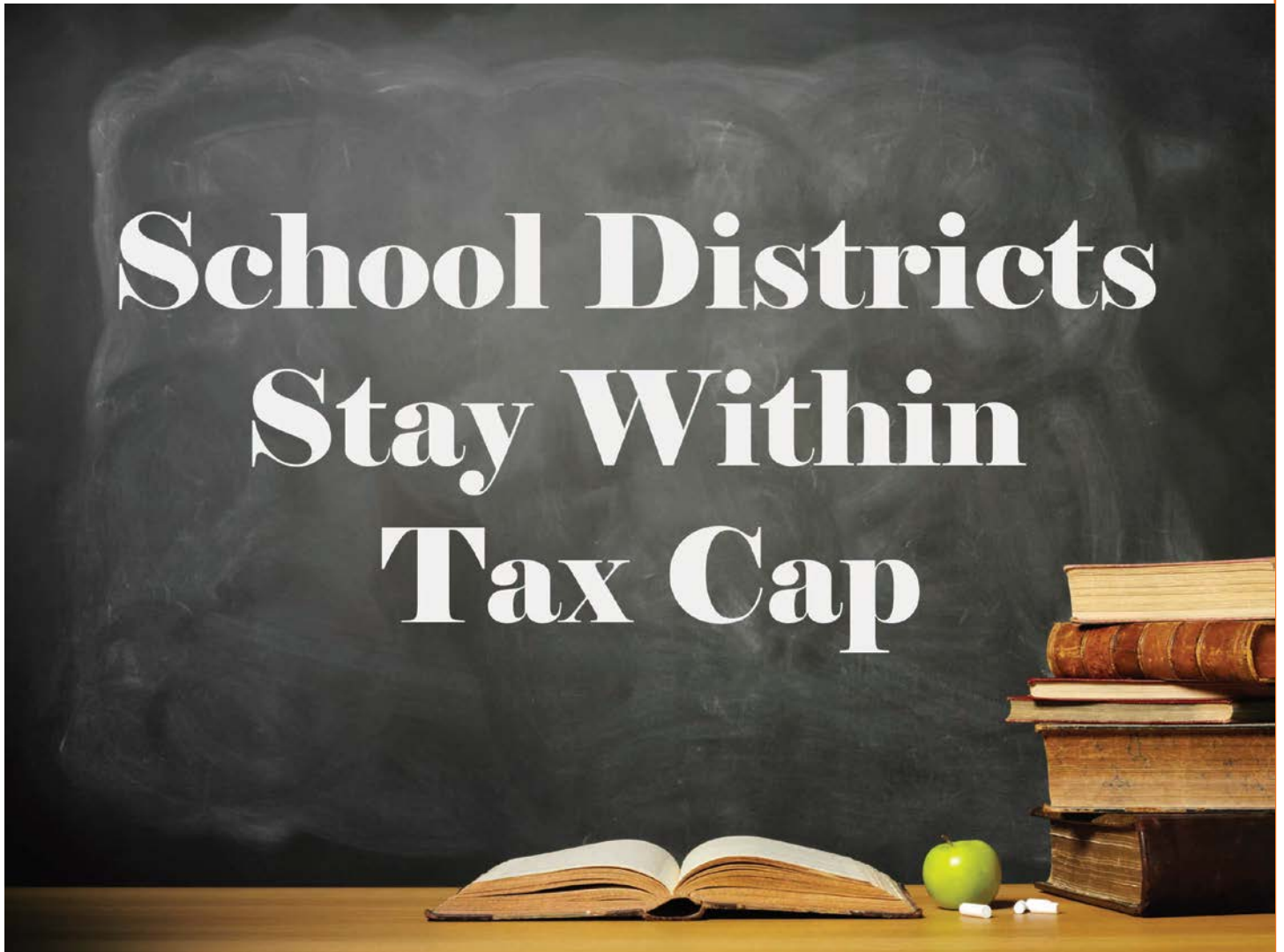


Ninety-nine Percent of School Districts Expect to Stay Within the Property Tax Cap

School Districts Stay Within Tax Cap



New York State
Association of School
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Advancing the Business of Education

