

Some Frequently Asked Questions and Answers

How would you define “tax levy limit?”

For school districts, the “tax levy limit” is the highest allowable tax levy (before exemptions) that a school district can propose as part of its annual budget for which only a simple majority of voters (more than 50 percent) is required for budget passage. Any proposed tax levy amount above that limit requires budget approval by a supermajority (60 percent or more) of voters.

Essentially, the “tax levy limit” sets a threshold that requires districts to obtain a higher level of community support for a proposed tax levy above the “tax levy limit.” However, the new legislation does not place a limit on any taxes a school district would levy to pay for expenses related to specific “exempt” items, including some court orders, some pension costs and local capital expenditures. The costs of these exempt items are added to the “tax levy limit” to come up with the “allowable tax levy” limit.

It is important to note that:

- **Tax levy limits will vary by school district;**
- **The new law does not limit an individual’s tax bill.**

How is each district’s tax levy limit determined?

By law, each school district’s tax levy is determined by a complex, 8-step formula that was developed by the state. The formula takes into consideration a number of variables, including growth in the local tax base (if any), exemptions, the previous year’s tax levy, as well as the current and coming years’ PILOTs (Payment In Lieu Of Taxes). The rate of inflation or 2 percent (whichever is lower) is also part of the equation. Consideration is also made for any allowable “carryover” funds from previous years, as districts are allowed to “bank” some unused portions of their tax levy limits to use in future years (details on this are still emerging from the state).

Individual school districts will each have a unique tax levy limit, which must be submitted to the state by March 1 each year. Once the tax levy limit is determined, the district will then add coming school year’s exemptions to the tax levy limit, creating a “maximum allowable levy.” As a result, a district may actually propose a budget with a tax levy that is higher than its tax levy limit and still be within its “cap” under the law.

How does the new law take into account the fact that some expenses are currently beyond a school district’s control?

By allowing for exemptions. After a school district calculates its “tax levy limit,” it then adds exemptions into that amount, allowing a district to propose a tax levy greater than the amount set by the “limit” without triggering the need for approval by 60 percent of voters. These exemptions include:

- **Voter-approved local capital expenditures;**
- **Increases in the state-mandated employer contribution rates for teacher and employee pensions that exceed two percentage points;**
- **Court orders/judgments resulting in any amount that exceeds 5 percent of a district’s current levy. However, tax certioraris are not exempt.**

What will the new property tax levy law mean for MY tax bill?

That remains to be seen. First, the new law applies to the tax levy, not to tax rates or to individual tax bills. Second, it does not impose a universal 2 percent cap on taxes, or any other specific amount. The law does require a greater number of voters to approve a proposed budget that exceeds a school district's individual "tax levy limit," as calculated by a complex state formula. And third, there are several factors (assessments, STAR, equalization rates, etc.) that dictate how your school tax bill is calculated after the district sets the final tax levy; these factors are beyond the district's control.

Do residents still vote on school district budgets?

Yes. Residents will still be voting on the district's proposed spending plan on the third Tuesday in May. In 2012, the date is May 15. Under the new law, the level of voter approval needed to pass a budget will now depend on the amount of tax levy required under the school budget proposal.

If the district meets or stays below the "tax levy limit" threshold (before exemptions), it only needs a simple majority (more than 50 percent) of "yes" votes for budget passage/approval. If the district goes beyond the "tax levy limit" threshold (before exemptions), it must secure support from 60 percent or more (a supermajority) of voters for budget passage.

How will I know if the Rondout Valley Central School District is proposing a tax levy above its "tax levy limit," requiring 60 percent voter approval?

By law, any school district that proposes a budget that requires a tax levy (before exemptions) above its "tax levy limit" must include a statement on the ballot indicating this to voters. Information will also be available on the district website.

Are all the details of the new law finalized?

No. In this first year of the property tax levy cap, information about its provisions and implementation continues to evolve. We're providing the information that we have available at this time. Rondout Valley and other school districts across the state are now awaiting further clarification from the New York State Office of the Comptroller, the Department of Taxation and Finance, the New York State Education Department, the Division of the Budget and the governor's office