



Dansville Central School District

Tax Cap & Budget Development Implications

January 28, 2025



Background

- Feedback from our stakeholders called for open and honest communication regarding the budget process.
- We are committed to educating the BOE and Community about the process.
- On November 25, 2024, the BOE approved the **2025-26 Budget Development Calendar**.
 - Includes 5 budget workshops starting on March 4th
- Last meeting we spent time discussing our reserves, the rules surrounding these reserves, and our current funding of reserves.
- Tonight's presentation will focus on **Tax Cap** and how it impacts our budget.



What is Tax Levy & Tax Cap?

- The amount of money a district collects in school taxes each year is the **tax levy**.
- In 2011, New York State passed the Tax Cap Law to establish a limit on the annual growth of property taxes levied by local governments and school districts.

What is the Real Property Tax Cap?

With some exceptions, the State's Property Tax Cap limits the amount local governments and most school districts can increase the tax levy (the total amount of property taxes billed) to the lower of two percent or the rate of inflation. (Individual property tax bills are based on various factors, and they may increase more than two percent.)

Taken from:
<https://www.osc.ny.gov/local-government/property-tax-cap>

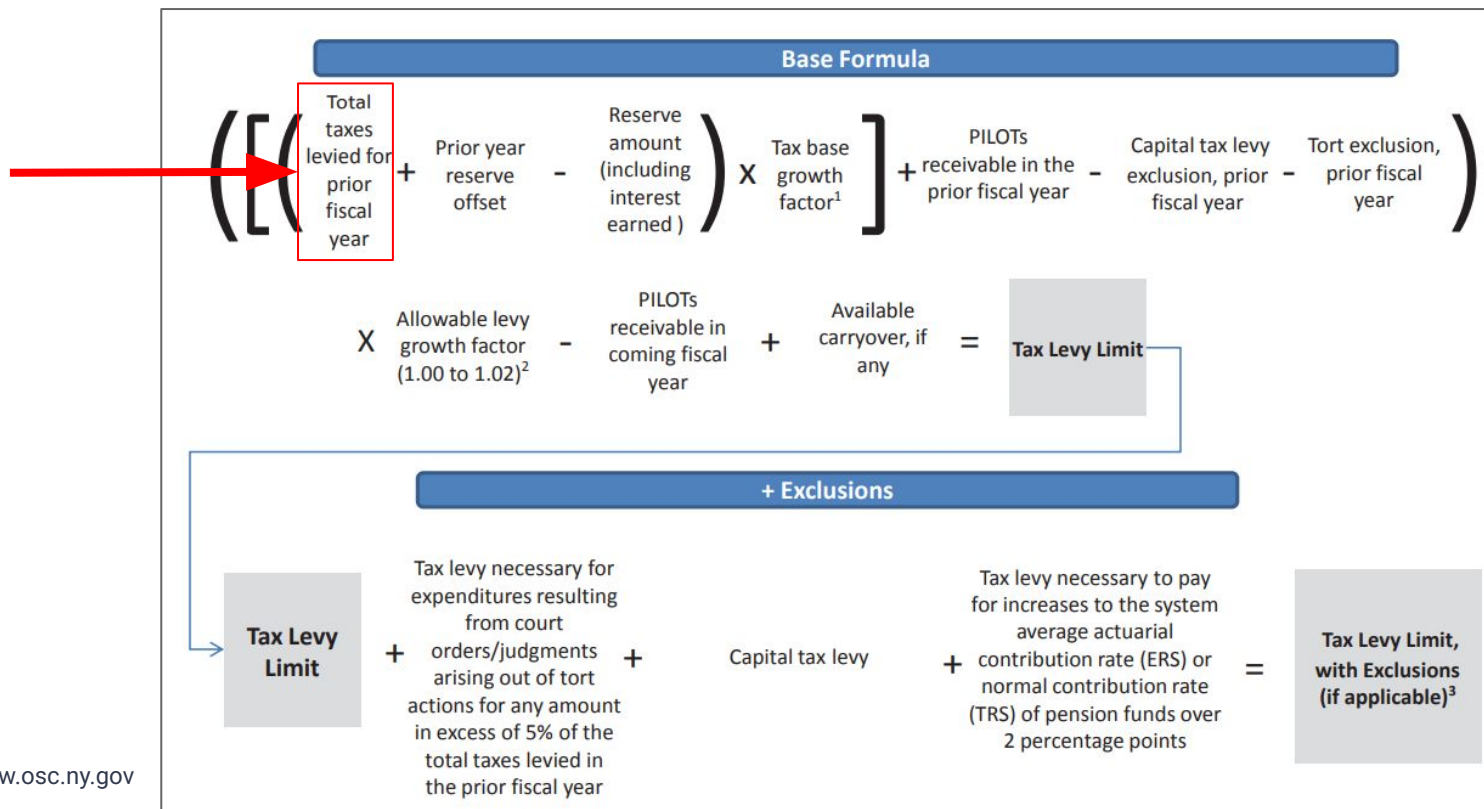


Is the Tax Cap 2%?

