

# Ninety-Eight Percent of School Districts Expect to Stay Within the Tax Cap

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New York State  
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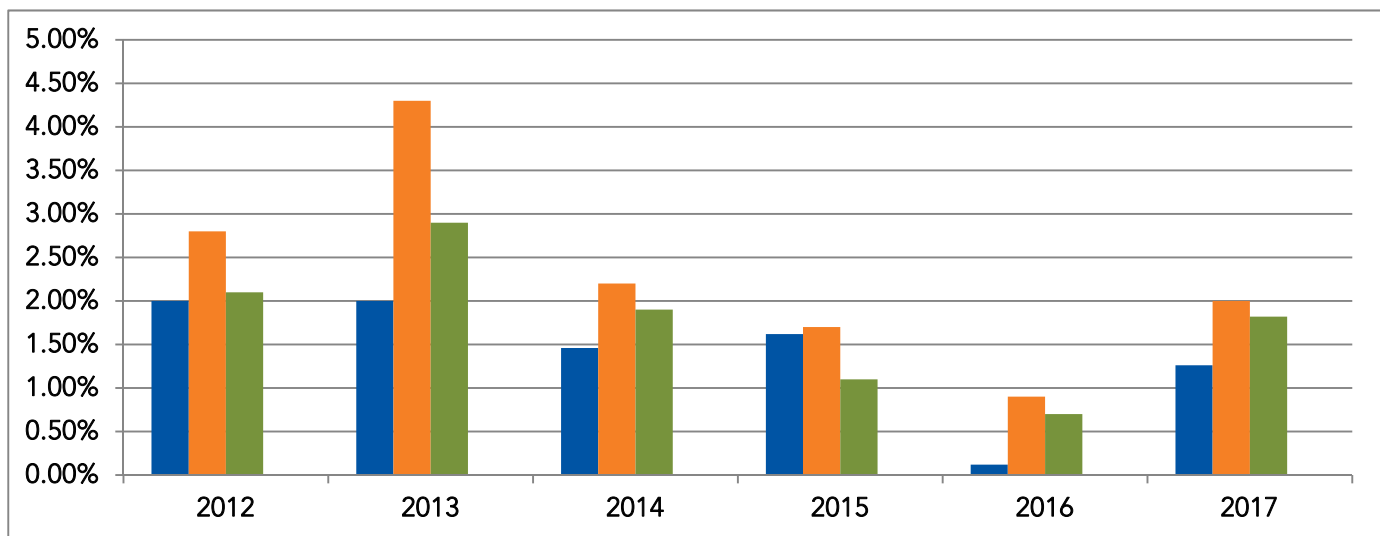
## Introduction

On March 1, the law requires school districts to submit to the Office of the State Comptroller data needed to calculate their tax caps and their proposed taxes for school year 2017-18 budgets. Ninety-six percent (645) of New York State school districts completed this filing and 94 percent (631) shared information on proposed taxes for next year. This research note analyzes the overall increase in proposed taxes, the number of districts facing a negative tax cap, and how many districts intend to ask their voters to override the tax cap. This report does not include the Big 5 districts as the Tax Cap law does not apply to the New York City School District and the Big 4 city school districts comply as part of their city's tax cap.

## Overall Findings

Although the statewide tax cap is 1.26 percent, there are a number of factors that affect the maximum allowable tax cap for a given school district. For example, the formula allows school districts to increase what they can tax by the amount of local capital expenditures approved by the voters and to reduce what they can tax if they receive revenue from Payments in Lieu of Taxes (PILOTs). Furthermore, districts often propose levies that are below their maximum allowable tax cap. For the state as a whole, after factoring in permissible exclusions and PILOT revenues, the average maximum allowable tax increase for 2017-18 is 2 percent and the average actual proposed tax increase is 1.82 percent. Figure 1 compares data from this year with the past five years.

**Figure 1. The Tax Cap, What School Districts Could Tax and What They Actually Taxed—2012 to 2016 and Estimates for 2017**

