

HUDSON CITY SCHOOL DISTRICT

Tax Cap Calculation and Budget Update

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The NYS Property Tax Levy Cap In Brief....

- New York State has a property tax levy cap, NOT A **“2% CAP!”**
 - The law does not restrict any proposed tax levy increase to 2%
- The law creates an 8 step formula to determine the “tax levy limit”
 - Adjusts tax levy to reflect local growth in tax base and rate of inflation (**max** 2%)
- The property tax levy cap limits the school district levy **NOT** the individual tax bill of resident taxpayers
 - Assessments and equalization rates impact tax rates
- The formula allows for certain expenses to be exempt from the cap, therefore allowing the total tax levy increase to be greater than “perceived” cap
- BOEs can present a budget that “overrides” the cap but will need 60% voter approval
- Voters are approving the budget (spending plan) not the tax levy

Tax Levy Limit

$$\begin{aligned} & \text{Prior Year Tax Levy} \\ & \quad \times \\ & \text{Tax Base Growth Factor, if any (determined by Tax and Finance)} \\ & \quad + \\ & \text{Payments In Lieu of Taxes Receivable During Prior Year (12-13)} \\ & \quad - \\ & \quad \text{Taxes Levied For Exemptions During Prior Year} \\ & \quad = \\ & \quad \text{Adjusted Prior Year Tax Levy} \\ & \quad \times \\ & \quad \text{Allowable Levy Growth Factor (Lesser of 2% or CPI)} \\ & \quad - \\ & \quad \text{Payments In Lieu of Taxes Receivable In The Coming Year} \\ & \quad + \\ & \quad \text{Available Carryover, If Any} \\ & \quad = \\ & \quad \text{“TAX LEVY LIMIT”} \end{aligned}$$

Total Levy to support proposed budget

Tax Levy Limit

+


Coming school year exemptions

=

Maximum Allowable Tax Levy
(requiring simple majority)

Maximum Allowable Levy

$$\begin{aligned} & \text{Prior Year Tax Levy} \\ & \quad \times \\ & \text{Tax Base Growth Factor, if any (determined by Tax and Finance)} \\ & \quad + \\ & \text{Payments In Lieu of Taxes Receivable During Prior Year (12-13)} \\ & \quad - \\ & \quad \text{Taxes Levied For Exemptions During Prior Year} \\ & \quad = \\ & \quad \text{Adjusted Prior Year Tax Levy} \\ & \quad \times \\ & \quad \text{Allowable Levy Growth Factor (Lesser of 2% or CPI)} \\ & \quad - \\ & \quad \text{Payments In Lieu of Taxes Receivable In The Coming Year} \\ & \quad + \\ & \quad \text{Available Carryover, If Any} \\ & \quad = \\ & \quad \text{“TAX LEVY LIMIT”} \\ & \quad + \\ & \quad \text{Coming School Year Exemptions} \\ & \quad = \\ & \quad \text{“MAXIMUM ALLOWABLE TAX LEVY”} \end{aligned}$$



This is the **ONLY** place where 2% is seen in the entire calculation.

Step One

- Determine prior year tax levy

19,708,416 Step 1

Step Two

- Multiply prior year tax levy by tax levy base growth factor (determined by Tax & Finance)

19,708,416	Step 1
<u>1.0097</u>	Step 2
19,899,588	

Step Three

- Add prior year Payment in Lieu of Taxes (PILOTS)

19,708,416	Step 1
<u>1,0097</u>	Step 2
19,899,588	
<u>197,423</u>	Step 3
20,097,011	

Step Four

- Subtract prior year exclusions (capital levy, court orders)

19,708,416	Step 1
<u>1,0097</u>	Step 2
19,899,588	
<u>197,423</u>	Step 3
20,097,011	
<u>252,951</u>	Step 4
19,844,060	ADJUSTED PRIOR YEAR LEVY

Step Five

- Multiply adjusted prior year levy by allowable growth factor (lesser of CPI or 2%)

19,708,416	Step 1
1.0097	Step 2
<hr/>	
19,899,588	
197,423	Step 3
<hr/>	
20,097,011	
252,951	Step 4
<hr/>	
19,844,060	ADJUSTED PRIOR YEAR LEVY
1.02	Step 5
<hr/>	
20,240,941	



- Only place in calculation where 2% appears!!!!

