THE COUNCIL of SCHOOL SUPERINTENDENTS
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Amendment Requested

S.1904 (Gaughran)

Legislation to make the property tax cap permanent

The Council urges that the property tax cap not be made permanent without enacting adjustments.

At a minimum, we recommend two amendments to achieve consistency in how similar items are treated under the tax cap:

- Exclude from district tax cap calculation local costs for shared Board of Cooperative Educational Services (BOCES) capital construction, just as district capital costs are excluded; and
- Include properties covered by payments in lieu of taxes (PILOTs) in the tax base growth factor, just as properties covered by taxes are included, so that districts may receive revenue to fund demands for services that tax base additions create.

These changes would make common sense adjustments in the tax cap law, in each case by assuring similar treatment of similar considerations – two forms of capital costs and two forms of tax base growth.

We also recommend that the "allowable levy growth factor" be set at 2 percent, rather than the current lesser of 2 percent or the average change in the Consumer Price Index over the preceding calendar year:

- First, the cap is commonly thought to be a "2 percent cap" now.
- Second, major economic forecasts predict that inflation will be greater than 2 percent for at least the next two years.
- This action should be accompanied by an amendment to create a more workable "carryover" provision, giving districts an incentive to hold tax levy increases below 2 percent in years when they can and to reserve the savings for use in a difficult year.

The current cap formula can result in tax caps which are less than zero for some districts. The law should be amended to preclude the possibility of negative tax caps which are confusing for districts to explain and for voters to understand.

Override requirements should also be amended. Currently, propositions submitted by the voters can trigger the requirement for 60 percent voter approval, even if the proposition fails and the board approved budget proposal is within the tax levy limit.

We also request that districts be permitted to exclude pension cost increases when employer contribution rates increase by more than 2 percent. Currently, the pension exclusion applies only if the rate increases by more than two *percentage points*.

NEW YORK STATE COUNCIL OF SCHOOL SUPERINTENDENTS
7 Elk Street ♦ Albany, NY 12207-1002 www.nyscoss.org 518/449-1063 ♦ Fax 518/426-2229