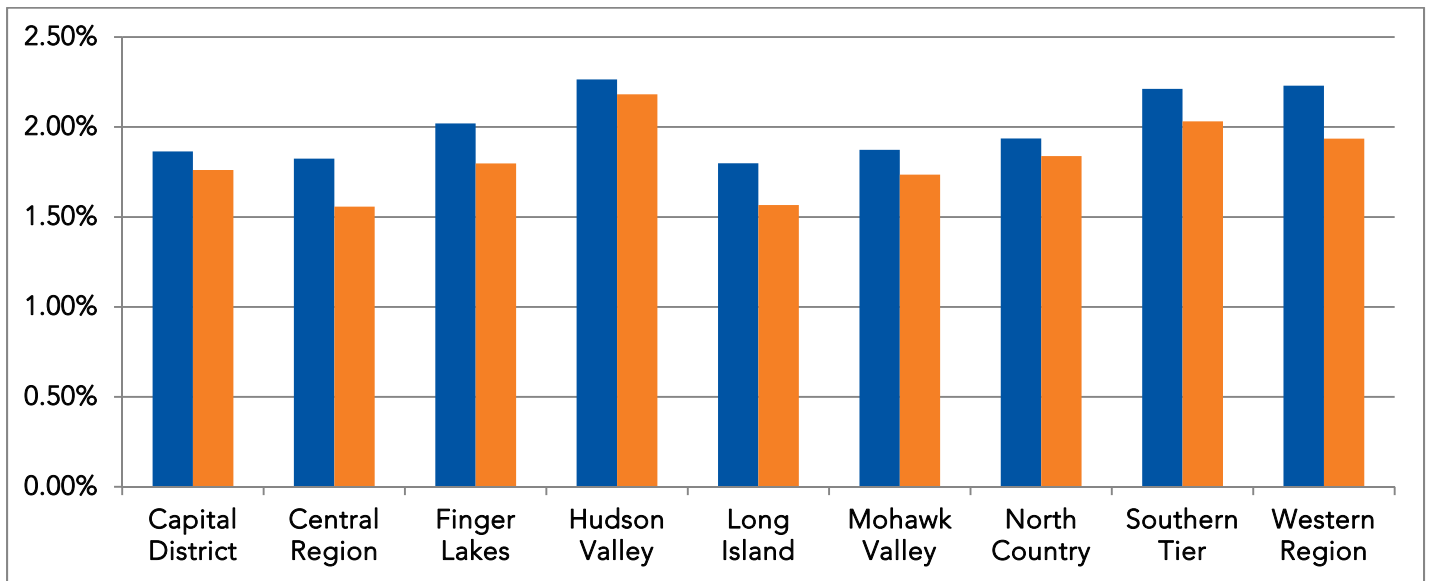


Year	2012	2013	2014	2015	2016	2017
Tax Cap	2%	2%	1.46%	1.62%	0.12%	1.26%
Maximum Allowable Levy Increase	2.80%	4.30%	2.20%	1.70%	0.90%	2.00%
Actual/Proposed Levy Increase	2.10%	2.90%	1.90%	1.10%	0.70%	1.82%

## Regional Breakdown

Examining the different regions of the state, the average increase that school districts can tax under the tax cap law ranges from 1.8 percent for school districts in Long Island to 2.26 percent for school districts in the Hudson Valley. Districts within the tax cap must obtain a simple majority approval (50 percent plus one vote) from their voters, while districts that override the tax cap must obtain budget approval of at least 60 percent of their voters. Proposed levy increases range from 1.57 percent for school districts in Long Island to 2.18 percent for school districts in the Hudson Valley.

**Figure 2. Maximum Allowable Tax Caps and Proposed Tax Increases by Region**



	Capital District	Central Region	Finger Lakes	Hudson Valley	Long Island	Mohawk Valley	North Country	Southern Tier	Western Region
<b>Maximum Allowable Levy Increase</b>	1.86%	1.82%	2.02%	2.26%	1.80%	1.87%	1.94%	2.21%	2.23%
<b>Actual/Proposed Levy Increase</b>	1.76%	1.56%	1.80%	2.18%	1.57%	1.74%	1.84%	2.03%	1.94%

