



Property Tax Cap

The Executive budget proposal includes a provision that would make the property tax cap, set to expire in 2020, permanent law. As 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, before any action to extend the cap is taken.

The New York State Council of School Superintendents (NYSCOSS) and the New York State School Boards Association (NYSSBA) urge that the property tax cap not be made permanent without enacting the following common-sense adjustments.

Make the allowable growth factor 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 2 percent allowable growth factor, as the cap is characterized, rather than the lesser of 2 percent or the CPI.

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 costs are paid by the district and should be counted as part of the tax cap's existing exclusion for district expenses. The 100,000 students educated in BOCES facilities each day deserve to be treated equitably.

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, unless the property developer enters into a PILOT agreement. In that case, the growth is ignored by the cap, during and after the PILOT agreement. The tax base growth factor calculation should incorporate those properties constructed under a PILOT agreement, so that school districts can realize additional revenue to support services that new developments may require.

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 in the levy, as is the result if a district adopts a contingency budget.

Reform the "carryover" provision

When a school district adopts a tax levy below their tax levy limit, a portion of the savings can be carried over to the next year. But the current interpretation of the carryover provision is impractical and unworkable. Districts should be given a realistic incentive to hold tax levy increases below 2 percent in years when they can and to reserve the savings for use in a difficult year.

For additional information, please contact NYSCOSS at 518-449-1063 or NYSSBA Governmental Relations at 518-783-0200.