

2019-20 Budget Development



“Tax Cap”

Tax Base Growth Factor

Allowable Growth Factor

Changes to PILOT Agreements

Changes to Capital Exclusion

~~February 12, 2019~~

February 26, 2019



Tax Base Growth Factor (1.67% or \$1.2M)



Derived using a “quantity change factor,” which is calculated by the NYS Department of Taxation and Finance based on information reported by local assessors

Measures “brick & mortar” new construction and/or significant additions to existing properties, which increase the size of the tax base

Brewster CSD has no input/control over this factor



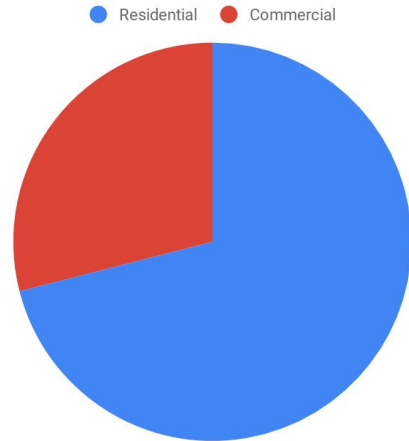
What's Driving the Increase in the Tax Base?

There were significant additions to commercial properties, as well as, brand new construction of other commercial buildings

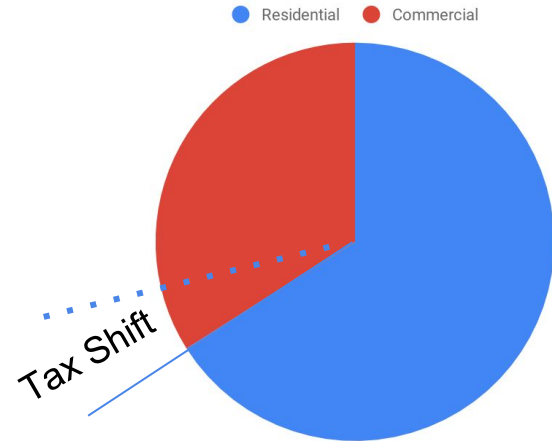
These commercial properties will dilute the tax burden of residential properties, shrinking their “slice of the pie”

In other words, the new commercial properties will absorb the portion of the tax levy increase for which they are responsible for creating

Sample Prior Year Assessment Allocation



Sample New Year Assessment Allocation





Allowable Growth Factor (1.97% or \$1.5M)

Consumer Price Index for All Urban Consumers (CPI-U) measures the change in the cost of basic goods and services in comparison to the prior year

Allowable Growth Factor is limited to the lesser of 2% or CPI

Can never be greater than 2%

Can never be less than 0%

Brewster CSD has no input/control over this factor

PILOT Agreement Changes (-0.01% or -\$9K)



Payment in Lieu of Tax (PILOT) agreements are negotiated between the Putnam County Industrial Development Agency (IDA) and commercial businesses

Expiring PILOTs **increase** the “Tax Cap” because the property becomes fully taxable on the assessment roll

- The property absorbs the impact of the increase in the levy

New PILOTs **decrease** the “Tax Cap” because the exempt portion of the property is removed from the assessment roll

- The property is excluded from the levy apportionment and makes a separate payment according to the terms of the PILOT agreement

Brewster CSD has no input/control over this factor

Capital Exclusion Changes (0.43% or \$322K)



Capital Construction Debt, net of Building Aid

An increase to the Capital Exclusion increases the “Tax Cap”

- The voters already approved the tax increase to pay for the debt associated with construction costs in a prior referendum vote

A decrease to the Capital Exclusion decreases the “Tax Cap”

- The debt is paid off so therefore no additional taxes are required

Brewster CSD has *limited* input/control over this factor: effective long range financial planning and community support for capital improvement projects is critical to stabilizing the Capital Exclusion

