

Island Park UFSD 2018-2019 Budget Tax Levy Limit Calculation

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2018-2019 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 15, 2018.



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
 - ✓ Capital Exclusion
 - × ERS
 - × TRS
 - × Tort Judgments
 - × Available Carryover



Key Components: Calculation of Legal Tax Levy Limit

- Tax Base Growth Factor: Increase from 1.0096% to 1.0104% - 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 2018-19 – 2.00%
 - CPI ended 2017 at 2.13% - 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
 - Waterview Land Development LLC – *new for 18/19 school year*
- 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 UFSD Tax Cap History

	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
Tax Levy Limit (maximum as per formula)	2.64%	-0.18%	2.95%	3.16%
Tax Levy % (actual)	1.50%	-0.18%	1.48%	≤ 1.50%



Island Park U.F.S.D. - Tax Levy Limit Calculation	
2017/2018 Approved Actual Tax Levy	31,508,198
Tax Base Growth Factor	1.0104
	31,835,883
	31,835,883
2017/2018 PILOT (payment in lieu of taxes)	882,743
Total	32,718,626
Prior Year Exemptions	
Tort judgments greater than 5% of 2017/2018 tax levy	0
2017/2018 Capital Tax Levy (including debt service and EPC (less building aid))	1,731,113
Adjusted Prior Year Tax Levy	30,987,513
Adjusted Prior Year Tax Levy	30,987,513
Allowable Levy Growth Factor	2.00%
(lesser of 2% or sum of 1 plus inflation factor)	31,607,264
	31,607,264
2018/2019 PILOT (assume the same)	970,084
	30,637,180
	30,637,180
Available Carryover (not available year 1)	0
Tax Levy Limit	30,637,180
Current Year Exemptions	
1. Tort Judgments greater than 5% of 2018/2019 tax levy	0
2. ERS contribution increase greater than 2 percentage points (for 18/19)	0
3. TRS contribution increase greater than 2 percentage points (for 17/18)	0
4. 2018/2019 Capital Tax Levy (including debt service) (less building aid)	1,865,926
Allowable tax levy prescribed by Chapter 97 of the Laws of 2011	32,503,106
Voter approved tax levy for 17/18	31,508,198
dollar increase in levy	994,908
Allowable Levy % for Island Park UFSD	3.16%

Important Upcoming Dates

- March 19, 2018 – Anticipated Budget Expenses and Revenues, School Report Card
- April 19, 2018 – Property Tax Report Card, Budget Adoption & BOCES Budget Vote
- May 7, 2018 – Budget Hearing for District & Island Park Library
- May 15, 2018 – School & Library Budget Votes and Trustee Elections



