

# **Harrison 2012 Budget Implications of the Tax Levy Cap**

# Tax Cap Overview

## THE TAX CAP

CHAPTER 97 OF THE LAWS OF 2011

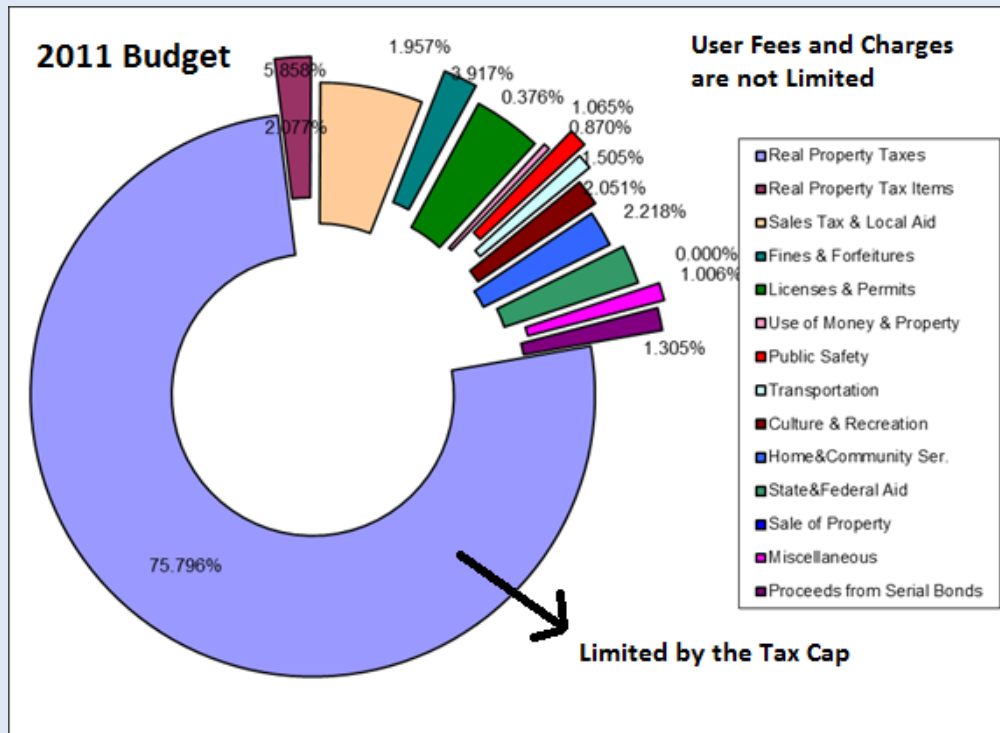
ENACTED JUNE 24, 2011

Program bill originated with Governor Cuomo

Bill amended and passed as part of omnibus bill

Establishes a Tax Levy Limit on all local governments and most school districts (excludes NYC)

Starts with fiscal years beginning in 2012. Expires June 15, 2016 unless rent control is extended



# Tax Cap Summary

TAX CAP LIMITS TOTAL LEVY SET BY LOCAL GOVERNMENTS,  
NOT ASSESSED VALUE OR TAX RATE

TOWN/VILLAGE OF HARRISON TOTAL LEVY FOR BUDGET YEAR 2011

\$40,667,324.00

2.00%

\$ 813,346.48

**Amount Harrison Can Increase the 2012 Tax Levy over 2011**

**Prior to Exclusions for Pension which will be discussed later.**

**THIS NUMBER IS FOR EXPLANATION PURPOSES ONLY AND DOES  
NOT INCLUDE ANY OTHER DISTRICTS THAT WE HAVE TO REPORT.**

**LOCAL GOVERNMENTS MAY NOT ADOPT A BUDGET THAT REQUIRES A TAX LEVY THAT  
EXCEEDS THE PRIOR YEARS LEVY BY MORE THAN 2%, OR THE RATE OF INFLATION,  
WHICHEVER IS LESS, UNLESS THE GOVERNING BOARD FIRST ADOPTS A LOCAL LAW  
TO OVERRIDE THE LEVY LIMITATION.**

**Rate of Inflation: Inflation factor, change in "the average of the national consumer price indexes  
determined by the United State Department of Labor for the twelve month period ending six  
months prior to the start of the coming fiscal year."**

**The Office of the State Comptroller will calculate for Local Governments as the numbers are  
released.**

# Tax Cap Summary

IN ADDITION TO THE TOWN/VILLAGE, THE TAX CAP COVERS ALL SPECIAL DISTRICTS SUCH AS, FIRE DISTRICTS, LIBRARY DISTRICTS, SEWER DISTRICTS, DRAINAGE DISTRICTS, REFUSE DISTRICTS AND SPECIAL DISTRICTS.

OUR FIRE DISTRICTS (EXCLUDING PURCHASE FIRE), LIBRARY, SEWER, AND SPECIAL ASSESSMENT DISTRICTS ARE ALL INCLUDED IN OUR MUNICIPAL LEVY CAP CALCULATION

SINCE WE ARE A CO-TERMINUS TOWN/VILLAGE, WE WILL HAVE TO DO TWO REPORTS, ONE FOR THE TOWN AND ONE FOR THE VILLAGE. IN ORDER TO STAY WITHIN THE CAP,

EITHER REPORT CANNOT GO OVER THE 2% LEVY AMOUNT.