- The “Tax Cap” is often misinterpreted as 2%.
- The tax cap calculation is the result of a complex multi-step formula that includes a 2% ceiling as a component of the overall calculation. The result is rarely 2%.
- **2% is only part of the tax cap calculation!**



How is the Tax Cap calculated?





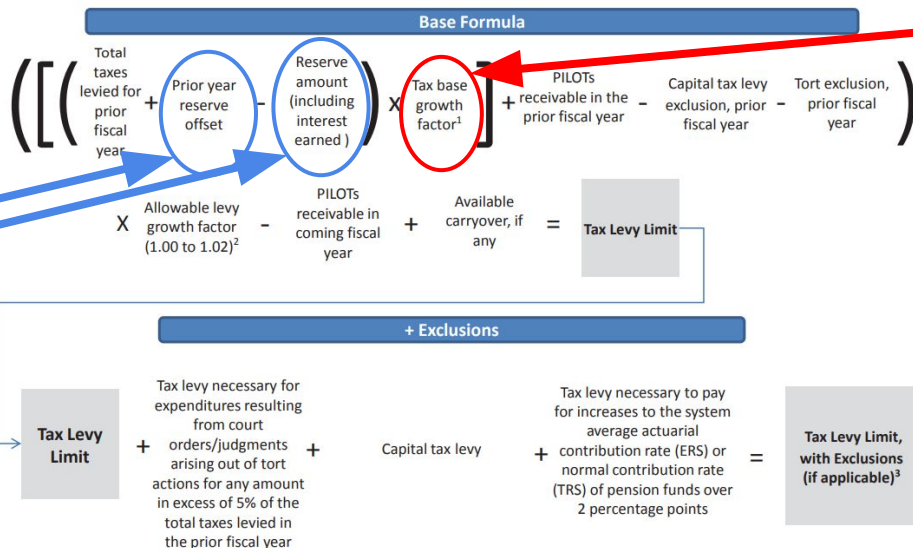
How is the Tax Cap calculated?

Reserve Amount:

Excess tax levy collected from prior years must be placed in a reserve.

When a school district exceeds the maximum allowable tax levy limit, the excess amount must be placed in a reserve and used (including interest) to offset the tax levy for the following fiscal year.

This is a rare occurrence that would likely be due to a technical error.



Tax base growth factor:

Determined by the NYS Tax & Finance taking into consideration the following within the boundaries of the school district:

- new construction
- newly taxable status of existing property
- improvements to taxable property

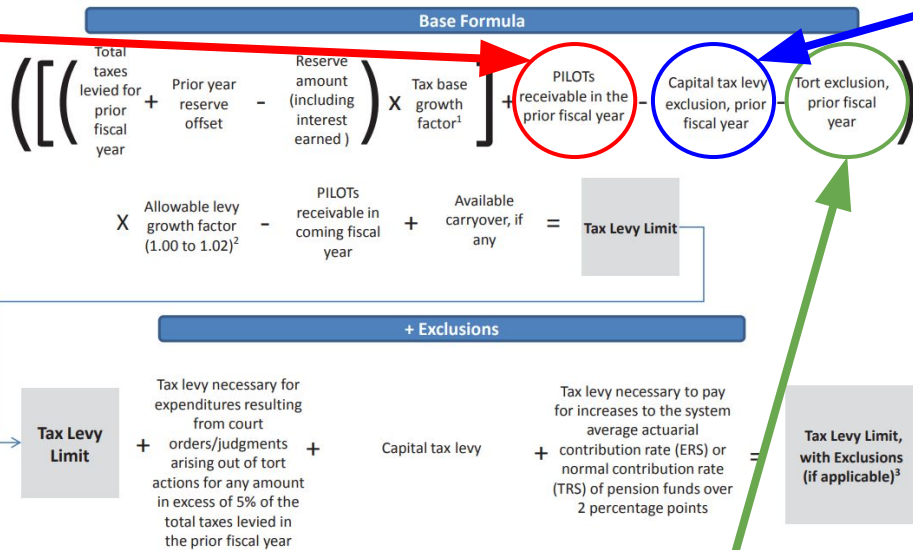
Dansville CSD = 0.4% or 1.004



How is the Tax Cap calculated?

