

10 Fast Facts about New York's Property Tax Levy Cap

1. The "2 percent tax cap" does NOT limit a tax levy increase to 2 percent. It does mean, however, that any increase above a certain amount requires 60 percent of voters to approve the school budget. The certain amount is called the "tax levy limit" and will vary by school district.
2. The "tax levy limit" is determined by a complex, eight-step formula that includes factors such as the growth in the local tax base (if there is any), the previous year's tax levy, and the current and future years' payments in lieu of taxes (PILOTS).
3. The rate of inflation or 2 percent, whichever is lower, is just one part of the "tax levy limit" calculation. That is where the phrase "2 percent tax cap" comes from.
4. If Elmsford's proposed budget meets or stays below the "tax levy limit" (before exemptions), more than 50 percent of voters (a simple majority) need to vote "yes" to pass the budget.
5. After a school district calculates its "tax levy limit," it then adds exemption into that amount. These exemptions allow the district to propose a tax levy greater than the amount set by the "limit" without requiring 60 percent of the voters to pass the budget.
6. These exemptions - or factors that "don't count" against the cap - include voter-approved local capital expenditures; increases in state-mandated employer contributions rates for teacher and employee pensions that exceed two percentage points; and court orders/judgments resulting in any amount that exceeds 5 percent of a district's current levy.
7. If Elmsford proposes a budget that includes a tax levy above its "tax levy limit," you will see a statement on the ballot by law.
8. The new law applies to the **tax levy, not to tax rates OR individual tax bills**. What will happen to your tax bill - how much it may go up or down - cannot be predicted until a number of other factors are determined later in the year, such as local assessments which are set by the assessor and equalization rates which are set by the state. Both of these impact the amount of each tax bill.
9. If the proposed budget is not approved, the district may submit the same budget proposal or a revised budget proposal for another vote, or go directly to a contingency budget. If a second vote is not approved, the district must adopt a contingency budget. However, under the new law, a district that adopts a contingency budget cannot increase its tax levy from that of the prior year by any amount - a ZERO percent increase.
10. As in previous years, district residents will vote on the district budget on the third Tuesday in May, or Tuesday, May 15, 2012.