Step Six

- Subtract Payments in Lieu of Taxes (PILOTS) for coming year

19,708,416	Step 1
<u>1,0097</u>	Step 2
19,899,588	
<u>197,423</u>	Step 3
20,097,011	
<u>252,951</u>	Step 4
19,844,060	ADJUSTED PRIOR YEAR LEVY
<u>1.02</u>	Step 5
20,240,941	
<u>172,000</u>	Step 6
20,068,941	

Step Seven

- Add any available carryover from prior year

19,708,416	Step 1	
1,0097	Step 2	
<hr/>		
19,899,588		
197,423	Step 3	
<hr/>		
20,097,011		
252,951	Step 4	
<hr/>		
19,844,060	ADJUSTED PRIOR YEAR LEVY	
1.02	Step 5	
<hr/>		
20,240,941		
172,000	Step 6	
<hr/>		
20,068,941		
-	Step 7	
<hr/>		
20,068,941	TAX LEVY LIMIT	1.83%

Step Eight

- Add coming year exclusions (capital levy, court orders, pension exclusion)

19,708,416	Step 1	
<u>1,0097</u>	Step 2	
19,899,588		
<u>197,423</u>	Step 3	
20,097,011		
<u>252,951</u>	Step 4	
19,844,060	ADJUSTED PRIOR YEAR LEVY	
<u>1.02</u>	Step 5	
20,240,941		
<u>172,000</u>	Step 6	
20,068,941		
<u>-</u>	Step 7	
20,068,941	TAX LEVY LIMIT	1.83%
<u>684,743</u>	Step 8	
20,753,684	MAXIMUM ALLOWABLE LEVY	5.30%

Maximum Allowable Levy

Tax Cap Calculation

Prior Year Tax Levy	
X	
Tax Base Growth Factor, if any (determined by Tax and Finance)	
+	
Payments In Lieu of Taxes Receivable During Prior Year (12-13)	
-	
Taxes Levied For Exemptions During Prior Year	
=	
Adjusted Prior Year Tax Levy	
X	
Allowable Levy Growth Factor (<u>Lesser of 2% or CPI</u>)	
-	
Payments In Lieu of Taxes Receivable In The Coming Year	
+	
Available Carryover, If Any	
=	
"TAX LEVY LIMIT"	
+	
Coming School Year Exemptions	
=	
"MAXIMUM ALLOWABLE TAX LEVY"	

Tax Cap Calculation (District Numbers)

\$19,708,416
X
1.0097 (determined by Tax and Finance)
+
\$197,423 (12-13)
-
\$252,951
=
\$19,844,059
X
1.02 (<u>Lesser of 2% or CPI</u>)
-
\$172,000
+
\$0
=
\$20,068,941
+
\$684,743
=
\$20,753,684

This is the **ONLY** place where 2% is seen in the entire calculation.



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
 - This requires a simple majority (50% + 1 voter approval)
- **Option 2** – Propose a budget requiring a tax levy **before** exemptions **above** the Tax Levy Limit
 - 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 is **NOT APPROVED** by the public?

- If the proposed budget is not approved by the required margin:
 - The District may resubmit the original budget or submit a revised budget to the voters on the third Tuesday in June OR
 - Adopt a contingency budget that levies a tax no greater than that of the prior year (0% increase in tax levy).
- If the resubmitted/revised budget proposal is not approved by the required margin:
 - The Board of Education must adopt a budget that levies a tax no greater than that of the prior year (0% increase in tax levy).
- Districts will not be allowed to increase the tax levy to the extent necessary to fund items of expenditure excluded from the tax cap
 - No growth factor
 - No capital, court order/judgments or pension exemptions

How would a tax levy increase affect an individual tax bill with an assessed value of \$100,000?