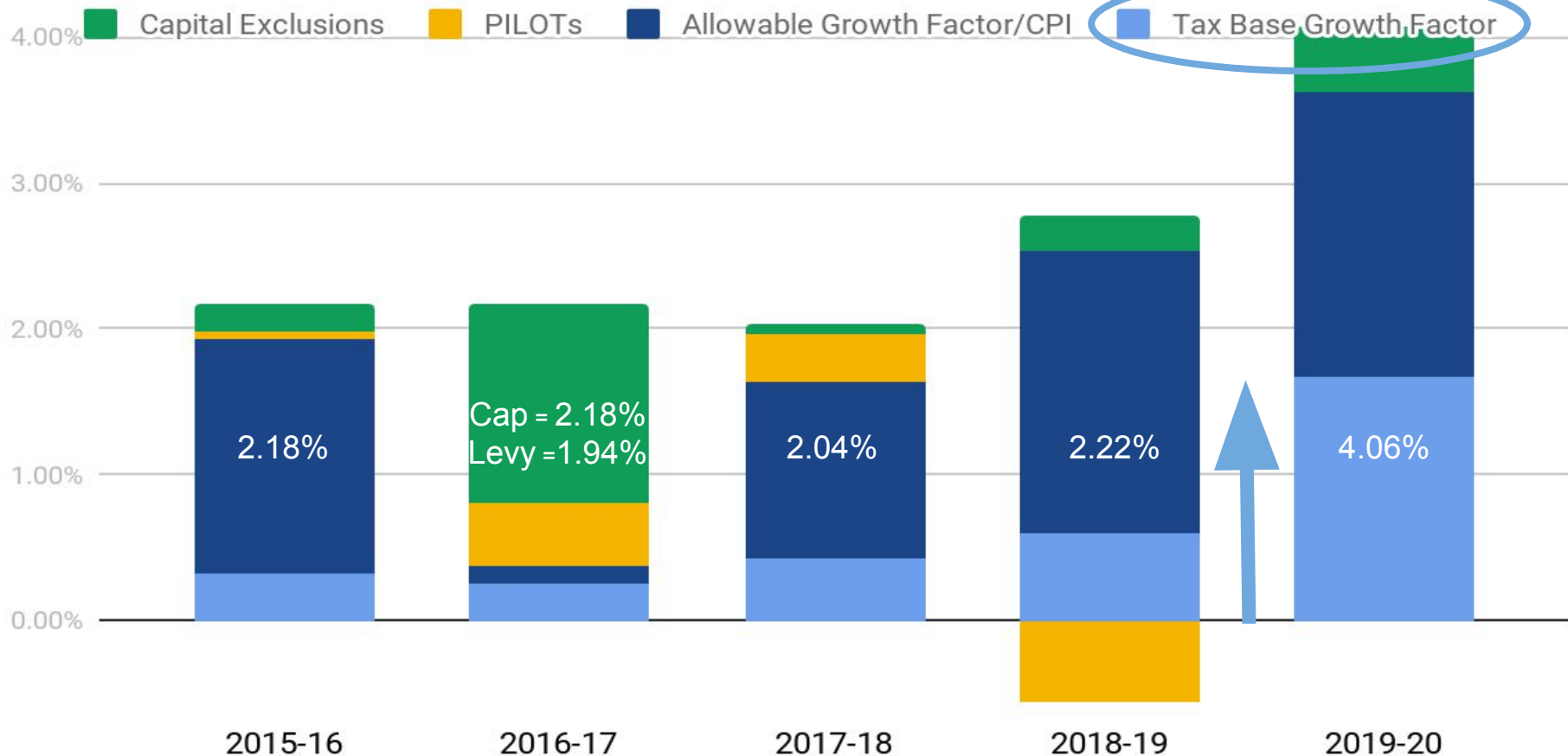
[Long Range Financial Plan](#) (pg 10)



Summary of “Tax Cap” Components

Component	Impact (\$)	Impact (%)
Tax Base Growth Factor	\$1,237,663	1.67%
Allowable Growth Factor (CPI)	\$1,455,783	1.97%
Changes to PILOTs	-\$9,456	-0.01%
Changes to Capital Exclusion	\$322,281	0.43%
Total “Tax Cap”	\$3,006,271	4.06%

What's driving the "Tax Cap" increase? (Each year is unique!)



It is not uncommon to have a 4% increase!



School District	Tax Levy Increase	Budget Result
Ardsley	4.70%	Pass
Edgemont	4.38%	Pass
Hastings	5.54%	Pass
Irvington	4.24%	Pass
Mt. Pleasant	4.68%	Pass

Last year, 11 school districts in Putnam/Westchester had “Tax Caps” resulting in Tax Levies greater than 3%; all 11 received 50% +1 voter approval and passed

What are the Board of Education's Parameters?



In order to reduce the Tax Levy down to:	The District must reduce expenditures of:
4.06%	\$0
3.50%	\$400K
3.00%	\$783K
2.50%	\$1.2M
2.00%	\$1.5M