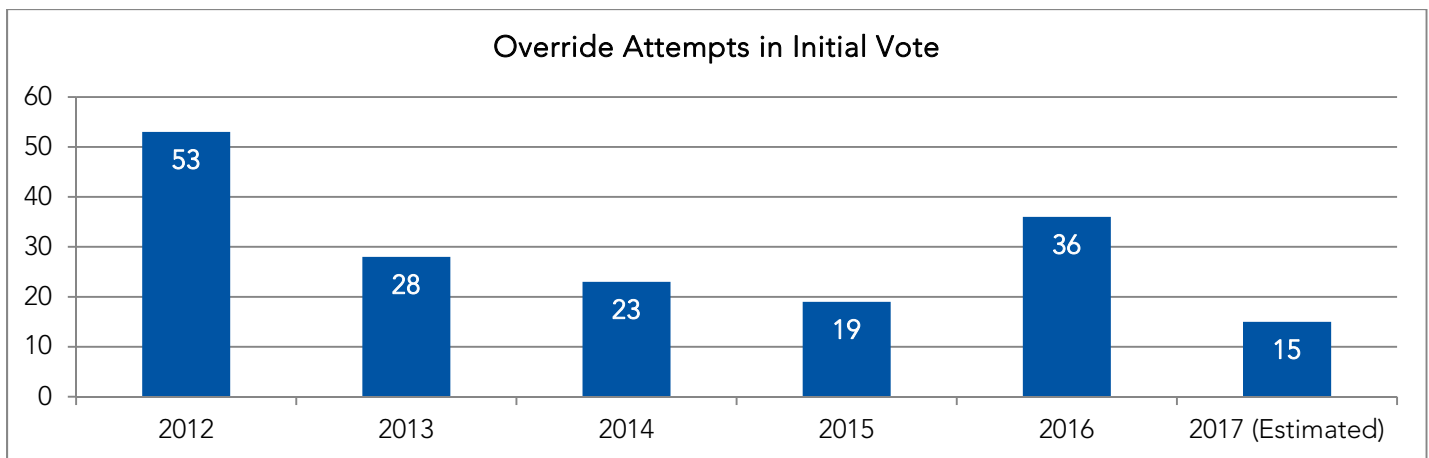
## Tax Cap Overrides

Although it is still early in the budget development process, as of this date, 15 districts plan to present their voters with budgets that require overriding the tax cap. That is much fewer than last year when low inflation caused a tax cap set at .12 percent. Thirty-six school districts attempted to override the tax cap last year and 29 of those budgets eventually passed. Figure 3 shows the school districts which reported they will override the tax cap this year, the maximum allowable increase under the tax cap, and the tax increase the district expects to propose. These districts came from all over the state with the exception of Long Island. This year's override number of 15 school districts is the lowest since the inception of the Tax Cap (see Figure 4).

**Figure 3. Tax Cap Overrides Expected for New York State School Districts—March 2, 2017**

School District	Maximum Allowable Increase	Proposed Increase	State Region
Beaver River Central School District	0.42%	2.00%	North Country
Chateaugay Central School District	-2.61%	0.00%	North Country
De Ruyter School District	2.76%	6.90%	Central Region
Glens Falls Common School District	2.61%	2.61%	Capital District
Inlet School District	2.90%	2.90%	Mohawk Valley
Lackawanna School District	3.15%	4.00%	Western Region
New Paltz School District	1.20%	2.57%	Hudson Valley
Newcomb Central School District	3.11%	7.72%	North Country
Niagara Falls School District	-1.09%	0.00%	Western Region
Northville School District	1.94%	2.35%	Mohawk Valley
Pittsford School District	2.72%	5.99%	Finger Lakes
Potsdam School District	0.41%	0.41%	North Country
Queensbury School District	-3.79%	2.89%	Capital District
Schalmont School District	1.78%	2.33%	Capital District
Westmoreland School District	1.14%	1.14%	Mohawk Valley

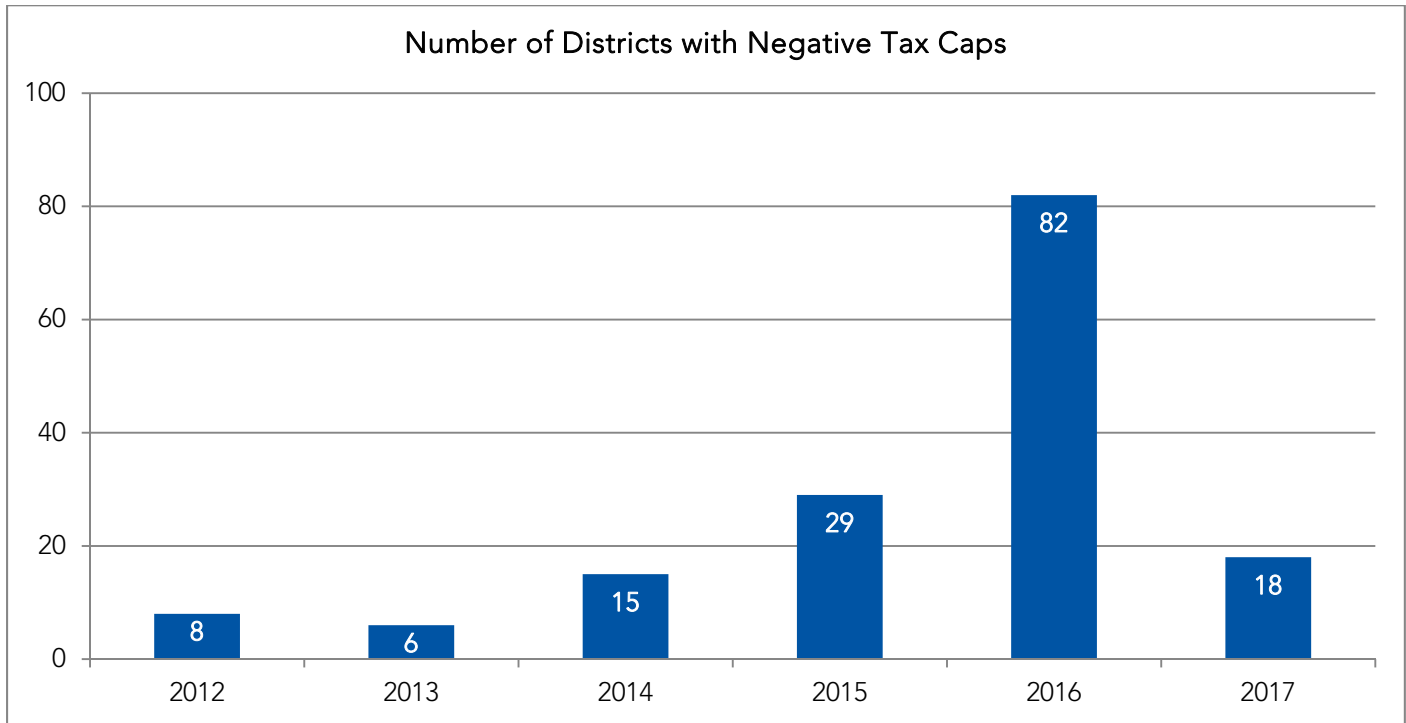
**Figure 4. The number of Tax Cap Override Attempts in the First School District Vote—2012-2016 and Estimates for 2017**