	Assessed Value	2012-2013 Tax Paid	1%Levy Increase	2%Levy Increase	3%Levy Increase	4%Levy Increase	5%Levy Increase	5.3%Levy Increase
Hudson	100,000.00	1,539.67	1,567.36	1,582.88	1,598.39	1,613.91	1,629.43	1,634.14
Claverack	100,000.00	1,545.93	1,567.36	1,582.88	1,598.39	1,613.91	1,629.43	1,634.14
Ghent	100,000.00	1,431.41	1,451.26	1,465.63	1,479.99	1,494.36	1,508.73	1,513.10
Greenport	100,000.00	1,545.93	1,567.36	1,582.88	1,598.39	1,613.91	1,629.43	1,634.14
Livingston	100,000.00	1,818.74	1,843.95	1,862.21	1,880.46	1,898.72	1,916.98	1,922.52
Stockport	100,000.00	1,717.70	1,741.51	1,758.75	1,775.99	1,793.24	1,801.48	1,815.71
Taghkanic	100,000.00	1,464.00	1,396.71	1,411.35	1,425.99	1,440.63	1,455.27	1,541.64

	2012-2013 Tax Paid	5.3%Levy Increase	Difference
Hudson	1,539.67	1,634.14	94.47
Claverack	1,545.93	1,634.14	88.22
Ghent	1,431.41	1,513.10	81.68
Greenport	1,545.93	1,634.14	88.22
Livingston	1,818.74	1,922.52	103.78
Stockport	1,717.70	1,815.71	98.02
Taghkanic	1,464.00	1,541.64	77.65

This scenario assumes:

- No STAR exemptions
- No change in assessed values
- No change in full values
- No change in equalization rates

How would a tax levy increase affect an individual tax bill with an assessed value of \$105,000?

	Assessed Value	2012-2013 Tax Paid	1%Levy Increase	2%Levy Increase	3%Levy Increase	4%Levy Increase	5%Levy Increase	5.3%Levy Increase
Hudson	105,000.00	1,616.65	1,645.72	1,662.02	1,678.31	1,694.61	1,710.90	1,715.85
Claverack	105,000.00	1,623.22	1,645.72	1,662.02	1,678.31	1,694.61	1,710.90	1,715.85
Ghent	105,000.00	1,502.98	1,523.82	1,538.91	1,553.99	1,569.08	1,584.17	1,588.75
Greenport	105,000.00	1,623.22	1,645.72	1,662.02	1,678.31	1,694.61	1,710.90	1,715.85
Livingston	105,000.00	1,909.67	1,936.15	1,955.32	1,974.49	1,993.66	2,012.83	2,018.65
Stockport	105,000.00	1,803.58	1,828.58	1,846.69	1,864.79	1,882.90	1,891.55	1,906.50
Taghkanic	105,000.00	1,537.20	1,466.55	1,481.92	1,497.29	1,512.66	1,528.04	1,618.73

	2012-2013 Tax Paid	5.3%Levy Increase	Difference
Hudson	1,616.65	1,715.85	99.20
Claverack	1,623.22	1,715.85	92.63
Ghent	1,502.98	1,588.75	85.77
Greenport	1,623.22	1,715.85	92.63
Livingston	1,909.67	2,018.65	108.97
Stockport	1,803.58	1,906.50	102.92
Taghkanic	1,537.20	1,618.73	81.53

This scenario assumes:

- No STAR exemptions
- No change in assessed values
- No change in full values
- No change in equalization rates

How would a tax levy increase affect an individual tax bill with an assessed value of \$138,200?

