

Island Park UFSD 2017-2018 Budget

Tax Levy Limit Calculation

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2017/2018 School Budget

Tonight's presentation is *the first part* in a comprehensive review and discussion of the proposed budget.

The budget will be adopted by the Board of Education and presented for approval on
May 16, 2017.



What is the Tax Cap?

- On June 24, 2011, the property tax cap was signed into law (Chapter 97 of the NYS Laws of 2011).
- The tax cap law establishes a limit on the annual growth of property taxes levied by local governments and school districts to 2% or the rate of inflation, **whichever is less.**



Who is Subject to the Tax Cap?

- The cap applies to all school districts outside of the Big Five Cities and to all local governments including counties, cities, towns, villages and special districts
- The school district's tax levy cannot exceed the cap unless 60% of voters (supermajority) approve the increase
- Other municipalities need have only a majority—or supermajority—of the “governing body”
- The tax cap was effective beginning in 2012/13 school year



Key Components: Calculation of Legal Tax Levy Limit

- There is an 8-step formula for determining the “tax levy limit”
- It includes the following factors:
 - ✓ Tax Base Growth Factor
 - ✓ PILOTs
 - ✓ ERS
 - ✓ TRS
 - ✓ Capital Exclusion
 - × Tort Judgments
 - × Available Carryover



Key Components: Calculation of Legal Tax Levy Limit

- Tax Base Growth Factor: Increase from 1.0000% to 1.0096% - provided by the New York State Department of Taxation & Finance
 - Based on improvements and growth in the community – i.e. new commercial buildings & housing.
- Allowable Levy Growth Factor for 2017-18 - **1.26%**
 - CPI ended 2016-17 at 1.26% - tax growth factor then is either the CPI or 2%, ***whichever is lower***



Key Components: Calculation of Legal Tax Levy Limit

- PILOTs: Payment In Lieu Of Taxes
 - Bayview Manor LLC
 - LIPA
- Capital Exclusion:
 - Capital Expenditures are exempt from the cap (includes bond debt, bus & truck leases, purchase of new buses, expenditures on capital projects)
- Retirement Contributions:
 - ERS/TRS increases greater than 2 percentage points

Tax Cap Levy must be submitted to the New York State Comptroller's Office by March 1.



Tax Levy Limit Calculation

Base Formula

$$\left(\left[\left(\begin{array}{l} \text{Prior} \\ \text{fiscal} \\ \text{year tax} \\ \text{levy} \end{array} + \begin{array}{l} \text{Prior year} \\ \text{reserve} \\ \text{offset} \end{array} - \begin{array}{l} \text{Reserve} \\ \text{amount} \\ \text{(including} \\ \text{interest} \\ \text{earned)} \end{array} \right) \times \begin{array}{l} \text{Tax base} \\ \text{growth} \\ \text{factor*} \end{array} \right] + \begin{array}{l} \text{PILOTs} \\ \text{receivable in} \\ \text{the prior fiscal} \\ \text{year} \end{array} - \begin{array}{l} \text{Tort exclusion} \\ \text{amount, prior} \\ \text{fiscal year} \end{array} \right) \\
 \times \begin{array}{l} \text{Allowable} \\ \text{levy growth} \\ \text{factor (1.00} \\ \text{to 1.02)**} \end{array} - \begin{array}{l} \text{PILOTs} \\ \text{receivable} \\ \text{in coming} \\ \text{fiscal year} \end{array} + \begin{array}{l} \text{Available} \\ \text{carryover} \end{array} = \text{Tax Levy Limit}$$

+ Transfer of Function

+ Exclusions

Tax Levy Limit

+

Net of Transfer of Government Function (as determined by OSC)

+

Tax levy necessary for expenditures from court orders/judgments resulting from tort actions for any amount in excess of 5% of the total taxes levied in the prior fiscal year

+

Levy necessary to pay for increases to the system average actuarial contribution rate (or normal contribution rate) of pension funds over 2 percentage points

=

Tax Levy Limit, Adjusted for Transfers, Plus Exclusions

| Island Park U.F.S.D. - Tax Levy Limit Calculation | |
|--|------------|
| 2016/2017 Approved Actual Tax Levy | 31,050,117 |
| Tax Base Growth Factor | 1.0096 |
| | 31,348,198 |
| | 31,348,198 |
| 2016/2017 PILOT (payment in lieu of taxes) | 860,386 |
| Total | 32,208,584 |
| Prior Year Exemptions | |
| Tort judgments greater than 5% of 2016/2017 tax levy | 0 |
| 2016/2017 Capital Tax Levy (including debt service and EPC (less building aid) | 1,499,777 |
| Adjusted Prior Year Tax Levy | 30,708,807 |
| Adjusted Prior Year Tax Levy | 30,708,807 |
| Allowable Levy Growth Factor | 1.26% |
| (lesser of 2% or sum of 1 plus inflation factor) | 31,095,738 |
| | 31,095,738 |
| 2017/2018 PILOT (assume the same) | 860,386 |
| | 30,235,352 |
| | 30,235,352 |
| Available Carryover (not available year 1) | 0 |
| Tax Levy Limit | 30,235,352 |
| Current Year Exemptions | |
| 1. Tort Judgments greater than 5% of 2017/2018 tax levy | 0 |
| 2. ERS contribution increase greater than 2 percentage points (for 17/18) | 0 |
| 3. TRS contribution increase greater than 2 percentage points (for 16/17) | 0 |
| 4. 2017/2018 Capital Tax Levy (including debt service) (less building aid) | 1,731,113 |
| Allowable tax levy prescribed by Chapter 97 of the Laws of 2011 | 31,966,465 |
| Voter approved tax levy for 16/17 | 31,050,117 |
| dollar increase in levy | 916,348 |
| Allowable Levy % for Island Park UFSD | 2.95% |

Important Upcoming Dates

- March 20, 2017 – Anticipated Budget Expenses and Revenues, School Report Card
- April 20, 2017 – Property Tax Report Card, Budget Adoption & BOCES Budget Vote
- May 1, 2017 – Budget Hearing for District & Island Park Library
- May 16, 2017 – School & Library Budget Votes and Trustee Elections



