

The background is a dark grey chalkboard with various white chalk sketches. On the left, there's a large drawing of a microscope. Above it, a globe of the Earth is sketched. In the bottom right, there are sketches of a percentage sign, an exclamation point, and some geometric shapes. The overall theme is scientific and educational.

# Budget Worksession

March 7, 2018  
FSUFSD

# Tax Levy Limit Legislation

Ⓛimits growth in the property tax levy to the lesser 2% or the rate of inflation, with limited exceptions.

Ⓛistricts in compliance with their maximum allowable levy limit will require a simple majority vote to pass the levy.

Ⓛistricts exceeding their maximum allowable levy limit will require a super majority vote to pass the levy.

Ⓛwo failed votes result in a 0% levy increase.

# Tax Levy Basics

What amount do we need to spend?

- Calculate the expenditure budget

Subtract our non-tax revenues

- State Aid
- Local Revenue
- Reserves

Calculate the Levy

- The Tax Levy represents the amount collected through Property Taxes.

Compare to our allowable Levy Limit

# The 2% Misnomer

☐ Although the new law is commonly referred to as the “two percent cap” it does not actually limit any proposed tax levy to a 2% increase.



# Is the Maximum Allowable Tax Levy Limit amount the same for all School Districts?

**No:**

Each District will have a unique Maximum Allowable Tax Levy Limit Amount based on their individualized Maximum Tax Levy Limit Calculation Formula.

This Formula was created by the State for each District. Districts must complete the formula and submit it back to the State by March 1st.



## Property Tax Cap Formula Presentation

$$\left[ \left( \begin{array}{c} \text{Prior} \\ \text{fiscal} \\ \text{year tax} \\ \text{levy} \end{array} \times \begin{array}{c} \text{Tax} \\ \text{base} \\ \text{growth} \\ \text{factor}^1 \end{array} \right) + \begin{array}{c} \text{PILOTs} \\ \text{receivable} \\ \text{in the prior} \\ \text{fiscal year} \end{array} \right] \times \begin{array}{c} \text{Allowable} \\ \text{levy growth} \\ \text{factor}^2 \end{array} - \begin{array}{c} \text{PILOTs} \\ \text{receivable} \\ \text{in coming} \\ \text{fiscal year} \end{array} = \text{Tax Levy Limit}$$

$$\text{Tax Levy Limit} + \begin{array}{c} \text{Net of Transfer of} \\ \text{Government} \\ \text{Function (as} \\ \text{determined by OSC)} \end{array} = \text{Tax Levy Limit, Adjusted for Transfer of Function}$$

$$\text{Tax Levy Limit, Adjusted for Transfer of Function} + \begin{array}{c} \text{Tax levy necessary for} \\ \text{expenditures from} \\ \text{court orders/judgments} \\ \text{arising from tort} \\ \text{actions for any amount} \\ \text{in excess of 5\% of the} \\ \text{total taxes levied in the} \\ \text{prior fiscal year} \end{array} \text{ AND } \begin{array}{c} \text{Levy necessary to pay} \\ \text{for increases to the} \\ \text{system average} \\ \text{actuarial contribution} \\ \text{rate (or normal} \\ \text{contribution rate) of} \\ \text{pension funds over 2} \\ \text{percentage points} \end{array} = \text{Tax Levy Limit, Adjusted for Transfers, Plus Exclusions}$$

<sup>1</sup> Tax base growth factor: Based on Tax and Finance determination of "quantity change," such as new construction, newly taxable status of existing property, or measurable improvements to taxable property within the boundaries of the local government or school district.  
<sup>2</sup> Allowable levy growth factor: Lesser of 1.02 or inflation factor (percent change in CPI for the 12 month period ending 6 months before the start of the coming fiscal year over the prior 12-month period), but never lower than 1.00.

**What is the Maximum Allowable Levy Limit for the Franklin Square UFSD?**

**2.65%**

## Why is our levy limit greater than 2%?

The NYS mandated calculation includes provisions for items such as:

- Property Base Growth Factor
- Capital Exclusion



# What will the FSUFSD Levy Increase Be?

2.65%

Unknown factors to be considered:

Enrollment

State Aid

Staffing

# Understanding Your School Tax Bill

An individual's school property tax varies based on the assessed value of their home.

The assessed value is determined by Nassau County, not the School District.