	Assessed Value	2012-2013 Tax Paid	1%Levy Increase	2%Levy Increase	3%Levy Increase	4%Levy Increase	5%Levy Increase	5.3%Levy Increase
Hudson	138,200.00	2,127.82	2,166.09	2,187.53	2,208.98	2,230.43	2,251.87	2,258.39
Claverack	138,200.00	2,136.47	2,166.09	2,187.53	2,208.98	2,230.43	2,251.87	2,258.39
Ghent	138,200.00	1,978.21	2,005.64	2,025.49	2,045.35	2,065.21	2,085.07	2,091.10
Greenport	138,200.00	2,136.47	2,166.09	2,187.53	2,208.98	2,230.43	2,251.87	2,258.39
Livingston	138,200.00	2,513.49	2,548.34	2,573.57	2,598.80	2,624.03	2,649.26	2,656.92
Stockport	138,200.00	2,373.85	2,406.76	2,430.59	2,454.42	2,478.25	2,489.64	2,509.32
Taghkanic	138,200.00	2,023.25	1,930.26	1,950.49	1,970.72	1,990.95	2,011.19	2,130.55

	2012-2013 Tax Paid	5.3%Levy Increase	Difference
Hudson	2,127.82	2,258.39	130.56
Claverack	2,136.47	2,258.39	121.92
Ghent	1,978.21	2,091.10	112.89
Greenport	2,136.47	2,258.39	121.92
Livingston	2,513.49	2,656.92	143.43
Stockport	2,373.85	2,509.32	135.46
Taghkanic	2,023.25	2,130.55	107.31

This scenario assumes:

- No STAR exemptions
- No change in assessed values
- No change in full values
- No change in equalization rates

How would a tax levy increase affect an individual tax bill with an assessed value of \$202,500?

	Assessed Value	2012-2013 Tax Paid	1%Levy Increase	2%Levy Increase	3%Levy Increase	4%Levy Increase	5%Levy Increase	5.3%Levy Increase
Hudson	202,500.00	3,117.83	3,173.90	3,205.32	3,236.75	3,268.17	3,299.60	3,309.14
Claverack	202,500.00	3,130.50	3,173.90	3,205.32	3,236.75	3,268.17	3,299.60	3,309.14
Ghent	202,500.00	2,898.61	2,938.79	2,967.89	2,996.99	3,026.09	3,055.18	3,064.02
Greenport	202,500.00	3,130.50	3,173.90	3,205.32	3,236.75	3,268.17	3,299.60	3,309.14
Livingston	202,500.00	3,682.94	3,734.00	3,770.97	3,807.94	3,844.91	3,881.88	3,893.11
Stockport	202,500.00	3,478.33	3,526.55	3,561.47	3,596.39	3,631.30	3,647.99	3,676.82
Taghkanic	202,500.00	2,964.60	2,828.34	2,857.99	2,887.63	2,917.28	2,946.92	3,121.83

	2012-2013 Tax Paid	5.3%Levy Increase	Difference
Hudson	3,117.83	3,309.14	191.31
Claverack	3,130.50	3,309.14	178.64
Ghent	2,898.61	3,064.02	165.41
Greenport	3,130.50	3,309.14	178.64
Livingston	3,682.94	3,893.11	210.16
Stockport	3,478.33	3,676.82	198.49
Taghkanic	2,964.60	3,121.83	157.23

This scenario assumes:

- No STAR exemptions
- No change in assessed values
- No change in full values
- No change in equalization rates

How would a tax levy increase affect an individual tax bill with an assessed value of \$281,000?

	Assessed Value	2012-2013 Tax Paid	1%Levy Increase	2%Levy Increase	3%Levy Increase	4%Levy Increase	5%Levy Increase	5.3%Levy Increase
Hudson	281,000.00	4,326.47	4,404.27	4,447.88	4,491.49	4,535.09	4,578.70	4,591.94
Claverack	281,000.00	4,344.05	4,404.27	4,447.88	4,491.49	4,535.09	4,578.70	4,591.94
Ghent	281,000.00	4,022.27	4,078.03	4,118.41	4,158.78	4,199.16	4,239.54	4,251.80
Greenport	281,000.00	4,344.05	4,404.27	4,447.88	4,491.49	4,535.09	4,578.70	4,591.94
Livingston	281,000.00	5,110.65	5,181.50	5,232.80	5,284.10	5,335.40	5,386.71	5,402.28
Stockport	281,000.00	4,826.72	4,893.64	4,942.09	4,990.54	5,038.99	5,062.15	5,102.16
Taghkanic	281,000.00	4,113.84	3,924.76	3,965.90	4,007.04	4,048.17	4,089.31	4,332.02

