### New York’s Tax Levy “Cap” Formula: How does it add up?

**The Base Formula**

The “quantity change factor,” determined by the Dept. of Taxation and Finance for each district by Feb. 1. It’s the year-to-year increase in the full value of taxable real property in a school district due to physical or quantity change (e.g., new construction). Increases in full value solely to assessment changes are not included. This factor will not be less than 1.00, even if a district sees a decrease in its full property value.

This factor, which accounts for inflationary change, is limited to the lesser of 2 percent or the change in the consumer price index. For the 2013-14 budget year, this factor is 1.02 (2% increase) for all school districts.

The highest allowable tax levy (before exclusions; see below) that a school district can propose as part of its annual budget and need only a simple majority of voters (50% + 1) to pass the budget. Each school district will calculate and report its own tax levy limit.

The total amount of property tax revenue levied by the district for 2012-13 school year (the year prior to budget year 2013-14), adjusted for any excess tax levy that was identified for a previous year, including any interest earned.

The amount of revenue receivable by the school district in the 2012-13 school year from “payments in lieu of taxes,” or PILOTs. Certain commercial property owners (usually large corporations) enter into PILOT agreements to make annual payments instead of paying property taxes for a negotiated period of time.

The amount of revenue the school district expects to receive in the 2013-14 school year from “payments in lieu of taxes,” or PILOTs.

The amount of the school district’s current-year tax levy (2012-13) necessary to pay for court orders or judgments arising out of tort actions. Applies only to the portion that exceeds 5% of the school district’s total prior-year tax levy. Tax certioraries do not qualify.

This factor, which accounts for inflationary change, is limited to the lesser of 2 percent or the change in the consumer price index. For the 2013-14 budget year, this factor is 1.02 (2% increase) for all school districts.

### Exclusions to be Added

The law excludes certain portions of a school district’s tax levy from the calculation above. A district can add these exclusions (described below) to its tax levy limit, increasing the amount of taxes the district is allowed to levy while still needing only a simple majority of voters for budget approval.

**Tax Levy to Pay for Some Court Orders/Judgments**

The amount of the school district’s coming-year tax levy (2013-14) necessary to pay for court orders or judgments arising out of tort actions. Only the amount that exceeds 5% of the school district’s prior-year total tax levy can be excluded from the tax levy limit. Tax certioraries cannot be excluded.

**Tax Levy to Pay for Some Pension Contribution Costs**

Applies only when the employer contribution rates set by the statewide pension systems (TRS and ERS) increase by more than 2 percentage points from one year to the next. Even with this exclusion, most—if not all—pension costs must be funded within a school district’s tax levy limit.

**Tax Levy to Pay for Some Local Capital Costs**

The amount of the school district’s coming-year tax levy (2013-14) necessary to pay for construction/renovation of capital facilities or capital equipment (including debt service and lease expenditures) and transportation capital debt service (e.g., bus leases and purchases). Refers only to the portion paid with local tax dollars (i.e., does not include state building or transportation aid received).

### Maximum Allowable Tax Levy

The tax levy limit plus exclusions. This is the highest total tax levy that a school district can propose as part of its annual budget for which only the approval of a simple majority of voters (50% + 1) is required.