

MOUNT PLEASANT CENTRAL SCHOOL DISTRICT

PROPERTY TAX CAP FAQs

What is a property tax cap?

- On June 24, 2011, Gov. Andrew Cuomo signed into law Chapter 97 of the Laws of 2011 (the “Act”). This law, which applies to school districts, towns and counties, requires a cap of 2% or the rate of inflation, whichever is lower, on the tax levy. **This is different from the tax rate!**
- The levy is the amount that a school district, town or county receives from property taxes to provide services. In a school district, the amount raised through the levy is added to other revenue, including state aid, to cover the total cost of operating the school district during a given year.

As a resident of Mt. Pleasant, does this mean that my school taxes are being reduced?

- The cap does not mean that taxes will be reduced. Gov. Cuomo stated that this cap on the tax levy is a way “to slow the growth” of property taxes for the citizens of New York State.
- The cap acts as a way to limit the increase of the tax levy, but other items such as the assessed value of homes, tax certioraris, and losses of other revenue will have a great impact on the property taxes in the town of Mt. Pleasant.

How might programs and services in schools in New York State be affected by the cap?

- It is anticipated that many schools in New York State, after enduring 2 years of budget reductions, will see large gaps between property tax revenues and expenditures. As a result, districts will be forced to remove programs, lay off staff, and deplete reserves to balance the budget and operate the school district. The Governor said that school districts need to “live within their means.”

Is any school district exempt from the property tax cap?

- All school districts in NYS except the “Big 5”: NYC, Yonkers, Syracuse, Rochester, and Buffalo, must abide by the cap.

What else does Chapter 97 of the Laws of 2011 cover?

- Chapter 97 also includes provisions extending into rent regulations in NY and some limited mandate relief (for example, authorizes schools to provide student transportation based on patterns of actual ridership, relieves school districts from conducting a census of pre-school students on an annual basis to every two years; cooperative technology purchases through Federal contracts). Additional mandate support/relief is still needed.

When does the cap on the tax levy go into effect?

- The cap on the levy begins with the 2012-13 fiscal year and remains in effect through June 15, 2016, unless otherwise extended.

Can the district override the tax cap?

- YES! The cap may be exceeded by a 60% vote of school district voters.

Are there any costs that are excluded from the tax cap?

- School districts are allowed to exclude certain items when calculating the district tax cap:
 - Court Orders and Judgments
 - ERS costs that exceed 2% from the prior year

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- TRS costs that exceed 2% from the prior year
- Capital expenditures to facilities, construction, improvement, and debt service

What does a property tax cap mean for the Mt. Pleasant CSD?

- As of September 2011, if we take the PRELIMINARY maximum allowable levy, add 2011-2012 budgeted state aid and other revenues (assuming all revenue remains the same), the total budget for 2012-2013 would be \$51,022,377.
- This is \$302,623 less than the 2011-2012 budget of \$51,325,000.
- This assumes no appropriation of fund balance, as we cannot deplete our reserves as one-time cash injections.

Does the public still vote on a budget?

- YES! The proposed budget is presented, additional spending propositions are presented, and BOE elections will take place.

What options does the BOE have?

- Option 1: Propose a budget requiring a tax levy before exemptions **at or below** the Tax Levy Limit prescribed by law
 - Requires a simple majority (50% + 1 voter approval)
- Option 2: Propose a budget requiring a tax levy before exemptions **above** the Tax Levy Limit prescribed by law
 - Requires a “super majority” (60% voter approval)
 - Requires a statement on ballot indicating the required tax levy before exemptions exceeds the Tax Levy Limit

What happens if the budget does not pass?

- The school district has two chances to obtain the voters’ approval. According to current interpretations of the law, if the budget fails twice, the Board of Education “shall levy a tax no greater than the tax that was levied for the prior school year.” This aspect of the law is still under discussion in Albany and districts and municipalities are awaiting further clarification at this time.

Where can I find out more?

- The New York State School Boards Association (NYSSBA) website is an excellent resource: www.nyssba.org