PILOT – (payment in lieu of taxes):

PILOT programs are used as financial incentives to encourage economic development. It is a payment made to compensate for a loss of property tax revenue. These are granted by the IDA (Industrial Development Agency). School districts have no control over granting PILOTs.



Tort:

A tort is a legal liability. This includes situations where the school district is found legally responsible for something like personal injury or property damage that occurs on school grounds or as a result of the district's actions.

Capital Tax Levy Exclusion:

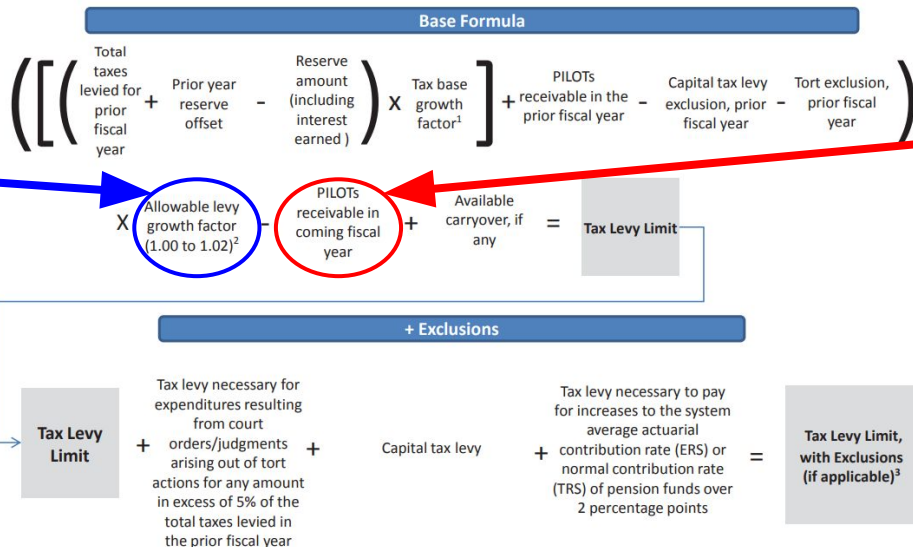
Costs associated with the following:

- Designing, constructing, or improving school buildings.
- Financing the purchase of school equipment (e.g., computers, buses).
- Paying debt service or lease payments related to these capital projects.
- Debt service on transportation-related capital expenses (like buses).
- District's share of BOCES capital expenditures.

Exclusions occur when the district takes in more capital funds than we owe.



How is the Tax Cap calculated?



Allowable levy growth factor:

Determined by NYS Tax & Finance

Lesser of 2% (or 1.02) or inflation factor (*change in CPI*), but never lower 1.00

Dansville CSD = 2% or 1.02

PILOT – (payment in lieu of taxes):

PILOT programs are used as financial incentives to encourage economic development. It is a payment made to compensate for a loss of property tax revenue. These are granted by the IDA (Industrial Development Agency). School districts have no control over granting PILOTs.



How is the Tax Cap calculated?

Base Formula

$$\left(\left(\begin{array}{c} \text{Total taxes} \\ \text{levied for} \\ \text{prior} \\ \text{fiscal} \\ \text{year} \end{array} + \begin{array}{c} \text{Prior year} \\ \text{reserve} \\ \text{offset} \end{array} - \begin{array}{c} \text{Reserve} \\ \text{amount} \\ \text{(including} \\ \text{interest} \\ \text{earned)} \end{array} \right) \times \begin{array}{c} \text{Tax base} \\ \text{growth} \\ \text{factor}^1 \end{array} \right) + \begin{array}{c} \text{PILOTs} \\ \text{receivable in the} \\ \text{prior fiscal year} \end{array} - \begin{array}{c} \text{Capital tax levy} \\ \text{exclusion, prior} \\ \text{fiscal year} \end{array} - \begin{array}{c} \text{Tort exclusion,} \\ \text{prior fiscal} \\ \text{year} \end{array}$$

$$\times \begin{array}{c} \text{Allowable levy} \\ \text{growth factor} \\ \text{(1.00 to 1.02)}^2 \end{array} - \begin{array}{c} \text{PILOTs} \\ \text{receivable in} \\ \text{coming fiscal} \\ \text{year} \end{array} + \begin{array}{c} \text{Available} \\ \text{carryover, if} \\ \text{any} \end{array} = \begin{array}{c} \text{Tax Levy Limit} \end{array}$$

