The three tax levy numbers under New York state’s tax levy “cap”

With all the talk of New York’s new “2 percent tax cap,” it may come as a surprise to learn that each school district in the state will present three separate tax levy numbers this spring, as part of their compliance with the new legislation.

And chances are good that none of your school district’s three tax levy numbers will be exactly 2 percent.

That’s because the 2 percent that you hear about is just one part of a complex formula that school districts must use to calculate two of their tax levy numbers, the tax levy limit and the maximum allowable tax levy.

Comparing the numbers

On May 15, 2012, New Yorkers will still be voting on school districts’ proposed budgets. The level of voter support needed to pass the budget will depend on the amount of the budget’s proposed tax levy, as illustrated for a hypothetical district, below:

- PRIOR YEAR TAX LEVY (‘11-'12): $15,000,000
- CALCULATED TAX LEVY LIMIT (‘12-'13): $15,207,000
- EXCLUSIONS FROM THE LIMIT (‘12-'13): $216,500
- MAXIMUM ALLOWABLE TAX LEVY (‘12-'13): $15,423,500

Scenario A

- PROPOSED TAX LEVY (‘12-'13): $15,373,500 (2.49% increase over ‘11-'12)

How does this compare with the tax levy limit?

$15,373,500 – $216,500 = $15,157,000

The proposed tax levy minus exclusions ($15,157,000) is below the district’s calculated tax levy limit ($15,207,000). Therefore, the proposed budget, with a tax levy increase of 2.49%, requires approval by a simple majority of voters to pass.

Scenario B

- PROPOSED TAX LEVY (‘12-'13): $15,423,500 (2.82% increase over ‘11-'12)

How does this compare with the tax levy limit?

$15,423,500 – $216,500 = $15,207,000

The proposed tax levy minus exclusions ($15,207,000) is at the district’s calculated tax levy limit ($15,207,000). Therefore, the proposed budget, with a tax levy increase of 2.82%, requires approval by a simple majority of voters to pass.

Scenario C

- PROPOSED TAX LEVY (‘12-'13): $15,472,500 (3.15% increase over ‘11-'12)

How does this compare with the tax levy limit?

$15,472,500 – $216,500 = $15,256,000

The proposed tax levy minus exclusions ($15,256,000) is above the district’s calculated tax levy limit ($15,207,000). Therefore, the proposed budget, with a tax levy increase of 3.15%, requires approval by a super majority of voters (60% or more) to pass.