March 2018

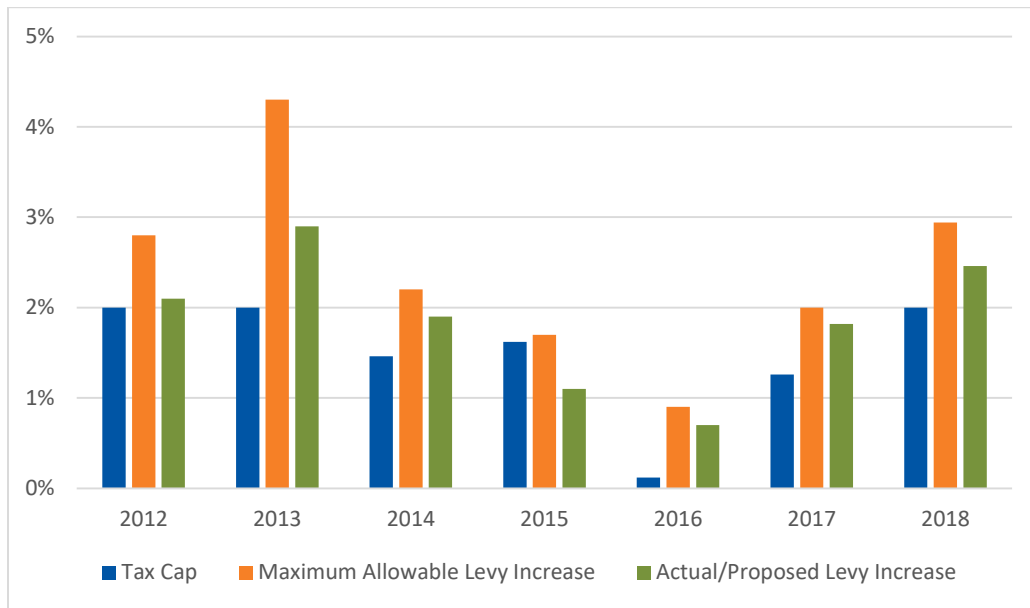
Introduction

On March 1, the law requires school districts to submit to the Office of the State Comptroller data needed to calculate their property tax caps and asks for their proposed taxes for school year 2018-19 budgets. 628 of New York State school districts completed this filing and 627 shared information on proposed taxes for next year. This research note analyzes the overall increase in proposed taxes, the number of districts facing a negative tax cap, and how many districts intend to ask their voters to override the tax cap. This report does not include the Big 5 districts as the Tax Cap law does not apply to the New York City School District and the Big 4 city school districts comply as part of their city's tax cap.

Overall Findings

Although the statewide tax cap allows levy growth of two percent, there are a number of factors that affect the maximum allowable tax cap for a given school district. For example, the formula allows school districts to increase what they can tax by the amount of local capital expenditures approved by the voters and to reduce what they can tax if they receive revenue from payments in lieu of taxes (PILOTs). Furthermore, districts often propose levies that are below their maximum allowable tax cap. For the state as a whole, after factoring in permissible exclusions and PILOT revenues, the maximum allowable tax increase for 2018-19 is 2.94 percent and the actual proposed tax increase is 2.46 percent. The following table compares data from this year with previous years.

Figure 1. The Tax Cap, What School Districts Could Tax, and What They Actually Taxed—2012 to 2017 and Estimates for 2018



	2012	2013	2014	2015	2016	2017	2018
Tax Cap	2%	2%	1.46%	1.62%	0.12%	1.26%	2%
Maximum Allowable Levy Increase	2.80%	4.30%	2.20%	1.70%	0.90%	2.00%	2.94%
Actual/Proposed Levy Increase	2.10%	2.90%	1.90%	1.10%	0.70%	1.82%	2.46%

Regional Breakdown

Figure 2. Regional Breakdown of Maximum Allowable and Proposed Levy Increases – March 2, 2018

Region	Maximum Allowable Increase	Proposed Increase
Capital Region	3.41%	2.70%
Central Region	2.70%	2.53%
Finger Lakes	3.01%	2.61%
Hudson Valley	2.98%	2.65%
Long Island	2.85%	2.34%
Mohawk Valley	3.38%	2.48%
North Country	2.58%	2.25%
Southern Tier	2.30%	2.11%
Western Region	3.26%	2.07%