# **OVERRIDE**

THE LAW ALLOWS LOCAL GOVERNMENTS AND SCHOOL DISTRICTS TO  
OVERRIDE THE ANNUAL LEVY CAP.

AN OVERRIDE IS GOOD FOR THAT FISCAL YEAR ONLY:  
WE CANNOT "OPT OUT" OF THE TAX CAP PERMANENTLY.

## **OVERRIDE PROCESS:**

MUST FIRST ENACT A LOCAL LAW TO OVERRIDE BEFORE ADOPTING A FINAL  
BUDGET THAT REQUIRES A TAX LEVY ABOVE THE LIMIT.

GOVERNING BOARD MUST APPROVE BY AT LEAST 60% OF VOTING POWER  
(i.e.: 3 OUT OF 5)

# Exclusions

THE LAW ALLOWS LOCAL GOVERNMENTS TO EXCLUDE FROM THE LEVY CALCULATION THE FOLLOWING:

PENSION CONTRIBUTIONS DUE TO INCREASES IN THE STATEWIDE CONTRIBUTION RATE OVER 2 PERCENTAGE POINTS.

EXPENDITURES RESULTING FROM COURT ORDERS OR JUDGEMENTS ARISING OUT OF TORT ACTIONS THAT EXCEED 5% OF THE TOTAL TAX LEVIED IN THE PRIOR FISCAL YEAR. **(DOES NOT APPLY TO US THIS YEAR, NO EXCLUSION)**

# Pension Exclusion Calculator

Hover here for sample salary projection

Salary Base for bill to be paid in fiscal years beginning 2012:\*

State and Local Employee Retirement System (ERS)

13,290,837

Police and Fire Retirement System (PFRS)

8,470,235

Teachers Retirement System (TRS)

Excludable Percentage:

State and Local Employee Retirement System (ERS)

0.60%

Police and Fire Retirement System (PFRS)

2.20%

Teachers Retirement System (TRS)

Pension Exclusion:

ERS

79,745

PFRS

186,345

TRS

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Available from the Retirement System through a secure online application. For access to the Retirement System **Employer Projection and Rates (EPR) Application**, email RTempSer@osc.state.ny.us or call Beth Wicks at 518-474-9236 or Patricia Engel at 518-486-3921. (For other levy limit questions, please call the Division of Local Government's Data Monitoring and Analysis Unit at 518-473-0006.)

Fall 2012 TRS payments will be based on actual July 1, 2011 - June 30, 2012 salary base. The TRS system does not provide projections of this base.

See "Contribution Rates" Tab for data. (To get the value 0.6%, enter either "0.6%" or "0.006," not "0.6", since 0.6 is equal to 60%.)

\* **NOTE to Calendar Year LGs:** Please use the salary base applicable to the bill you will pay in calendar 2012, taken from the Employer Projection and Rates (EPR) Application. If, like most entities, you will pay your 2012-13 bill in December 2012, use the column labeled "Projected Salaries 04/01/2012-03/31/2013". If, like a few, you will be paying your 2011-12 pension bill in February 2012, use the column labeled, "Salary Estimates 04/01/2011-03/31/2012". However, to minimize risk of audit, please note that you should only do this if you regularly pay your pension bill in February.

ERS/PFRS Retirement Exclusions by Payment Date During Fiscal Years Starting in 2012			
Pay in	For State Fiscal Year	Percentage Excluded	
		ERS	PFRS
February 2012*	April 1, 2011-March 31, 2012	2.4%	1.4%
December 2012	April 1, 2012-March 31, 2013	0.6%	2.2%
February 2013	April 1, 2012-March 31, 2013	0.6%	2.2%

\* Applies to calendar year fiscal year entities only, and only that regularly pay in February.

# Tax Levy Cap Elements

## Entity Information

Taxing Entity Name: Village of Harrison

Entity Class: Village

County: Westchester

## Tax Levy Cap Elements

## Amount

1. Total Real Property Tax Levy for Fiscal Year Ending (FYE) 12/31/2011	\$40,667,324
2. Tax Base Growth Factor, if any	1.0000
3. PILOTS receivable in FYE 12/31/2011	\$632,544
4. PILOTS receivable in FYE 12/31/2012	\$717,665
5. Tax levy necessary for expenditures resulting from court orders or judgments resulting from tort actions FYE 12/31/2012	\$0
6. Tax levy necessary for pension contribution expenditures caused by growth in the system average actuarial contribution rate (ERS; PFRS) or normal contribution rate (TRS) in excess of 2 percentage points:	
a. State and Local Employees' Retirement System (ERS)	\$79,745
b. Police and Fire Retirement System (PFRS)	\$186,345
c. Teachers' Retirement System (TRS)	\$0
7. Transfer of local government function(s) (as determined by OSC):	
a. Costs	\$0
b. Savings	\$0