	2012-2013 Tax Paid	5.3%Levy Increase	Difference
Hudson	4,326.47	4,591.94	265.47
Claverack	4,344.05	4,591.94	247.89
Ghent	4,022.27	4,251.80	229.53
Greenport	4,344.05	4,591.94	247.89
Livingston	5,110.65	5,402.28	291.64
Stockport	4,826.72	5,102.16	275.43
Taghkanic	4,113.84	4,332.02	218.18

This scenario assumes:

- No STAR exemptions
- No change in assessed values
- No change in full values
- No change in equalization rates

How would a tax levy increase affect an individual tax bill with an assessed value of \$1,000,000?

	Assessed Value	2012-2013 Tax Paid	1% Levy Increase	2% Levy Increase	3% Levy Increase	4% Levy Increase	5% Levy Increase	5.3% Levy Increase
Hudson	1,000,000.00	15,396.70	15,673.57	15,828.75	15,983.94	16,139.12	16,294.31	16,341.43
Claverack	1,000,000.00	15,459.26	15,673.57	15,828.75	15,983.94	16,139.12	16,294.31	16,341.43
Ghent	1,000,000.00	14,314.13	14,512.57	14,656.25	14,799.94	14,943.63	15,087.32	15,130.95
Greenport	1,000,000.00	15,459.26	15,673.57	15,828.75	15,983.94	16,139.12	16,294.31	16,341.43
Livingston	1,000,000.00	18,187.36	18,439.49	18,622.06	18,804.63	18,987.20	19,169.77	19,225.21
Stockport	1,000,000.00	17,176.95	17,415.08	17,587.50	17,759.93	17,932.36	18,014.78	18,157.14
Taghkanic	1,000,000.00	14,639.99	13,967.12	14,113.52	14,259.92	14,406.32	14,552.72	15,416.44

	2012-2013 Tax Paid	5.3% Levy Increase	Difference
Hudson	15,396.70	16,341.43	944.73
Claverack	15,459.26	16,341.43	882.17
Ghent	14,314.13	15,130.95	816.82
Greenport	15,459.26	16,341.43	882.17
Livingston	18,187.36	19,225.21	1,037.85
Stockport	17,176.95	18,157.14	980.19
Taghkanic	14,639.99	15,416.44	776.46

This scenario assumes:

- No STAR exemptions
- No change in assessed values
- No change in full values
- No change in equalization rates

How does the Maximum Allowable Levy Increase affect the 2013-2014 Budget?



2013-2014 Projected Revenues – with Tax Levy Increase

	2012-2013 Adopted	February 11, 2013 2013-2014 Projected	March 11, 2013 2013-2014 Projected	Difference between Projections	Budget Variance
Projected Revenues	41,550,715	41,136,003	42,821,271	1,685,268	3.06%
State Aid	19,790,325	19,575,613	19,575,613	-	-1.08%
Tax Levy	19,708,416	19,708,416	20,753,684	1,045,268	5.30%
Tax On Consumer Utility Bills	700,000	500,000	500,000	-	-28.57%
Other	1,351,974	1,351,974	1,991,974	640,000	47.34%
Appropriated Fund Balance	-	-	-	-	N/A
Total	41,550,715	41,136,003	42,821,271	1,685,268	3.06%

2013-2014 Projected Revenues – without Tax Levy Increase

	2012-2013 Adopted	February 11, 2013 2013-2014 Projected	March 11, 2013 2013-2014 Projected	Difference between Projections	Budget Variance
Projected Revenues	41,550,715	41,136,003	41,776,003	640,000	0.54%
State Aid	19,790,325	19,575,613	19,575,613	-	-1.08%
Tax Levy	19,708,416	19,708,416	19,708,416	-	0.00%
Tax On Consumer Utility Bills	700,000	500,000	500,000	-	-28.57%
Other	1,351,974	1,351,974	1,991,974	640,000	47.34%
Appropriated Fund Balance	-	-	-	-	N/A
Total	41,550,715	41,136,003	41,776,003	640,000	0.54%