+ Exclusions

$$\begin{array}{c} \text{Tax Levy Limit} \end{array} + \begin{array}{c} \text{Tax levy necessary for} \\ \text{expenditures resulting} \\ \text{from court} \\ \text{orders/judgments} \\ \text{arising out of tort} \\ \text{actions for any amount} \\ \text{in excess of 5\% of the} \\ \text{total taxes levied in} \\ \text{the prior fiscal year} \end{array} + \begin{array}{c} \text{Capital tax levy} \end{array} + \begin{array}{c} \text{Tax levy necessary to pay} \\ \text{for increases to the system} \\ \text{average actuarial} \\ \text{contribution rate (ERS) or} \\ \text{normal contribution rate} \\ \text{(TRS) of pension funds over} \\ \text{2 percentage points} \end{array} = \begin{array}{c} \text{Tax Levy Limit,} \\ \text{with Exclusions} \\ \text{(if applicable)}^3 \end{array}$$

Tort:

A tort is a legal liability. This includes situations where the school district is found legally responsible for something like personal injury or property damage that occurs on school grounds or as a result of the district's actions.

Pension Exclusion (ERS/TRS):

If the contribution rate grows by more than **two percentage points**, then the district is allowed to **exclude** the portion of the pension costs that are above that two-point increase from the **tax levy cap**.

Capital Tax Levy:

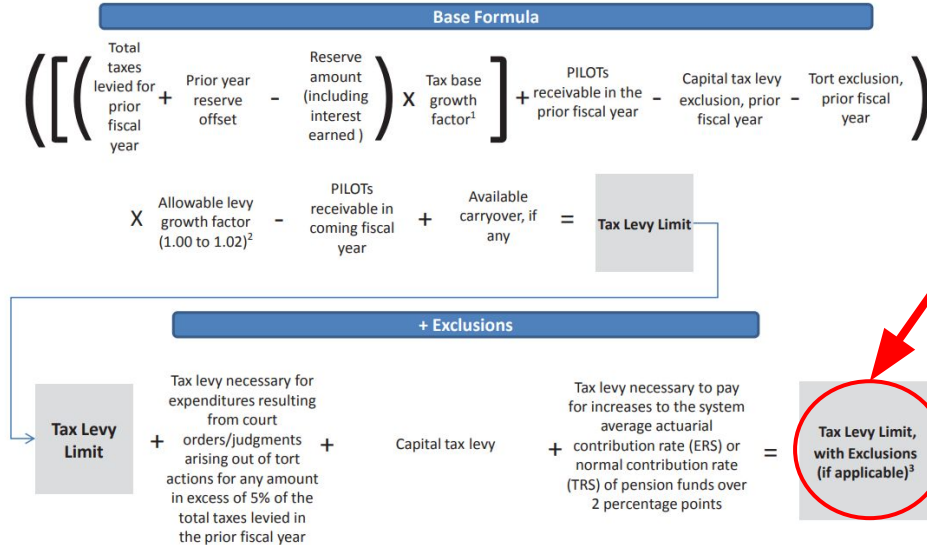
Costs associated with the following:

- Designing, constructing, or improving school buildings.
- Financing the purchase of school equipment (e.g., computers, buses).
- Paying debt service or lease payments related to these capital projects.
- Debt service on transportation-related capital expenses (like buses).
- District's share of BOCES capital expenditures.

Exclusions occur when the district takes in more capital funds than we owe.



How is the Tax Cap calculated?



Tax Levy Limit (with Exclusions):

When school districts propose to exceed this, they must get 60% voter approval for an override.



2024-2025 Tax Cap Calculation

Prior Year Tax Levy	\$ 9,109,205	A
Less: Reserve (if applicable)	\$ -	
x Tax Base Growth Factor	1.0040	
	\$ 9,145,642	
Plus: PILOT Receivable (Prior Year)	\$ 142,243	
Less: Capital Exclusion (Prior Year)	\$ -	
	\$ 9,287,885	
x Allowable Levy Growth Factor	1.0200	
Subtotal	\$ 9,473,643	
Less: PILOT Receivable (Current Year)	\$ (167,475)	
Plus: Available Carryover	\$ 4	
	\$ 9,306,172	B
Plus: Current Year Capital Exclusion	\$ -	
Plus: Tort Exclusion	\$ -	
Plus: Retirement System Exclusion	\$ 5,374	
Total Allowable Tax Levy Limit	\$ 9,311,546	C

Maximum Levy Increase Allowed w/in Cap	\$ 202,341	D = (C-A)
Percentage	2.22	
Actual District Tax Levy	\$ 9,290,475	E
Actual Tax Levy Increase (Percentage)	1.99	
Actual Tax Levy Increase	\$ 181,270	F = (D-A)
Percentage	1.99	
Allowable - Actual	\$ 21,071	D - F

