

2012-2013 Proposed Budget

Budget Committee Presentation to Board February 2, 2012

Key Definitions

- **Property tax** – Tax levied by a government (or special district) to cover the cost of providing services to its residents or constituents, after deducting all other revenue sources (commonly referred to as “Tax Levy”)
- **Taxable Assessed Value** – The total assessed value of properties subject to taxation within the municipality. This excludes exempt property such as non-profit organizations and government organizations.
- **Tax rate** – A mathematical formula that divides total property tax revenue by the total taxable assessed value of properties
- **Growth factor** – A rate established by the NYS Commissioner of Taxation and Finance to adjust for increases in the full value of taxable real property due to physical or quantity change
- **Levy Growth factor** – An inflationary factor established as the lesser of 2% or the CPI-U, and provided by the Office of State Comptroller
- **Exclusion** – Certain items, by law, are excluded from the limitations of the tax levy cap law (torts and pension)

Property Tax “Levy” Cap Facts

- Established as a threshold above which Board approval is required for the tax levy
- Overall increase to tax levy can exceed 2% as a result of growth factors and exclusions allowed under law
- Overall tax rate is impacted by taxable assessed valuation and the tax levy and therefore has no true limit

Property Tax “Levy” Cap Formula

$$\begin{aligned} & \text{Prior year tax levy} \\ \times & \text{ Growth factor} \\ + & \text{ PILOTs receivable (prior year)} \\ = & \text{ Adjusted prior year tax levy} \\ \times & \text{ Allowable levy growth factor} \\ - & \text{ PILOTs receivable (current year)} \\ = & \text{ Tax levy limit} \\ + & \text{ Exclusions} \\ = & \text{ Adjusted tax levy limit} \end{aligned}$$

Property Tax “Levy” Cap Calculation

	Prior year tax levy	\$2,332,789
X	Growth factor	1.006
+	PILOTs receivable (prior year)	\$ 19,870
=	Adjusted prior year tax levy	\$2,366,656 (1.45%)
X	Allowable levy growth factor	1.002
-	PILOTs receivable (current year)	\$ 16,325
=	Tax levy limit	\$2,397,664 (2.78%)
+	Exclusions	\$ 6,847
=	Adjusted tax levy limit	\$2,404,511 (3.07%)
	Current year tax levy	\$2,404,500

What did Budget Committee Do?

- Reviewed core operational needs to serve patrons
- Reduced expenses so as to minimally impact expected service levels
- Evaluated and modified existing staff benefits

End Result

- Preserved adequate levels of service
- Developed a budget within the tax cap limitations