



AMENDMENT REQUESTED

S.1904 (GAUGHRAN)

Eliminates the expiration of and makes permanent provisions of law establishing the property tax cap

The New York State School Boards Association *requests amendments* to the above referenced legislation.

Since 2012, the property tax cap has limited the ability of school districts to raise the local revenue needed to fully meet the needs of their students. Before discussions about the future of the property tax cap take place, lawmakers should work to address the problems, inconsistencies and unintended consequences of the cap. 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.

Make the allowable growth factor a minimum of 2 percent

Basing the main tax cap growth factor on a volatile indicator that does not accurately reflect the actual costs school districts face is unsound policy that ignores the needs of students. School districts should be allowed to plan around a minimum two percent allowable growth factor.

Prohibit negative tax caps

Under the current tax cap formula, a district's maximum allowable tax levy can result in a negative change from the prior year. This does not fit the intent of the tax cap and is unnecessarily confusing to voters. The law should provide for a floor of zero percent change of the levy.

Count BOCES capital costs in the capital exclusion

The current tax cap formula includes an exclusion for district capital obligations but does not include a comparable exclusion for school district costs related to BOCES capital. This treats the 100,000 students educated in BOCES facilities each day differently than their school-based peers. 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 factor

When new construction and development occurs within a district, the tax cap is adjusted to account for the growing tax base. But when the property enters into a PILOT agreement, the growth is ignored by the cap. The tax base growth factor calculation should incorporate those properties under a PILOT deal. 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.

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.

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 Governmental Relations at 518-783-0200.