

## TAX CAP LEGISLATION OUTLINES ALLOWABLE TAX LEVY LIMIT

As written and adopted by the Legislature and signed by the Governor, §2023-a of the Education Law sets forth the formula that school districts must use to calculate their respective tax levy limits.

Contrary to the simplified term used in numerous media reports, the “2% tax cap.” Which is actually the allowable tax levy limit, as defined in the law, is the product of a complex formula that includes some of the following factors and the associated percentage or dollar increase/decrease to the RCSD tax levy limit such as:

- Inflation Factor (1.81%), capped the less of CPI or 2.00%, which every is lower
- Tax base growth factor (1.10% in RCSD)
- Change in Payments in Lieu of Taxes (-\$1,317)
- Capital Local Expenditures (+\$96,516)

Given these variables, the allowable tax levy limit will differ from one school district to another and, in many cases, may exceed the 2% so popular in press reports.

For the Rhinebeck Central School District, the allowable tax levy limit for the 2020-21 school year is 3.16%, based on the formula set forth in the provisions of §2023-a. The Rhinebeck Central School District Board of Education is proposing a 2.93% tax levy increase which \$68,815 below our allowable tax levy limit.

More information about the various components involved in the calculation of the allowable tax levy limit is available at: <http://www.osc.state.ny.us/localgov/realprop/index.htm>.