

# *Budget Increases, Tax Levy, Tax Rates, Assessed Values & Equalization Rates*

Understanding what these are,  
how they are determined and  
what affects each

## *Budget-to-Budget Increase*

- The amount of money next year's budget is increasing over the current year's budget
- Reported in \$ and % amounts
- Affected by growth and reductions in expenditure areas of the budget

## *Example of Budget Increase*

- Proposed 2010-2011 Budget    \$116,131,460
- Prior Yr's Budget                    \$114,535,122
- **Budget-to-Budget Increase            \$1,596,338**
- **Budget-to Budget % Increase            1.39%**

# *Tax Levy*

- Tax levy is the total amount of money needed from the public to support its school budget
- Calculated by:
  - First determining the total budget required
  - Next subtracting any non-tax revenue district expects to receive or earn
  - Then subtracting any surplus or reserves appropriated to the next year by Board of Education
  - Thus leaving the Levy required to support budget

## *Example of Tax levy*

- Proposed Budget \$116,131,460
- Less Non-Tax Revenue (\$8,723,963)
- Less Appropriated Surplus (\$2,500,000)
- Less Appropriated Reserves (\$500,000)
- Less Appropriated Capital (\$200,000)

**Resulting Tax Levy \$104,207,497**

# *Tax Levy Increase*

- The amount of money next year's tax levy is increasing over this year's tax levy
- Also reported in \$ and % amounts
- Affected by :
  - Growth of budget expenditures
  - Gain or loss in non-tax revenues like state aid
  - Available surplus fund balance

## *Example of Tax Levy Increase*

- 2010-11 Calculated Tax Levy \$104,207,497
- Current Year's Tax Levy \$102,629,530
- Tax Levy Increase **\$1,577,967**
- Tax Levy % Increase **1.54%**

# *Tax Rates*

- Tax Rates are used to determine how much each taxpayer must contribute to the tax levy
- Tax Rates are listed in terms of what the rate is per \$1,000 of assessed property value
- A taxpayer's property assessed value is divided by \$1,000 and multiplied by the **Tax Rate** to determine what tax they will pay



## *Example of Tax Cost Calculation*

Avg. Bedford Town Assessed Value \$65,000

Tax Rate per \$1,000 of A.V. \$126.14

Cost of School Tax:

$$\frac{\text{A.V.}}{\$1,000} \times \text{Tax Rate} = \frac{\$65,000}{\$1,000} \times \$126.14 =$$

**School Tax Bill \$8,199**

# *Assessed Value*

- Assessed Value (AV) is the value a town assessor has placed on your property. This is not the value of the sale of your home or what it is worth on the market. It is a value on which tax rates will be applied to calculate taxes you will owe. Different towns use different assessing practices.

# *Equalization Rates*

- Equalization Rates (ER) are issued by the state to be used as a tool to compare properties of different assessed values and from towns of different assessing practices. ERs are developed by watching the actual sales and appraisal values of properties in each town and comparing them to the town's assessed value.

# *Equalization Rates continued..*

- Equalization Rates are used by school districts to convert a town's taxable assessed value into full value (FV) for apportioning the tax levy to each town.
- ERs are used to help ensure that homes of equal values, in the same school district, but from different municipalities, will pay approximately the same amount of school taxes.

## *Understanding State Equalization Rates (according to ORPS)*

“The equalization rate is the state’s measure of a municipality’s level of assessment (LOA). This is the ratio of total assessed value (AV) to the municipality’s total market value (MV). The municipality determines the AV and the MV is estimated by the state.”

# *How NYS Calculates Each Town's Equalization Rate*

Town's Total Assessed Value

$$\frac{\text{A.V.}}{\text{F.V.}} = \text{E.R.}$$

Town's Equalization Rate

Town's Full or Market Value

# *Property Values Compared*

**Assessed Value**

**Full Value**

**A.V.  $\neq$  F.V.**

**Apples**

**Oranges**

# *How School District Apportions the Tax Levy - Step 1*

- Each town's Assessed Value is converted to Full Value by dividing it by the Equalization Rate

$$\frac{\text{A.V.}}{\text{E.R.}} = \text{Full Value}$$



## Step 2

- Full Values (FVs) are added together to get the total Full Value for our school district

Town of Bedford	\$ Full Value
Town of Mt. Kisco	\$ Full Value
Town of Pound Ridge	\$ Full Value
Town of New Castle	\$ Full Value
Town of North Castle	\$ Full Value

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District Total F.V.

Total all F.V.

