

KEY COMPONENTS of the Tax Cap



On June 24, 2011 the property tax cap was signed into law.

WHAT IS THE PROPERTY TAX CAP?

The tax cap law establishes a limit on the annual growth of property taxes levied by local governments and school districts to two percent or the rate of inflation, whichever is less.

Please note that the 2% is the cap on the tax levy, not the tax rate.

WHO IS SUBJECT TO THE TAX CAP?

The cap applies to all independent school districts outside of the big five cities (ie: dependent school districts) and to all local governments including counties, cities, towns, and villages. The cap does not apply to New York City.

ARE THERE EXCEPTIONS TO THE TAX CAP?

There are limited, narrow exclusions to the cap, including certain costs of significant judgments arising out of tort actions and unusually large year-to-year increases in pension contribution rates.

IS THERE AN OVERRIDE MECHANISM TO THE TAX CAP?

Yes. The tax levy can exceed the 2% cap if 60% of the voters within the school district approve the budget.

WHEN IS THE TAX CAP EFFECTIVE?

The cap first applies to local fiscal years beginning in 2012. Local budgets that began in 2011 but conclude in 2012 are not affected. For the Lindenhurst School District, the cap applies to the 2012-2013 budget.