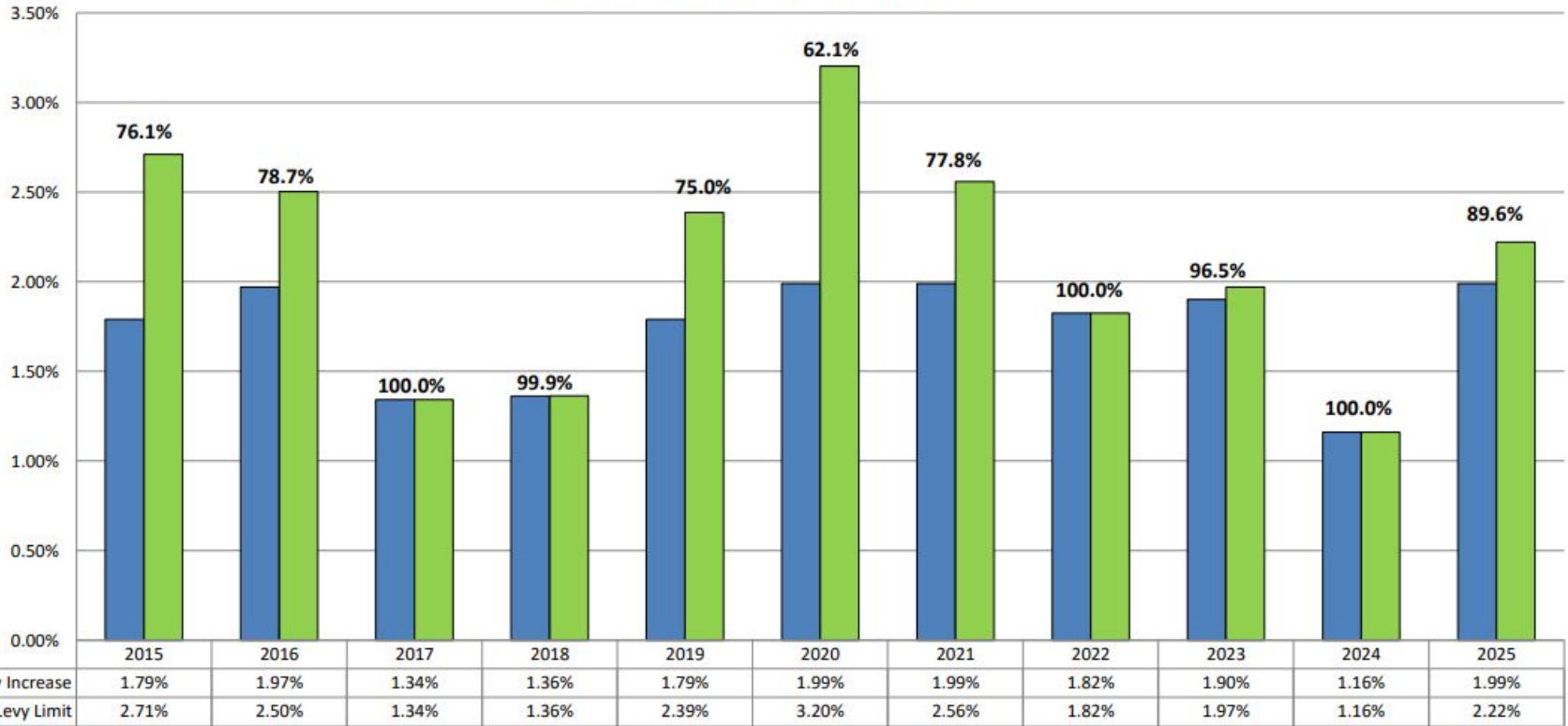


Short-Term & Long-Term Impact

- Last year, by establishing a tax levy that was lower than the allowable tax cap, we did not collect approximately \$21,071 in potential revenue, which does not sound like a lot of money.
- Based on projected future tax cap calculations and the power of compounding, \$21,071 will turn into approximately \$115,776 over 5 years in lost revenue.
- In 10 years this will compound to approximately \$247,193 in lost revenue.
- This is additional revenue that DCSD could have accessed by raising taxes to the State's expected tax cap.