## Step 3

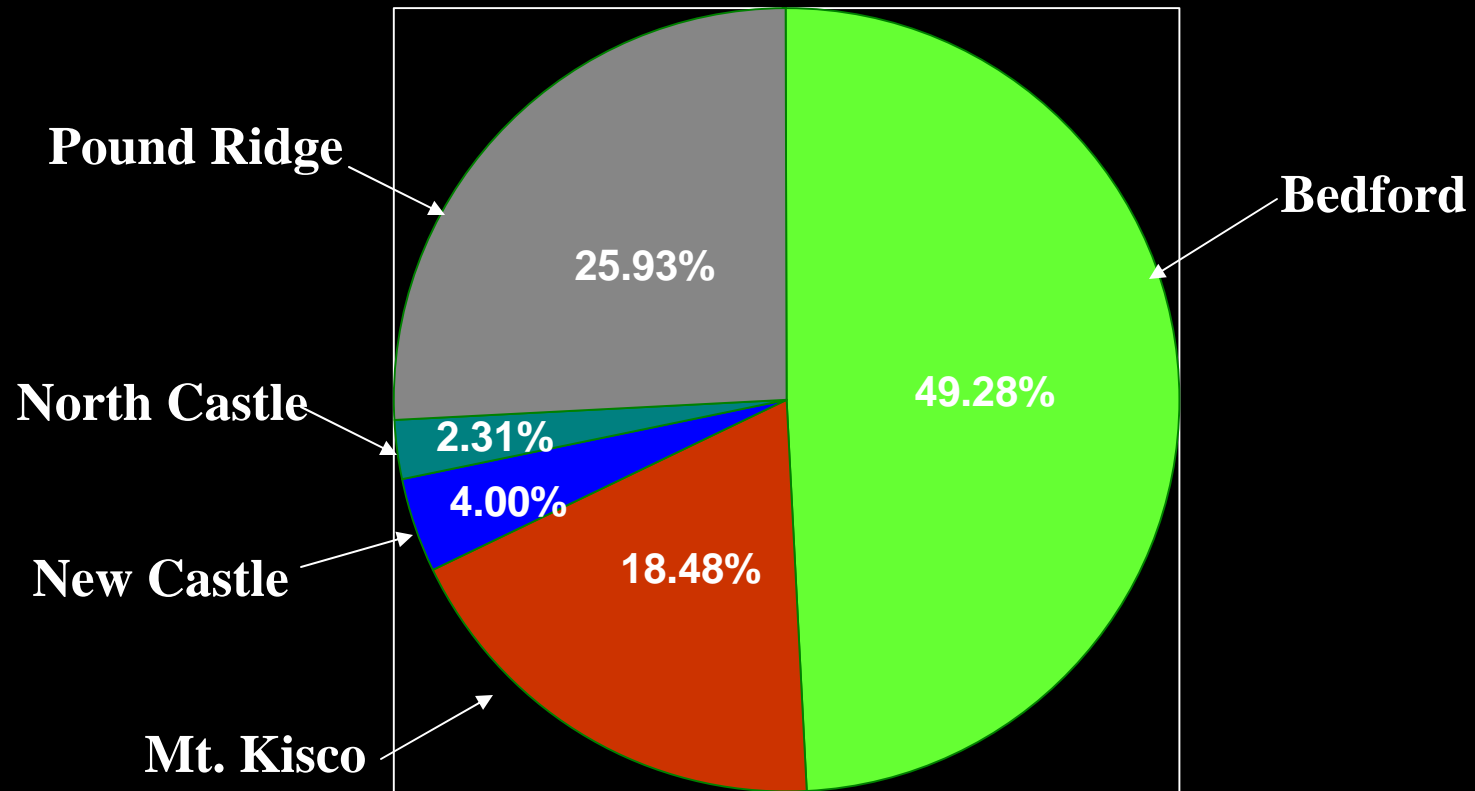
- Each town's Full Value is divided by the district's total Full Value to determine what % of the tax levy is apportioned to each town

$$\frac{\text{Bedford's F.V.}}{\text{District's Total F.V.}} = \text{Bedford's \% Apportionment}$$

$$\frac{\text{Mt. Kisco's F.V.}}{\text{District's Total F.V.}} = \text{Mt. Kisco's \% Apportionment}$$

and so on .....

# Levy Apportioned by Town










■ Bedford ■ Mt. Kisco ■ New Castle ■ North Castle ■ Pound Ridge

## *Effect of Changing Assessed Values on Equalization Rates*

- If the gap between a town's Assessed Value and its Full Market Value increases the state's equalization rate for that town decreases
- If a town's Full Market Value increases it picks up a greater portion of the tax levy that year



## What Affects Tax Rate Changes?

Town	AV Change 	ER Change   	Levy Change 	Total Tax Rate Change  
Bedford	+0.40%	+2.45%	+1.54%	+4.45%
Mt. Kisco	+0.40%	-0.13%	+1.54%	+1.82%
Pound Ridge	+0.40%	-4.15%	+1.54%	-2.27%
New Castle	+0.40%	-1.10%	+1.54%	+0.83%
North Castle	+0.40%	-0.05%	+1.54%	+1.90%

# Calculating the Estimated School Tax Impact on You

- Take your home's taxable assessed value, divide it by \$1,000 and multiply it times the appropriate estimated tax rate change for next year listed below:

<u>Town</u>	<u>Est. Tax Rate Change</u>	<u>Samples</u>
Bedford	+\$5.38	A.V. of Home in Bedford \$65,000 $\$65,000/\$1,000 \times \$5.38 = \$350$
Mt. Kisco	+\$1.12	
Pound Ridge	-\$1.77	A.V. of Home in P.R. \$175,000 $\$175,000/\$1,000 \times -\$1.77 = (\$310)$
New Castle	+\$0.53	
North Castle	+10.68	