# Tax Levy Cap – Calculations and Totals

Tax Levy Cap - Calculations and Totals	
<b>Tax Levy Limit (Cap) Before Adjustments and Exclusions</b>	
8. Tax Levy FYE 12/31/2011	\$40,667,324*
9. Tax Base Growth Factor	1.0000+
10. PILOTS receivable FYE 12/31/2011	\$632,544*
11. Allowable levy growth factor	1.02-
12. PILOTS receivable FYE 12/31/2012	\$717,665
<b>13. Total Levy Limit Before Adjustments/Exclusions</b>	<b>\$41,408,200</b>
<b>Adjustments for Transfer of Local Government Functions</b>	
14. Costs incurred from transfer of local government functions	\$0-
15. Savings realized from transfer of local government functions	\$0
<b>16. Total Adjustments</b>	<b>\$0</b>
<b>17. Tax Levy Limit, Adjusted for Transfer of Local Government Functions</b>	<b>\$41,408,200</b>
<b>Exclusions</b>	
18. Tax levy necessary for expenditures resulting from tort orders/judgments over 5% FYE 12/31/2011 tax levy	\$0+
19. Tax levy necessary for pension contribution expenditures caused by growth in the system average actuarial contribution rate(ERS; PFRS) or normal contribution rate(TRS) in excess of 2 percentage points:	
a. ERS	\$79,745+
b. PFRS	\$186,345+
c. TRS	\$0
<b>20. Total Exclusions</b>	<b>\$266,090</b>
<b>21. Tax Levy Limit, Adjusted for Transfers, Plus Exclusions</b>	<b>\$41,674,290</b>
<b>22. 2012 Proposed Levy</b>	<b>\$41,674,290</b>
<b>23. Difference Between Tax Levy Limit Plus Exclusions and Proposed Levy</b>	<b>\$0</b>
<b>24. Do you plan to override the cap in 2012?</b>	<input type="radio"/> Yes <input type="radio"/> No

# Tax Rate Increase

THE TAX LEVY CAP OF 2% IS ON THE LEVY NOT THE TAX RATE INCREASE

THE 2% TAX LEVY CAP ALLOWS THE INCREASE IN THE LEVY FOR THE TOWN, LIBRARY, HIGHWAY, AND VILLAGE FUNDS FOR A TOTAL OF \$1,006,966.

**THIS EQUATES TO A TAX RATE INCREASE OF  
4.571%**

THE ASSESSMENT ROLL WENT FROM \$139,855,816 IN THE 2011 TAX YEAR, TO \$137,054,166 FOR THE 2012 TAX YEAR.

THIS REDUCTION IN THE ASSESSMENT ROLL EQUATES TO A **2.044%** INCREASE IN THE TAX RATE.

THE 2% DOLLAR LEVY INCREASE OF \$1,006,996, EQUATES TO A TAX RATE INCREASE OF **2.527%**.

# 2012 Impact of Tax Rate Increase of 4.571%

ESTIMATED HOME VALUE	UNIFORM PERCENTAGE OF VALUE	ASSESSMENT	DOLLAR INCREASE PER THOUSAND	ANNUAL INCREASE FOR TOWN TAXES 2012
\$ 250,000.00	1.83%	\$ 4,575.00	\$ 13.29	\$ 60.80
\$ 500,000.00	1.83%	\$ 9,150.00	\$ 13.29	\$ 121.60
\$ 600,000.00	1.83%	\$ 10,980.00	\$ 13.29	\$ 145.92
\$ 650,000.00	1.83%	\$ 11,895.00	\$ 13.29	\$ 158.08
\$ 700,000.00	1.83%	\$ 12,810.00	\$ 13.29	\$ 170.24
\$ 750,000.00	1.83%	\$ 13,725.00	\$ 13.29	\$ 182.41
\$ 1,000,000.00	1.83%	\$ 18,300.00	\$ 13.29	\$ 243.21
\$ 2,000,000.00	1.83%	\$ 36,600.00	\$ 13.29	\$ 486.41

**IN ORDER TO TAKE THE TAX RATE INCREASE DOWN BY 1%, WE HAVE TO FIND \$398,500 IN EXPENDITURE CUTS OR REVENUE INCREASES**

# Challenges

## TAX CAP 2% DOLLAR LEVY CHALLENGES

\$ 1,006,966.00	Amount we can collect from taxpayers above the 2011 amount
\$ 40,667,324.00	2011 Levy
\$ 41,674,290.00	Total amount for 2012 we can collect from taxpayers

## FOR THE 2012 BUDGET WE HAVE THE FOLLOWING INCREASE IN MAJOR EXPENDITURE ITEMS

NYS Retirement	\$ 315,000.00
Major Medical	\$1,000,000.00
Judgments and Claims	\$ 100,000.00
3%Raises and Steps	\$ 650,000.00
Debt Service	\$ 100,000.00
<b>TOTAL MAJOR EXP.INCREASE 2012</b>	<b>\$2,165,000.00</b>

AMOUNT WE CAN LEVY	\$1,006,966.00
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EXPENDITURE CUTS OR INCREASED NON PROPERTY TAX REVENUE NEEDED TO MEET THE 2% TAX LEVY CAP	<b>\$1,158,034.00</b>
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