

HAMILTON CENTRAL SCHOOL
HAMILTON, NEW YORK 13346



With the recent passing of new tax cap legislation in New York State, the budget process for school districts will be commencing sooner than in previous years. It will be vital for school districts to communicate with local communities how the tax cap legislation will impact each school district.

School districts continue to await further clarification from the Office of the State Comptroller, Department of Taxation and Finance, State Education Department, Division of the Budget, and the Governor's office. Here is a summary of what we know at this point:

- The tax cap begins with the 2012-2013 school year budget. The tax cap will be in effect through at least 2016-2017. It will then remain in effect as long as rent control laws are in place.
- The new law is commonly being referred to as a "2% tax cap." However, the law itself does not limit how much the tax levy can actually increase under a proposed budget.
- An amount known as the "tax levy limit" will be calculated by each individual school district. The tax levy limit will take into account a tax base growth factor (if any), and PILOT payments received in the previous year. The factors will be applied to the previous year's tax levy.
- The district will then add "coming school year exemptions" to the tax levy limit for a maximum allowable tax levy. Coming school year exemptions will include local capital expenditures, court orders/judgments (if applicable), and pension costs in excess of a 2% increase in contributions from the previous year.
- The public will still be voting on a proposed budget, not on the tax levy. If the proposed budget carries a tax levy increase at or below the maximum allowable tax levy, a simple majority (50% +1 voter) will be required to pass. If the proposed budget carries a tax levy increase that exceeds the maximum allowable tax levy, a 60% supermajority is what is needed for approval.
- The law leaves most current contingency budget requirements/restrictions in place. However, if the district proposes a budget that exceeds the maximum allowable levy, and does not receive a supermajority, it is believed that the district will not be able to increase the tax levy at all from the previous year. At this time, it is unclear whether any factors and/or exemptions would be applied to the new tax levy.
- The tax cap law does not cap an individual's school tax bill. The law applies solely to the total tax levied by the school district. Individual tax bills will continue to differ based on various factors, including changes in assessments and equalization rates.
- We expect our understanding of this legislation to evolve as it is implemented. As more information is released to districts throughout the state, we will make efforts to keep you informed.