### Negative Tax Caps

Although the statewide allowable tax increase is 1.26 percent to stay within the tax cap, some school districts encounter a negative tax cap when their maximum allowable tax cap is lower than the previous year’s tax levy. Many factors can lead to negative tax caps, including changes in capital exclusions, local property base, or local payments in lieu of taxes (PILOTs). For 2017-18, 18 districts face a negative tax cap, which is significantly fewer than the 82 districts that had negative tax caps for 2016-17 budgets. See Figures 5 and 6.

**Figure 5. Number of District with Negative Tax Caps—2012 to 2016 and Estimates for 2017**



**Figure 6. The Maximum Allowable Tax Change Under the Tax Cap for School Districts with Negative Tax Caps as of March 2, 2017**

School District	Maximum Allowable Change	State Region	Override?
Valley Stream Thirty School District	-15.17%	Long Island	No
Rensselaer School District	-11.01%	Capital District	No
Queensbury School District	-3.79%	Capital District	Yes
Chateaugay Central School District	-2.61%	North Country	Yes
Fort Edward School District	-2.40%	Capital District	No
Honeoye School District	-1.53%	Finger Lakes	No
Wyandanch School District	-1.48%	Long Island	No
Dover Union Free School District	-1.38%	Hudson Valley	No
Fulton School District	-1.34%	Central Region	No
Niagara Falls School District	-1.09%	Western Region	Yes
Hamburg School District	-1.07%	Western Region	No
Marlboro School District	-0.81%	Hudson Valley	No
Hermon-De Kalb School District	-0.35%	North Country	No
Wellsville School District	-0.22%	Western Region	No
Clymer Central School District	-0.11%	Western Region	No
Bethpage Union Free School District	-0.11%	Long Island	No
North Shore School District	-0.01%	Long Island	No
Cortland City School District	-0.002%	Central Region	No

## Conclusion

Based on 96 percent of districts reporting, the low level of tax increases that school districts expect shows that the tax cap is continuing to contain the growth in local revenues. School districts expect to propose a statewide tax increase of 1.82 percent, which falls below the maximum increase of 2 percent that is allowable under the tax cap. Fewer districts are looking to override the tax cap this year than at any other point in the tax cap era. With the tax cap set at 1.26 percent, compared with last year's 0.12 percent, the number of districts facing negative caps has fallen from 82 to 18.

## Data Sources

Tax Cap Data on File with the Office of the State Comptroller as of March 2, 2017, regional groupings from the Office of the State Comptroller, BEDS code data from the New York State Education Department, and NYSASBO staff analyses.

The following staff contributed to the writing and production of this report:

DEBORAH CUNNINGHAM, DIRECTOR OF EDUCATION AND RESEARCH  
ANDREW VAN ALSTYNE, DEPUTY DIRECTOR OF EDUCATION AND RESEARCH  
TOM TATUN, RESEARCH AND COMMUNICATIONS COORDINATOR

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Contact: Michael J. Borges, Executive Director  
New York State Association of School Business Officials (NYSASBO)  
453 New Karner Road, Albany, NY 12205 | 518-434-2281 | [www.nysasbo.org](http://www.nysasbo.org)