

# HUDSON CITY SCHOOL DISTRICT

## Tax Cap and Budget Discussion

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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

# 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	
<b>Allowable Levy Growth Factor (<u>Lesser of 2% or CPI</u>)</b>	
-	
Payments In Lieu of Taxes Receivable In The Coming Year	
+	
Available Carryover, If Any	
=	
<b>"TAX LEVY LIMIT"</b>	
+	
Coming School Year Exemptions	
=	
<b>"MAXIMUM ALLOWABLE TAX LEVY"</b>	

## 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
<b>1.02 (<u>Lesser of 2% or CPI</u>)</b>
-
\$172,000
+
\$0
=
<b>\$20,068,941</b>
+
\$684,743
=
<b>\$20,753,684</b>

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 \$200,000?

	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	200,000.00	3,079.34	3,134.71	3,165.75	3,196.79	3,227.82	3,258.86	3,268.29
Claverack	200,000.00	3,091.85	3,134.71	3,165.75	3,196.79	3,227.82	3,258.86	3,268.29
Ghent	200,000.00	2,862.83	2,902.51	2,931.25	2,959.99	2,988.73	3,017.46	3,026.19
Greenport	200,000.00	3,091.85	3,134.71	3,165.75	3,196.79	3,227.82	3,258.86	3,268.29
Livingston	200,000.00	3,637.47	3,687.90	3,724.41	3,760.93	3,797.44	3,833.95	3,845.04
Stockport	200,000.00	3,435.39	3,483.02	3,517.50	3,551.99	3,586.47	3,602.96	3,631.43
Taghkanic	200,000.00	2,928.00	2,793.42	2,822.70	2,851.98	2,881.26	2,910.54	3,083.29

	2012-2013 Tax Paid	5.3%Levy Increase	Difference
Hudson	3,079.34	3,268.29	188.95
Claverack	3,091.85	3,268.29	176.43
Ghent	2,862.83	3,026.19	163.37
Greenport	3,091.85	3,268.29	176.43
Livingston	3,637.47	3,845.04	207.57
Stockport	3,435.39	3,631.43	196.04
Taghkanic	2,928.00	3,083.29	155.29

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 \$300,000?

	<b>Assessed Value</b>	<b>2012-2013 Tax Paid</b>	<b>1% Levy Increase</b>	<b>2% Levy Increase</b>	<b>3% Levy Increase</b>	<b>4% Levy Increase</b>	<b>5% Levy Increase</b>	<b>5.3% Levy Increase</b>
<b>Hudson</b>	300,000.00	4,619.01	4,702.07	4,748.63	4,795.18	4,841.74	4,888.29	4,902.43
<b>Claverack</b>	300,000.00	4,637.78	4,702.07	4,748.63	4,795.18	4,841.74	4,888.29	4,902.43
<b>Ghent</b>	300,000.00	4,294.24	4,353.77	4,396.88	4,439.98	4,483.09	4,526.20	4,539.29
<b>Greenport</b>	300,000.00	4,637.78	4,702.07	4,748.63	4,795.18	4,841.74	4,888.29	4,902.43
<b>Livingston</b>	300,000.00	5,456.21	5,531.85	5,586.62	5,641.39	5,696.16	5,750.93	5,767.56
<b>Stockport</b>	300,000.00	5,153.09	5,224.52	5,276.25	5,327.98	5,379.71	5,404.44	5,447.14
<b>Taghkanic</b>	300,000.00	4,392.00	4,190.13	4,234.05	4,277.97	4,321.89	4,365.81	4,624.93

	<b>2012-2013 Tax Paid</b>	<b>5.3% Levy Increase</b>	<b>Difference</b>
<b>Hudson</b>	4,619.01	4,902.43	283.42
<b>Claverack</b>	4,637.78	4,902.43	264.65
<b>Ghent</b>	4,294.24	4,539.29	245.05
<b>Greenport</b>	4,637.78	4,902.43	264.65
<b>Livingston</b>	5,456.21	5,767.56	311.35
<b>Stockport</b>	5,153.09	5,447.14	294.06
<b>Taghkanic</b>	4,392.00	4,624.93	232.94

