

Budget battles? School tax cap near zero

Joseph Spector, jspector@gannett.com | [@gannettalbany](#) 7:17 a.m. EST January 21, 2016



(Photo: By Albany Bureau)

ALBANY — Schools will have a property tax cap near zero percent for the upcoming year, and it may mean more districts will try to get voter approval in May to override the cap.

A 0.12 percent tax cap was announced Wednesday for New York's nearly 700 school districts for the fiscal year that starts July 1. The cap limit is the lowest since the program was started in 2011, and schools warned it will put an unprecedented squeeze on their budgets.

Since it took effect. ([/story/news/local/2015/06/05/new-york-tax-cap-zero-percent-andrew-cuomo-schools/28555241/](#)) the property tax cap had hovered around 2 percent a year, but it has fallen in recent years along with the decline in the inflation rate.

"The nearly zero growth in the tax cap will limit budget options for school and municipal officials as they plan for next year," said Comptroller Thomas DiNapoli, who sets the rate based on inflation rates, in a statement. "Although some local governments can rely on available reserve funds to bridge the gap, others may need to take a hard look at operations to find ways to cut costs to stay under the cap."

The latest calculation for the tax cap impacts 677 school districts as well as 10 cities, including the "Big Four" cities of Buffalo, Rochester, Syracuse and Yonkers, whose budgets are part of their city's fiscal plans.

The tax cap limits the growth in property taxes to the lesser of the rate of inflation or 2 percent with certain exemptions, such as sizable growth in pension costs or new construction in a community.

School districts can override the tax cap with a 60 percent vote of the public at the May budget vote. But [few districts each year are successful](#) ([/story/news/education/2015/02/11/new-york-school-districts-tax/23244119/](#)) in getting an override approved.

With the lower cap, schools will have less revenue to spend on operations — unless an override is approved.

"Schools will not be able to raise any meaningful new revenue without obtaining a 60 percent supermajority in support of their budget — a very challenging task," warned Timothy Kremer, executive director of the state School Boards Association.

DiNapoli estimated that schools will have \$308 million less available with the lower cap. In the current fiscal year, the cap was set at 1.62 percent.

Schools are lobbying the state legislature to change the tax cap so it's set at 2 percent each year — not tied to the inflation rate. But Gov. Andrew Cuomo, who has championed the cap, and lawmakers haven't shown broad interest in making the change.

"We urge the legislature and concerned citizens to contact the Governor's Office or the Commissioner of Tax and Finance, and request they fulfill their obligation to implement these changes to the tax cap that the legislature passed," said Michael Borges, executive director of the state Association of School Business Officials. "These changes will each benefit about 75 percent of school districts throughout the state, which is particularly important in a zero percent tax cap year."

With the lower cap, schools also urged the state to increase state aid to offset the limited property tax revenue. [Cuomo proposed a \\$991 million increase](#) ([/story/news/politics/politics-on-the-hudson/2016/01/13/albany---gov-andrew-cuomo-wednesday-proposed-43-percent-increase-school-aid-total-242-billion-education-increase-would-come-991-million-and-cuomo-pledged-2-billion-increase-over-two-years-state-board-regents-wanted-24-billion-increase-year/78760100/](#)) in a school aid, just over 4 percent, to a total of \$24.2 billion.

Cuomo has praised the cap for limiting the growth in property taxes in one of the most expensive states to live in the nation. A Tax Foundation report Wednesday said [New York has the highest tax burden](#) ([/story/news/politics/politics-on-the-hudson/2016/01/20/were-1-again-ny-has-highest-tax-burden-us/79059736/](#)) in the nation.

In the first three years under the tax cap, property taxes grew a little over 2 percent per year — less than half the average annual growth over the prior decade, Cuomo's proposed budget states.

"Why is that important?" Cuomo said in his State of the State address last week. "Because reducing taxes is part of our strategy to create jobs, and when you're creating jobs, you're creating opportunity and you're creating hope and you're creating progress, and it is working here in New York."