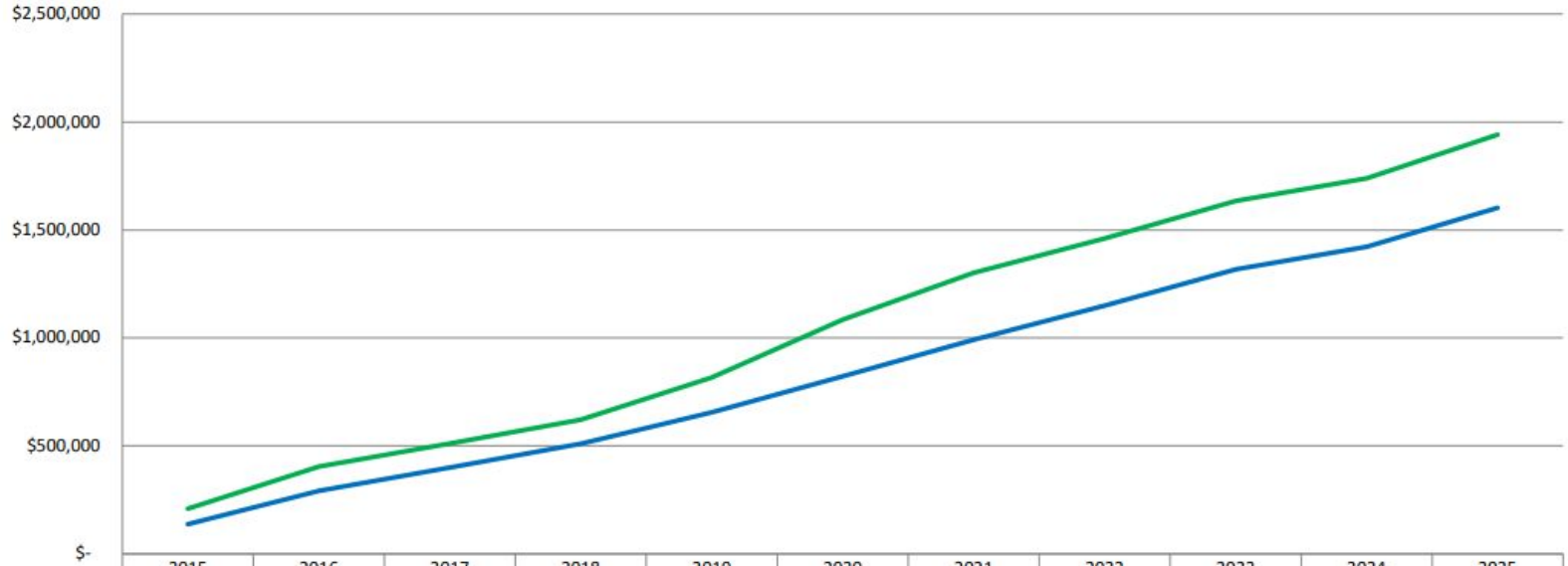
Dansville Central School District

TAX LEVY INCREASE & ALLOWABLE LEVY LIMIT



Fiscal Year Ending June 30

Dansville Central School District
Tax Levy Increase & Allowable Levy Limit



Fiscal Year Ending June 30

ACTUAL

Dansville Central School District
Tax Cap Analysis

		Actual					
		2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Prior Year Tax Levy	A	\$ 8,343,107	\$ 8,509,135	\$ 8,678,470	\$ 8,836,780	\$ 9,004,675	\$ 9,109,205
Less: Reserve (if applicable)		-	-	-	-	-	-
x Tax Base Growth Factor		1.0011	1.0022	1.0025	1.0043	1.0013	1.0040
		8,352,284	8,527,855	8,700,166	8,874,778	9,016,381	9,145,642
Plus: PILOT Receivable (Prior Year)		69,950	75,890	87,100	122,784	145,196	142,243
Less: Capital Exclusion (Prior Year)		-	(46,599)	(47,329)	(110,827)	(91,526)	-
		8,422,234	8,557,146	8,739,937	8,886,735	9,070,051	9,287,885
x Allowable Levy Growth Factor		1.0200	1.0181	1.0123	1.0200	1.0200	1.0200
Subtotal		8,590,679	8,712,030	8,847,438	9,064,470	9,251,452	9,473,643
Less: PILOT Receivable (Current Year)		(75,890)	(87,100)	(122,497)	(145,196)	(142,243)	(167,475)
Plus: Available Carryover		48,900	54,554	1,015	-	-	4
Tax Levy Limit	B	8,563,689	8,679,485	8,725,956	8,919,274	9,109,209	9,306,172
Plus: Current Year Capital Exclusion		46,599	47,329	110,827	91,526	-	-
Plus: Tort Exclusion		-	-	-	-	-	-
Plus: Retirement System Exclusion		-	-	-	-	-	5,374
Total Allowable Tax Levy Limit	C	8,610,288	8,726,814	8,836,783	9,010,800	9,109,209	9,311,546
Actual District Tax Levy	D	8,509,135	8,678,470	8,836,780	9,004,675	9,109,205	9,290,475
Actual Tax Levy Increase (Percentage)		1.99%	1.99%	1.82%	1.90%	1.16%	1.99%
Super Majority Vote Needed?		NO	NO	NO	NO	NO	NO
Carryover Calculation (Lesser of):							
Amount Under Tax Levy Limit (before Exclusions)	=B-D	54,554	1,015	(110,824)	(85,401)	4	15,697
1.5% of Tax Levy Limit (before Exclusions)	=B*.015	128,455	130,192	130,889	133,789	136,638	139,593
Allowable Carryover	E	54,554	1,015	0	0	4	15,697
Key Metrics:							
Maximum Levy Increase Allowed w/in Cap	F=C-A	267,181	217,679	158,313	174,020	104,534	202,341
Percentage		3.20%	2.56%	1.82%	1.97%	1.16%	2.22%
Actual Tax Levy Increase	G=D-A	166,028	169,335	158,310	167,895	104,530	181,270
Percentage		1.99%	1.99%	1.82%	1.90%	1.16%	1.99%
Annual Forfeited Unused Balance	=F-G-E	46,599	47,329	3	6,125	-	5,374
Cumulative Unused Available Limit		46,599	93,928	93,931	100,056	100,056	105,430
Yearly		101,153	97,000	97,427	105,928	108,191	131,863