The District determines the school tax rate (same for every home in District)

# Understanding Your School Tax Bill

## **A x B = C**

A= School Tax Rate – this is the same for all homes in District and set by District

B = Each home's assessed value. This is a unique number assigned by the County

C = School Taxes

Therefore, if the County increases your Assessed Value ("B") your school taxes will increase greater than our levy. For example (figures for illustration purposes):

A= School Tax Rate 800

B = Assessed Value 5

C = Taxes:  $800 \times 5 = \$4,000$

Now, next year, let's assume the school tax rate remains the same and the assessed value increases:

A = School Tax Rate 800

B = Assessed Value 6

C = Taxes:  $800 \times 6 = \$4,800$

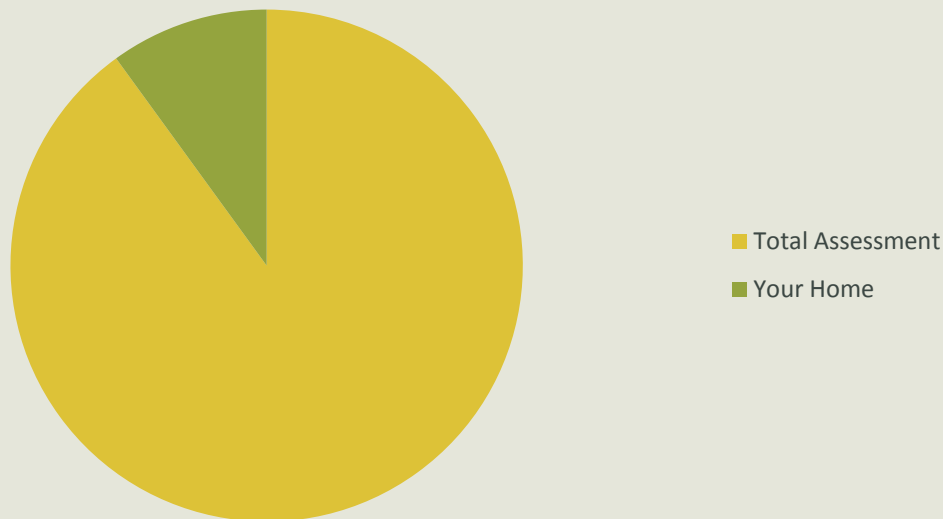
# Understanding Your School Tax Bill

- It is possible to have your taxes increase when the total assessment is decreased.
- If your assessed value does not decrease or does not decrease as much as the average home then you would still pay more in taxes.

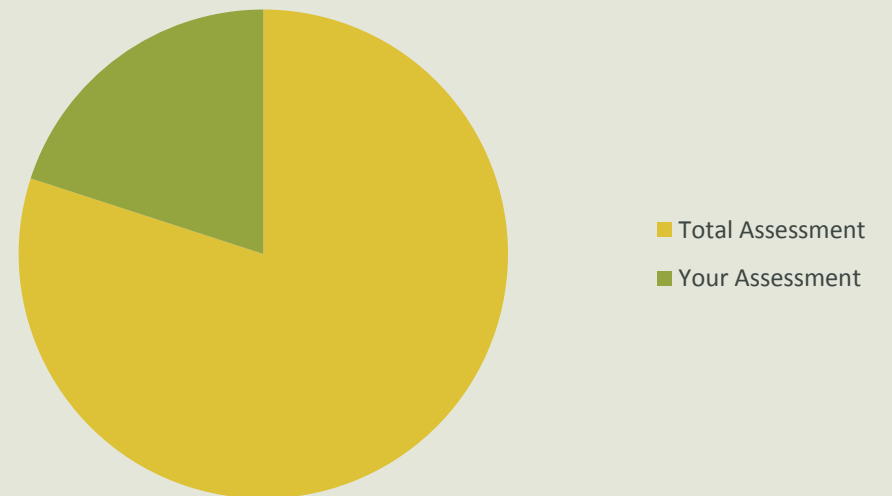
# Understanding Your School Tax Bill

- In both scenarios “Your Home’s Assessed Value” is the same.
- On the second chart, the “Total Assessment” has decreased.
- As you can see, in the second chart, you would be paying a larger share of taxes even though your assessment and school tax rate have not changed.

**Scenario 1**



**Scenario 2**





# Why Do My Neighbors Pay Less in Taxes?

Rate x Assessed Value = School Tax Liability

## Home #1

Monroe Street  
1408 sq ft interior  
.0918 acre land  
1 bathroom

**Assessed Value: 810**

School Tax Bill: \$5,703

## Home #2

Harrison Street  
1414 sq ft interior  
.0918 acre land  
1 bathroom

**Assessed Value: 670**

School Tax Bill: \$4,538

Flawed Assessments  
Grievances  
Exemptions

Difference: \$1,165

# Capital Reserve

- Phase 3 :Renovating District restrooms
- Proposition will appear on budget vote ballot
- Plan to renovate approximately half of the student restrooms in the Summer of 2019
- Estimated cost: \$1,800,000