Tax Cap Overrides

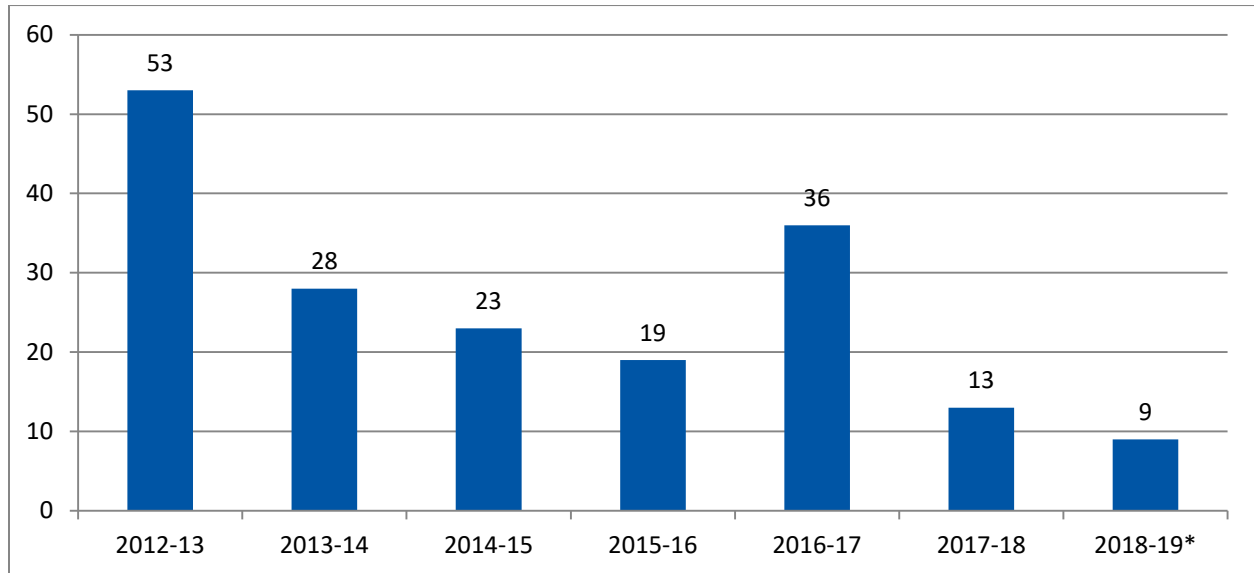
In their March 1 filings, nine school districts indicate they plan on proposing budgets that require overriding the tax cap. This would be the smallest number of schools pursuing overrides since the implementation of the tax cap. In terms of geographic distribution of overrides, there are four school districts from the North Country and three from the Western Region. The other two school districts are in the Hudson and Mohawk Valleys. Figure 3 lists the schools indicating they plan on proposing an override.

Figure 3. Tax Cap Overrides Expected for New York State School Districts—March 2, 2018

School District	Region	Maximum Allowable Increase	Proposed Increase
Alfred-Almond Central School District	Western	-0.5%	2.0%
Chateaugay Central School District	North Country	0.4%	3.0%
Chazy Union Free School District	North Country	0.6%	8.1%
Clymer Central School District	Western	4.2%	4.2%
Eden Central School District	Western	0.5%	2.0%
Johnstown City School District	Mohawk Valley	-2.5%	3.5%
Keene Central School District	North Country	3.0%	4.5%
Mamaroneck Union Free School District	Hudson Valley	2.8%	4.0%
Parishville-Hopkinton Central School District	North Country	2.6%	3.5%

Since the creation of the tax cap, the general trend has been fewer school districts proposing budgets that would require override votes. The one exception was in 2016, when very low levels of inflation led to an allowable levy growth factor of 0.12 percent. This year, nine districts indicated they plan on proposing budgets requiring an override of the tax cap. This number may change as school districts develop their proposed budgets with board of education and community input. The annual vote on the school district budget is scheduled for May 15, 2018 and school districts have until the end of April to finalize their budgets.

Figure 4. The number of Tax Cap Override Attempts in the First School District Vote—2012-2017 and Estimates for 2018



*The number of actual budgets requiring overrides often differs from what is filed in March. Last year, 18 school districts indicated they planned on proposing to override the tax cap in their March 1 filings, but only 13 school districts proposed budgets requiring an override for the May vote.

