

# 2013-2014 Tax Levy/Budget Overview



Huntington Union Free School District  
Board of Education Meeting  
Monday, February 11, 2013

# Chapter 97 of the Laws of 2011

- Established **tax levy limit** for NYS school districts and municipalities, effective 2012-2013
- Expires June 2016, but will remain as long as “temporary” rent control and regulation laws remain in effect

# TAX LEVY versus TAX RATE

- **Tax Levy** (taxpayer monies collected) =  
Projected spending  
*minus* state aid  
*minus* appropriated fund balance  
*minus* other revenues
- **Tax Rate** = individual \$ rate per hundred of assessed value used to calculate a tax bill  
(= tax levy/collective assessed value x 100)

# Guidelines

- **Tax levy limit** = amount exceeding the previous year's levy by lesser of:
  - 2% + exclusions*
  - or**
  - 1% + the rate of inflation + exclusions*
- Rate of inflation determined by the average monthly CPI-U for year ending 12/31/12
- The average monthly CPI-U on 12/31/12 was 2.1%. The tax levy limit is therefore 2% (+ exclusions).

**Huntington Union Free School District  
Estimated Property Tax Cap Calculation**

	2012/13 Approved Actual Tax Levy	\$96,086,390	
(multiply)	Tax Base Growth Factor	1.0046	
		\$96,528,387	
		\$96,528,387	
(add)	2012/13 PILOT	\$153,431	
	<b>Total</b>	<b>\$96,681,818</b>	
	<b><u>Prior Year Exemptions</u></b>		
(subtract)	Tort judgments greater than 5% of 2011/12 tax levy	\$0	
(subtract)	2012/13 Capital Tax Levy (including debt service and less building aid)	(\$620,144)	
	<b>Adjusted Prior Year Tax Levy</b>	<b>\$96,061,674</b>	
	Adjusted Prior Year Tax Levy	\$96,061,674	
(multiply)	Allowable Levy Growth Factor [lesser of 1 and 2 one hundredths (1.02) or sum of 1 plus inflation factor (1.0X)]	2.00%	
		\$97,982,908	
(subtract)	2013/14 PILOT	(\$157,113)	Assumed 2.4% increase (12-13)
	<b>Total</b>	<b>\$97,825,794</b>	
		\$97,825,794	
(add)	Available Carryover	\$0	
	<b>Tax Levy Limit</b>	<b>\$97,825,794</b>	
	Tax Levy Limit	\$97,825,794	
	<b><u>Current Year Exemptions</u></b>		
(add)	1.) tort judgments greater than 5% of 2012/13 tax levy	\$0	
(add)	2.) ERS contribution increase greater than 2 percentage points (for 12/13)	\$0	
(add)	3.) TRS contribution increase greater than 2 percentage points (for 12/13)	\$984,059	
(add)	4.) 2013/14 Capital Tax Levy (including debt service and less building aid)	\$0	
	<b>Allowable Tax Levy prescribed by Chapter 97 of the Laws of 2011 (with a simple majority vote)</b>	<b>\$98,809,854</b>	Under the Cap
			<b>2.83%</b>
	<b>allowable 13-14 levy increase</b>		
	<b>Voter Approved 2012/13 Tax Levy:</b>	<b>\$96,086,390</b>	<b>\$2,723,464</b>

# Clarification of Misconceptions

- ⦿ Although commonly referred to as a “2% tax cap,” the allowable levy limit will routinely be higher for districts due to allowable exclusions.
- ⦿ *The law does not cap any property owner’s actual tax bill. It applies only to the school tax levy.*

# Eight-Step Calculation (STEP 1)

(estimated based on figures available to date)

1. Identify total amount of taxes levied in 2012-2013 (voter approved May 2012):

**\$96,086,390**

# Eight-Step Calculation (STEP 2)

2. Multiply by tax base growth factor –  
(state-determined)

\* increases levy limit to reflect:

→ new construction

→ newly taxable status of existing property

→ improvements to taxable property

---

**HUFSD Growth Factor = 1.0046**

(released December 2012)

# Eight-Step Calculation (STEP 3)

3. Add PILOTS (Payments in Lieu of Taxes)  
receivable in 2012-2013:

**+ \$153,431**

# Eight-Step Calculation (STEP 4)

4. Subtract applicable 2012-2013 exemptions:

→ Tort judgments > 5% of 11-12 tax levy – N/A

→ 2012-2013 Capital Tax Levy:

- \$ 620,144

=====

**ADJUSTED 12-13 TAX LEVY = \$96,061,674**

(Step 1 x 2 + 3 – 4)

# Eight-Step Calculation (STEP 5)

5. Multiply by allowable levy growth factor (2%):

$$\begin{array}{r} \$96,061,674 \\ \times \quad \quad 1.02 \\ \hline \end{array}$$

**\$97,982,908**

**(limit prior to 13-14 exclusions)**

# Eight-Step Calculation (STEP 6)

6. Subtracts PILOTs receivable in 2013-2014:

\* estimated using assumption of 2.4% increase  
as experienced from 11-12 to 12-13

**- \$157,113**

(actual figure available February 2013)

# Eight-Step Calculation (STEP 7)

7. Add available carry-over from prior fiscal year –  
N/A

# Eight-Step Calculation (STEP 8)

## 8. Add 2013-2014 exemptions:

→ Tort judgments > 5% of 12-13 tax levy – N/A

→ 2013-2014 Capital Tax Levy – N/A

→ ERS contribution above 2% increase – N/A

→ TRS contribution above 2% increase:

**2013-14 TRS anticipated contribution rate =  
16.25% (compared to 11.84% for 2012-13)**

**4.41% – 2.00% = 2.41% of TRS salaries**

**+ \$984,059**

# 2013-2014 Tax Levy Limit (Est.)

\$ 97,982,908 (prior to PILOTs/exclusions)

- 157,113 (estimated 13-14 PILOTs)

+ 984,059 (TRS increase beyond 2%)



\$98,809,854

(= 2.83% over 2012-2013 levy)

# Board of Education Options

## OPTION 1:

- Propose a budget with tax levy at or below the prescribed level
- Requires a simple majority (50% + 1 vote)

## OPTION 2:

- Propose a budget with tax levy above the prescribed level
- Requires a “super majority” (60% approval)

# **BUDGETARY CHALLENGE**

***Projection-To-Date***

**versus**

***Tax Cap Budget***

	<b>2012-2013</b>	<b>PROJECTED 2013-2014</b>	<b>AT LEVY LIMIT 2013-2014</b>
BUDGET	\$111,858,780	\$114,828,814	\$114,367,349
REVENUE (includes state aid, fund balance, reserve use, other)	15,772,390	15,557,495	15,557,495
TAX LEVY	96,086,390	99,271,319	98,809,854
ASSESSED VALUATION	45,081,530 (Budget) 45,113,410 (Actual)	44,813,410	44,813,410

# Non-Discretionary Costs

- Salary and Contractual Obligations
- Pension Contributions (TRS/ERS)
- Insurance Premiums
- Debt Service
- BOCES Administrative & Capital Charges
- Utilities
- Special Education
- Transportation

# Assumptions

- \$300,000 decline in assessed valuation (based on 2012-2013 actual)
- 16.25% TRS rate for 13-14 (= +\$1,975,251); *compares to 11.84% for 12-13*
- 8.7% increase in health insurance costs (= +588,636)
- \$600,000 increase resulting from step/increment
- \$345,000 increase in ERS contribution

	<b>PROJECTED 2013-2014</b>	<b>AT LEVY LIMIT 2013-2014</b>
ESTIMATED \$ CHANGE IN BUDGET	\$2,970,034	\$2,508,569
ESTIMATED % CHANGE IN BUDGET	2.66%	2.24%

