs Incurred from Transfer of Local Government Functions</td>
<td>$0</td>
</tr>
<tr>
<td>Savings Realized from Transfer of Local Government Functions</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Total Adjustments</strong></td>
<td><strong>$0</strong></td>
</tr>
<tr>
<td><strong>Tax Levy Limit, Adjusted for Transfer of Local Government Functions</strong></td>
<td><strong>$67,496,055</strong></td>
</tr>
</tbody>
</table>

### Exclusions

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tort Exclusion</td>
<td>$0</td>
</tr>
<tr>
<td>Teachers' Retirement System Exclusion</td>
<td>$0</td>
</tr>
<tr>
<td>Employees' Retirement System Exclusion</td>
<td>$0</td>
</tr>
<tr>
<td>Police and Fire Retirement System Exclusion</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Total Exclusions</strong></td>
<td><strong>$0</strong></td>
</tr>
<tr>
<td><strong>Your FYE 2019 Tax Levy Limit, Adjusted for Transfers plus Exclusions</strong></td>
<td><strong>$67,496,055</strong></td>
</tr>
</tbody>
</table>
Step 12 of 15 - Proposed Levy

The proposed levy should be calculated considering all of the same elements as in the prior-year levy and should be net of any required Tax Cap Reserve.

What should be included in the proposed levy?

Proposed Levy

Fiscal year ending 2019 Tax Levy Limit, Adjusted for Transfers plus Exclusions
$67,496,055

Fiscal year ending 2019 Proposed Levy
67,000,000

Difference Between Tax Levy Limit and Proposed Levy
$496,055
Step 12 of 15 - Proposed Levy

The proposed levy should be calculated considering all of the same elements as in the prior-year levy and should be net of any required Tax Cap Reserve.

What should be included in the proposed levy?

Proposed Levy

Fiscal year ending 2019 Tax Levy Limit, Adjusted for Transfers plus Exclusions
$67,496,055

Fiscal year ending 2019 Proposed Levy

68,000,000

Difference Between Tax Levy Limit and Proposed Levy
($503,945)

Warning!

Based on the information you provided, the proposed levy is greater than your tax levy limit. An override is required to exceed the tax levy limit. 
Step 13 of 15 - Tax Cap Override

Local governments and school districts can exceed the tax levy limit by passing an override.

What is a Tax Cap Override?

Tax Cap Override

Do you plan to override the cap in the fiscal year ending 2019?

- Yes
- No
## Step 14 of 15 - Summary

Please review this summary screen for accuracy and make any necessary changes before submitting on the next screen. Although the form assists you with the levy limit calculation, it is your responsibility to ensure the accuracy of all elements used in determining your tax levy limit.

### Tax Levy Limit, Before Adjustments and Exclusions

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real Property Tax Levy FYE 05/31/2018</td>
<td>$60,000,000</td>
</tr>
<tr>
<td>Tax Cap Reserve Offset from FYE 2017 Used to Reduce 2018 Levy</td>
<td>$1,000</td>
</tr>
<tr>
<td>Total Tax Cap Reserve Amount (Including Interest Earned) from FYE 2018</td>
<td>---</td>
</tr>
<tr>
<td>Tax Base Growth Factor</td>
<td>1.0206</td>
</tr>
<tr>
<td>PILOTs Receivable FYE 05/31/2018</td>
<td>---</td>
</tr>
<tr>
<td>Tort Exclusion Amount Claimed in FYE 05/31/2018</td>
<td>$0</td>
</tr>
<tr>
<td>Allowable Levy Growth Factor</td>
<td>1.0200</td>
</tr>
<tr>
<td>PILOTs Receivable FYE 05/31/2019</td>
<td>---</td>
</tr>
<tr>
<td>Available Carryover from FYE 05/31/2019</td>
<td>$0</td>
</tr>
</tbody>
</table>

**Tax Levy Limit Before Adjustments/Exclusions** $67,496,055

### Adjustments for Transfer of Local Government Functions

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Costs Incurred from Transfer of Local Government Functions</td>
<td>$0</td>
</tr>
<tr>
<td>Savings Realized from Transfer of Local Government Functions</td>
<td>$0</td>
</tr>
</tbody>
</table>

**Total Adjustments** $0

**Tax Levy Limit, Adjusted for Transfer of Local Government Functions** $67,496,055

### Exclusions

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tort Exclusion</td>
<td>$0</td>
</tr>
<tr>
<td>Teachers’ Retirement System Exclusion</td>
<td>$0</td>
</tr>
<tr>
<td>Employees’ Retirement System Exclusion</td>
<td>$0</td>
</tr>
<tr>
<td>Police and Fire Retirement System Exclusion</td>
<td>$0</td>
</tr>
</tbody>
</table>

**Total Exclusions** $0

**Your FYE 2019 Tax Levy Limit, Adjusted for Transfers plus Exclusions** $67,496,055

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Tax Cap Reserve Amount Used to Reduce 2013 Levy</td>
<td>---</td>
</tr>
<tr>
<td>FYE 2019 Proposed Levy, Net of Reserve</td>
<td>$67,000,000</td>
</tr>
</tbody>
</table>

**Difference Between Tax Levy Limit and Proposed Levy** $496,055

**Do you plan to override the Tax Cap in 2019?** No
How to Proceed...

This Form is ready for submission.

Click here to Submit this Form

If necessary, you can make changes to the Form by selecting a Topic below.
Submit Your Tax Cap Form

Once you have reviewed the form for accuracy and are ready to file, please fill out your contact information and submit your form.

Local Government Responsibility

Local officials are responsible for determining the tax levy limit for their local government.

Although this Tax Cap Form contains pre-populated information for your convenience, and assists you with Tax Cap calculations, it is incumbent on you to ensure that the information is accurate.

Click here to review your information or make changes to the Form.

Certifier Information

First Name:
Pass

Last Name:
Word

Title:

Phone Number:

Email Address:
lgsmonitor@cs.csc.state.ny.us

I hereby submit this Real Property Tax Cap Form for the Village of [redacted] on 03/20/2018.

Submit Cancel
Contact Information

• Department of Taxation and Finance
  – Credit Calculation/Tax Rolls – 518-453-8146
  – Tax Base Growth Factor – 518-591-5233
  – www.tax.ny.gov/pit/property/property_tax_freeze.htm

• Office of the State Comptroller
  – 1-866-321-8503
  – Option 1 – Technical, Enrollment, Password Issues
  – Option 3 – Tax Cap and Tax Cap Compliance application questions
  – www.osc.state.ny.us/localgov/realprop/index.htm
Questions?

Please use the questions box to submit your questions.
Thank You

Division of Local Government and School Accountability
localtraining@osc.state.ny.us