Negative Tax Caps

Although the statewide allowable levy growth is at two percent, some school districts face a negative tax cap. This happens when the maximum allowable tax levy is lower than the previous year’s tax levy. Many factors can lead to negative tax caps, including changes in capital exclusions, local property tax base, or local payments in lieu of taxes (PILOTs). For 2018-19, 15 districts face a negative tax cap. Figure 5 shows the number of districts with negative tax caps by year and Figure 6 has specifics on the school districts facing a negative tax cap for the 2018-19 school year.

Figure 5. Number of District with Negative Tax Caps—2012 to 2017 and Estimates for 2018

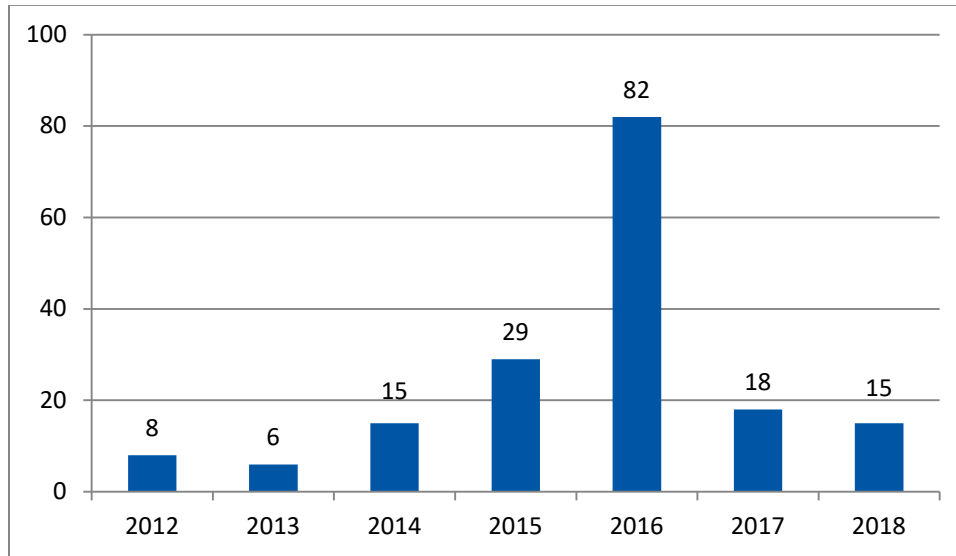


Figure 6. The Maximum Allowable Tax Increase Under the Tax Cap for School Districts with Negative Tax Caps as of March 2, 2018

School District	Region	Maximum Allowable Increase	Override
Alfred-Almond Central School District	Western	-0.49%	YES
Belfast Central School District	Western	-1.68%	NO
Binghamton City School District	Southern Tier	-1.48%	NO
Hoosick Falls Central School District	Capital	-0.15%	NO
Johnstown City School District	Mohawk Valley	-2.49%	YES
Lackawanna City School District	Western	-0.75%	NO
North Babylon Union Free School District	Long Island	-0.59%	NO
Onondaga Central School District	Central	-0.47%	NO
Oxford Academy and Central School District	Southern Tier	-0.59%	NO
Prattsburgh Central School District	Southern Tier	-0.89%	NO
Rensselaer City School District	Capital	-0.90%	NO
Saranac Lake Central School District	North Country	-1.45%	NO
Shoreham-Wading River Central School District	Long Island	-0.50%	NO
Tuxedo Union Free School District	Hudson Valley	-4.16%	NO
Watkins Glen Central School District	Southern Tier	-2.19%	NO

Conclusion

As in past years, districts are almost all staying within the New York State Property Tax Cap. With an increase in inflation, the allowable levy growth factor is two percent thus giving districts more flexibility than in recent years when inflation was low. Although that is positive for school districts, an uncertain fiscal climate for the state as it responds to federal tax changes makes the future uncertain. Lawmakers are deliberating on the state budget now, which will determine state aid to school districts. State Aid, especially for high need school districts that are furthest from full funding, is crucial in helping school districts educate all children within the constraints of the Tax Cap. For NYSASBO recommendations on state aid to school districts see [here](#).

The following staff contributed to the writing and production of this report:

DEBORAH CUNNINGHAM
ANDREW VAN ALSTYNE
JOEL TIRADO

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SOURCE: New York State Association of School Business Officials, Albany, NY 12205, [Date of Release], www.nysasbo.org

Contact: Michael J. Borges, Executive Director
New York State Association of School Business Officials (NYSASBO)
453 New Karner Road, Albany, NY 12205 | 518-434-2281 | www.nysasbo.org