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Total 641,561

Projections
Increase 1.99%

Dansville Central School District
Tax Cap Analysis

		Actual	Projections				
		2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Prior Year Tax Levy	A	\$ 9,109,205	\$ 9,290,475	\$ 9,475,355	\$ 9,663,915	\$ 9,856,227	\$ 10,052,366
Less: Reserve (if applicable)		-	-	-	-	-	-
x Tax Base Growth Factor		1.0040	1.0056	1.0056	1.0056	1.0056	1.0056
		9,145,642	9,342,502	9,528,417	9,718,033	9,911,422	10,108,659
Plus: PILOT Receivable (Prior Year)		142,243	167,475	18,404	18,404	18,404	18,404
Less: Capital Exclusion (Prior Year)		-	-	-	-	-	-
		9,287,885	9,509,977	9,546,821	9,736,437	9,929,826	10,127,063
x Allowable Levy Growth Factor		1.0200	1.0200	1.0200	1.0200	1.0200	1.0200
Subtotal		9,473,643	9,700,176	9,737,758	9,931,166	10,128,422	10,329,604
Less: PILOT Receivable (Current Year)		(167,475)	(18,404)	(18,404)	(18,404)	(18,404)	(18,404)
Plus: Available Carryover		4	15,697	145,462	147,972	150,911	153,914
Tax Levy Limit	B	9,306,172	9,697,469	9,864,816	10,060,734	10,260,929	10,465,114
Plus: Current Year Capital Exclusion		-	-	-	-	-	-
Plus: Tort Exclusion		-	-	-	-	-	-
Plus: Retirement System Exclusion		5,374	-	-	-	-	-
Total Allowable Tax Levy Limit	C	9,311,546	9,697,469	9,864,816	10,060,734	10,260,929	10,465,114
Actual District Tax Levy	D	9,290,475	9,475,355	9,663,915	9,856,227	10,052,366	10,252,408
Actual Tax Levy Increase (Percentage)		1.99%	1.99%	1.99%	1.99%	1.99%	1.99%
Super Majority Vote Needed?		NO	NO	NO	NO	NO	NO
Carryover Calculation (Lesser of):							
Amount Under Tax Levy Limit (before Exclusions)	=B-D	15,697	222,113	200,901	204,507	208,563	212,706
1.5% of Tax Levy Limit (before Exclusions)	=B*.015	139,593	145,462	147,972	150,911	153,914	156,977
Allowable Carryover	E	15,697	145,462	147,972	150,911	153,914	156,977
Key Metrics:							
Maximum Levy Increase Allowed w/in Cap	F=C-A	202,341	406,994	389,460	396,819	404,702	412,748
Percentage		2.22%	4.38%	4.11%	4.11%	4.11%	4.11%
Actual Tax Levy Increase	G=D-A	181,270	184,880	188,560	192,312	196,139	200,042
Percentage		1.99%	1.99%	1.99%	1.99%	1.99%	1.99%
Annual Forfeited Unused Balance	=F-G-E	5,374	76,651	52,929	53,596	54,650	55,730
Cumulative Unused Available Limit		5,374	82,025	134,954	188,550	243,199	298,929
Yearly		-	222,113	283,263	347,081	413,658	483,086
Total							1,749,201

Key Assumptions:

- FY 2026-27 and beyond assume same Tax Base Growth Factor as FY 2025-26.
- FY 2026-27 and beyond assume the same Allowable Levy Growth Factor as 2025-26.
- Capital Exclusions based on 2025-26 Debt Service Budget projections (assumes \$36,606 for BOCES exclusion).

