



Property Tax Cap

Since 2012, the property tax cap has limited the ability of school districts to meet the needs of their students. The two percent allowable growth factor in 2018-19 is expected to generate approximately \$400 million statewide, or just 20% of the projected costs school districts face in order to preserve current programs and services. The following are recommendations that, if enacted, would help school districts more effectively navigate the tax cap; to the benefit of taxpayers and students alike.

Count BOCES capital costs in the capital exclusion¹

The current tax cap formula allows an exclusion for district capital obligations but does not include a comparable exclusion for school district costs related to BOCES capital. BOCES construction costs should be counted as part of the tax cap's existing exclusion for local capital expenditures.

Include PILOT properties in the tax base growth factor¹

New construction should be recognized in the tax base growth factor in the cap calculation as soon as the PILOT begins. This would allow the entire community to benefit from new development and support the school district in meeting any cost increases associated with the property.

Address instances where a district's tax cap is negative

A district's maximum allowable tax levy limit can result in a negative change from the prior year. The law should provide for a floor of zero percent change of the levy. Legislation has been introduced that would accomplish this change (A.226, Lupardo / S.3969, Seward).

Make the allowable growth factor a consistent 2 percent

The state should remove the restrictive volatility of the CPI and allow school districts to plan around a minimum two percent allowable growth factor. Legislation has been introduced to make the allowable growth factor a consistent two percent (A.3799, Jaffee / S.1707, Marchione).

Reform the tax cap override process

Voter-submitted propositions can impact the need for supermajority support of an otherwise tax cap compliant budget, even if the proposition fails. In such cases, school district budgets should be decided on their own merits. Legislation has been introduced that would accomplish this goal (A.2082, Thiele/S.903, Croci).

Account for enrollment growth in the tax cap calculation

There is no mechanism within the tax cap calculation to adjust for enrollment growth when more than a quarter of districts have experienced such growth at some point in recent years. The tax cap calculation should include a student growth index, similar to the tax base growth factor.

For additional information, please call NYSSBA at 518-783-0200.

¹ Permissive language to make this change was enacted in 2015. Legislation requiring the change was passed, and vetoed, in 2017.