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	March 27, 2013 2013-2014 Projected	Difference between Projections	Budget Variance
Projected Revenues	41,550,715	41,136,003	42,821,271	43,517,537	2,381,534	4.73%
State Aid	19,790,325	19,575,613	19,575,613	20,271,879	696,266	2.43%
Tax Levy	19,708,416	19,708,416	20,753,684	20,753,684	1,045,268	5.30%
Tax On Consumer Utility Bills	700,000	500,000	500,000	500,000	-	-28.57%
Other	1,351,974	1,351,974	1,991,974	1,991,974	640,000	47.34%
Appropriated Fund Balance	-	-	-	-	-	N/A
<b>Total</b>	<b>41,550,715</b>	<b>41,136,003</b>	<b>42,821,271</b>	<b>43,517,537</b>	<b>2,381,534</b>	<b>4.73%</b>

## 2013-2014 State Aid – How Did It Change?

	2012-2013 Adopted	February 11, 2013 2013-2014 Projected	March 11, 2013 2013-2014 Projected	March 27, 2013 2013-2014 Projected	Difference between Projections	Budget to Budget Variance
State Aid	19,790,325	19,575,613	19,575,613	20,271,879	696,266	2.43%
Foundation Aid	14,393,108	14,393,108	14,393,108	14,436,287	43,179	0.30%
High Tax Aid	218,990	109,495	109,495	218,990	109,495	0.00%
Gap Elimination Adjustment (GEA)	(2,437,263)	(2,189,927)	(2,189,927)	(1,641,396)	548,531	-32.65%
Other	7,615,490	7,262,937	7,262,937	7,257,998	(4,939)	-4.69%
<b>Total</b>	<b>19,790,325</b>	<b>19,575,613</b>	<b>19,575,613</b>	<b>20,271,879</b>	<b>696,266</b>	<b>2.43%</b>

# 2013-2014 Projected Expenditures

Expense Category	2012-2013 Adopted	March 11, 2013 2013-2014 Projected	March 27, 2013 2013-2014 Projected	Difference between Projections	Budget Variance
Salaries	16,416,966	17,043,246	17,043,246	-	3.81%
Equipment	24,791	23,910	23,910	-	-3.55%
Contractual	5,209,461	5,284,535	5,388,665	104,130	3.44%
BOCES	2,968,906	2,957,877	2,957,877	-	-0.37%
Materials & Supplies	663,989	658,257	658,257	-	-0.86%
Debt Service	4,873,745	4,822,017	4,822,017	-	-1.06%
Employee Benefits	11,392,857	12,523,565	12,623,565	100,000	10.80%
Interfund Transfers	-	-	-	-	N/A
<b>Total Expenditures</b>	<b>41,550,715</b>	<b>43,313,407</b>	<b>43,517,537</b>	<b>204,130</b>	<b>4.73%</b>

# 2013-2014 Budget Projection with Maximum Allowable Tax Levy Increase

What does our OVERALL BUDGET look like?

## Previous Projection - Prior to March 27, 2013

	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%

## Updated Projection - As of March 27, 2013

	2012-2013 Adopted	2013-2014 Projected	Dollar Variance	Percent Variance
Projected Expenditures	41,550,715	43,517,537	1,966,822	4.73%
Projected Revenues	41,550,715	43,517,537	1,966,822	4.73%
Total Variance	-	-	-	0.00%

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	42,472,269	42,669,353	42,866,437	43,063,521	43,260,606	43,457,690	43,517,537
State Aid	20,271,879	20,271,879	20,271,879	20,271,879	20,271,879	20,271,879	20,271,879
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	42,472,269	42,669,353	42,866,437	43,063,521	43,260,606	43,457,690	43,517,537

# 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	42,472,269	42,669,353	42,866,437	43,063,521	43,260,606	43,457,690	43,517,537
State Aid	20,271,879	20,271,879	20,271,879	20,271,879	20,271,879	20,271,879	20,271,879
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	42,472,269	42,669,353	42,866,437	43,063,521	43,260,606	43,457,690	43,517,537
Total Expenditures (prior to 3/27)	43,313,407	43,313,407	43,313,407	43,313,407	43,313,407	43,313,407	43,313,407
Add: Add'l Health Insurance	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Add: Foster Student Tuition	104,130	104,130	104,130	104,130	104,130	104,130	104,130
Projected Gap	1,045,268	848,184	651,100	454,016	256,931	59,847	-

QUESTIONS?