Projections
Max Allowable Increase

Dansville Central School District
Tax Cap Analysis

		Actual	Projections				
		2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Prior Year Tax Levy	A	\$ 9,109,205	\$ 9,290,475	\$ 9,697,469	\$ 9,947,178	\$ 10,203,308	\$ 10,466,024
Less: Reserve (if applicable)		-	-	-	-	-	-
x Tax Base Growth Factor		1.0040	1.0056	1.0056	1.0056	1.0056	1.0056
		9,145,642	9,342,502	9,751,775	10,002,882	10,260,447	10,524,633
Plus: PILOT Receivable (Prior Year)		142,243	167,475	18,404	18,404	18,404	18,404
Less: Capital Exclusion (Prior Year)		-	-	-	-	-	-
		9,287,885	9,509,977	9,770,179	10,021,286	10,278,851	10,543,037
x Allowable Levy Growth Factor		1.0200	1.0200	1.0200	1.0200	1.0200	1.0200
Subtotal		9,473,643	9,700,176	9,965,582	10,221,712	10,484,428	10,753,898
Less: PILOT Receivable (Current Year)		(167,475)	(18,404)	(18,404)	(18,404)	(18,404)	(18,404)
Plus: Available Carryover		4	15,697	-	-	-	-
Tax Levy Limit	B	9,306,172	9,697,469	9,947,178	10,203,308	10,466,024	10,735,494
Plus: Current Year Capital Exclusion		-	-	-	-	-	-
Plus: Tort Exclusion		-	-	-	-	-	-
Plus: Retirement System Exclusion		5,374	-	-	-	-	-
Total Allowable Tax Levy Limit	C	9,311,546	9,697,469	9,947,178	10,203,308	10,466,024	10,735,494
Actual District Tax Levy	D	9,290,475	9,697,469	9,947,178	10,203,308	10,466,024	10,735,494
Actual Tax Levy Increase (Percentage)		1.99%	4.38%	2.57%	2.57%	2.57%	2.57%
Super Majority Vote Needed?		NO	NO	NO	NO	NO	NO
Carryover Calculation (Lesser of):							
Amount Under Tax Levy Limit (before Exclusions)	=B-D	15,697	0	0	0	0	0
1.5% of Tax Levy Limit (before Exclusions)	=B*.015	139,593	145,462	149,208	153,050	156,990	161,032
Allowable Carryover	E	15,697	0	0	0	0	0
Key Metrics:							
Maximum Levy Increase Allowed w/in Cap	F=C-A	202,341	406,994	249,709	256,130	262,716	269,470
Percentage		2.22%	4.38%	2.57%	2.57%	2.57%	2.57%
Actual Tax Levy Increase	G=D-A	181,270	406,994	249,709	256,130	262,716	269,470
Percentage		1.99%	4.38%	2.57%	2.57%	2.57%	2.57%
Annual Forfeited Unused Balance	=F-G-E	5,374	-	-	-	-	-
Cumulative Unused Available Limit		5,374	5,374	5,374	5,374	5,374	5,374

Key Assumptions:

- FY 2026-27 and beyond assume same Tax Base Growth Factor as FY 2025-26.
- FY 2026-27 and beyond assume the same Allowable Levy Growth Factor as 2025-26.
- Capital Exclusions based on 2025-26 Debt Service Budget projections (assumes \$36,606 for BOCES exclusion).

Dansville Central School District

FY 2025-26 PILOT Impact Analysis

	ACTUAL FY 2024-25	ESTIMATED FY 2025-26	% Change
REVENUE			
Tax Levy	\$ 9,290,475	\$ 9,439,546	1.60%
PILOT	167,475	18,404	-89.01%
Subtotal	\$ 9,457,950	\$ 9,457,950	0.00%
TAX RATE			
Total District			
Equalized Value	\$ 704,269,905	\$ 715,014,744 ¹	1.53%
Tax Levy	9,290,475	9,439,546	1.60%
Tax Rate	\$ 13.1916	\$ 13.2019	0.08%
COST TO TAXPAYER (FULL VALUE) ²			\$ Change
\$ 100,000	\$ 1,319.16	\$ 1,320.19	\$ 1.03
\$ 150,000	\$ 1,978.75	\$ 1,980.28	\$ 1.54
\$ 200,000	\$ 2,638.33	\$ 2,640.38	\$ 2.05

Note: 1. Does not account for any additional growth.

2. Assumes no STAR exemptions.

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Next Steps

We will continue to provide presentations on topics that will help inform our **2025-2026 Budget Development** and **Long-term Fiscal Plan**.

- Weekly presentations on the status of our **2025-2026 Expenditure Budget** as it develops and evolves at our Budget Workshops throughout March and April.

Thank you for your continued support of our schools!

QUESTIONS??