



Property Tax Cap

The Executive budget proposal includes a provision that would make the tax cap, set to expire in 2020, permanent law. As discussions about the future of the property tax cap take place, lawmakers should focus not just on extending or making the law permanent, but also work to address the problems, inconsistencies and unintended consequences of the cap. NYSSBA offers the following recommendations to 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 not school district costs related to BOCES capital. BOCES construction are paid by the district and should be counted as part of the tax cap's existing exclusion. This proposal was vetoed in 2017 and 2018.

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 proposal was vetoed in 2017.

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.

NYSSBA urges the adoption of these adjustments before any further action is taken on the tax cap. For additional information, please contact NYSSBA Governmental Relations at 518-783-0200.