**ALLOWABLE TAX LEVY LIMIT  
INCREASE FOR 2013-2014 ...**

**\$2,508,569**

**PROJECTED INCREASE ...**

**\$2,970,034**

**REQUIRED ADJUSTMENT TO  
DISCRETIONARY COSTS**

**\$461,465**

	<b>2012-2013</b>	<b>PROJECTED 2013-2014</b>	<b>AT LEVY LIMIT 2013-2014</b>
TAX RATE (per \$100)	\$212.99	\$221.52 (est.)	\$220.49 (est.)
TAX RATE \$ CHANGE (per \$100)		\$8.53 (est.)	\$7.50 (est.)
TAX RATE % CHANGE		4.01% (est.)	3.52% (est.)

# Timeline

- MARCH 1, 2013 - Tax levy limit calculation submitted to State Comptroller
- MARCH 4 – BOE Meeting/Budget Overview + Board of Ed./District Admin/Transportation
- MARCH 11 – Budget Workshop – Employee Benefits, Debt Service, Fund Transfers, Capital
- MARCH 18 – BOE Meeting/Budget – Instruction & Staffing
- APRIL 1 – BOE Meeting/Budget – Revenues/Review
- APRIL 15, 2013 – HUFSD BOE budget adoption
- MAY 6, 2013 – Public budget hearing
- MAY 21, 2013 – Budget Vote/BOE Election

# If Budget is Voted Down on May 21 ....

- District may resubmit original budget or submit revised budget to voters on the third Thursday in June.
- District may adopt contingency budget that levies tax no greater than that from 12-13 (0%). Immediately applies if a resubmitted/revised budget voted down.
- Exclusions do not apply to a contingency budget.

**Huntington Union Free School District**  
**Estimated Property Tax Cap Calculation**

	2012/13 Approved Actual Tax Levy	\$96,086,390	
(multiply)	Tax Base Growth Factor	1.0046	
		\$96,528,387	
		\$96,528,387	
(add)	2012/13 PILOT	\$153,431	
	<b>Total</b>	<b>\$96,681,818</b>	
	<b><u>Prior Year Exemptions</u></b>		
(subtract)	Tort judgments greater than 5% of 2011/12 tax levy	\$0	
(subtract)	2012/13 Capital Tax Levy (including debt service and less building aid)	(\$620,144)	
	<b>Adjusted Prior Year Tax Levy</b>	<b>\$96,061,674</b>	
		\$96,061,674	
(multiply)	Adjusted Prior Year Tax Levy	\$96,061,674	
	Allowable Levy Growth Factor	2.00%	
	[lesser of 1 and 2 one hundredths (1.02) or sum of 1 plus inflation factor (1.0X)]	\$97,982,908	
		\$97,982,908	
(subtract)	2013/14 PILOT	(\$157,113)	Assumed 2.4% increase (12-13)
(Actual amount available from the town by February 2013)	<b>Total</b>	<b>\$97,825,794</b>	
		\$97,825,794	
(add)	Available Carryover	\$0	
	<b>Tax Levy Limit</b>	<b>\$97,825,794</b>	
		\$97,825,794	
	Tax Levy Limit	\$97,825,794	
	<b><u>Current Year Exemptions</u></b>		
(add)	1.) tort judgments greater than 5% of 2012/13 tax levy	\$0	
(add)	2.) ERS contribution increase greater than 2 percentage points (for 12/13)	\$0	
(add)	3.) TRS contribution increase greater than 2 percentage points (for 12/13)	\$984,059	
(add)	4.) 2013/14 Capital Tax Levy (including debt service and less building aid)	\$0	
	<b>Allowable Tax Levy prescribed by Chapter 97 of the Laws of 2011 (with a simple majority vote)</b>	<b>\$98,809,854</b>	<b>Under the Cap</b>
			<b>2.83%</b>
			<b>allowable 13-14 levy increa</b>
	<b>Voter Approved 2012/13 Tax Levy:</b>	<b>\$96,086,390</b>	<b>\$2,723,464</b>