2013-2014 Projected Expenditures – Roll Forward

<u>Expense Category</u>	<u>2012-2013 Adopted</u>	<u>2013-2014 Projected</u>	<u>Budget Variance</u>
Salaries	16,416,966	17,043,246	3.81%
Equipment	24,791	23,910	-3.55%
Contractual	5,209,461	5,284,535	1.44%
BOCES	2,968,906	2,957,877	-0.37%
Materials & Supplies	663,989	658,257	-0.86%
Debt Service	4,873,745	4,822,017	-1.06%
Employee Benefits	11,392,857	12,523,565	9.92%
Interfund Transfers	-	-	N/A
Total Expenditures	<u><u>41,550,715</u></u>	<u><u>43,313,407</u></u>	4.24%

2013-2014 Budget Projection with Maximum Allowable Tax Levy Increase

What does our OVERALL BUDGET look like?

	2012-2013 Adopted	2013-2014 Projected	Dollar Variance	Percent Variance
Projected Expenditures	41,550,715	43,313,407	1,762,692	4.24%
Projected Revenues	41,550,715	42,821,271	1,270,556	3.06%
Total Variance	-	492,136	492,136	1.18%

2013-2014 Budget Projection without Maximum Allowable Tax Levy Increase

What does our OVERALL BUDGET look like?

	2012-2013 Adopted	2013-2014 Projected	Dollar Variance	Percent Variance
Projected Expenditures	41,550,715	43,313,407	1,762,692	4.24%
Projected Revenues	41,550,715	41,776,003	225,288	0.54%
Total Variance	-	1,537,404	1,537,404	3.70%

What would the 2013-2014 Budget gap be with a levy increase less than the maximum allowable?



2013-2014 Projected Revenues

	0% Increase 2013-2014 Projected	1% Increase 2013-2014 Projected	2% Increase 2013-2014 Projected	3% Increase 2013-2014 Projected	4% Increase 2013-2014 Projected	5% Increase 2013-2014 Projected	5.3% Increase 2013-2014 Projected
Projected Revenues	41,776,003	41,973,087	42,170,171	42,367,255	42,564,340	42,761,424	42,821,271
State Aid	19,575,613	19,575,613	19,575,613	19,575,613	19,575,613	19,575,613	19,575,613
Tax Levy	19,708,416	19,905,500	20,102,584	20,299,668	20,496,753	20,693,837	20,753,684
Tax On Consumer Utility Bills	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Other	1,991,974	1,991,974	1,991,974	1,991,974	1,991,974	1,991,974	1,991,974
Appropriated Fund Balance	-	-	-	-	-	-	-
Total	41,776,003	41,973,087	42,170,171	42,367,255	42,564,340	42,761,424	42,821,271

2013-2014 Projected Budget Gaps

	0% Increase 2013-2014 Projected	1% Increase 2013-2014 Projected	2% Increase 2013-2014 Projected	3% Increase 2013-2014 Projected	4% Increase 2013-2014 Projected	5% Increase 2013-2014 Projected	5.3% Increase 2013-2014 Projected
Projected Revenues	41,776,003	41,973,087	42,170,171	42,367,255	42,564,340	42,761,424	42,821,271
State Aid	19,575,613	19,575,613	19,575,613	19,575,613	19,575,613	19,575,613	19,575,613
Tax Levy	19,708,416	19,905,500	20,102,584	20,299,668	20,496,753	20,693,837	20,753,684
Tax On Consumer Utility Bills	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Other	1,991,974	1,991,974	1,991,974	1,991,974	1,991,974	1,991,974	1,991,974
Appropriated Fund Balance	-	-	-	-	-	-	-
Total Revenue	41,776,003	41,973,087	42,170,171	42,367,255	42,564,340	42,761,424	42,821,271
Total Expenditures	43,313,407	43,313,407	43,313,407	43,313,407	43,313,407	43,313,407	43,313,407
Projected Gap	1,537,404	1,340,320	1,143,236	946,152	749,067	551,983	492,136

QUESTIONS?

