

Homer Central School District
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Michael J. Falls
Director of Business and Finance

MEMORANDUM

To: BOE/Kelli Yacavone, District Clerk
From: Michael J. Falls, Director of Business and Finance
Re: Tax Levy Limit-BOE Approval
Date: February 25, 2014

As per our February 4, 2014 BOE Meeting, the Tax Levy Limit for Homer CSD was calculated at 1.88%, thus raising the Tax Levy from \$ 15,697,990.00 to \$ 15,993,354.00. For school districts, the tax levy limit is the highest allowable tax levy (before exclusions) that a school district can propose as part of its annual budget and need the approval of only a simple majority of voters (50 percent plus 1) to pass the budget.

What happens if the Annual Budget is voted down?

With New York's new tax levy "cap" law in effect, the rules for contingent budgets have changed. No longer is there a spending cap on contingent budgets. Instead, there is now a 0 percent cap on the tax levy increase. In other words, a district that adopts a contingent budget would have to levy the same amount of taxes as in the current year or less—without any adjustments for state pension rate increases, contractual obligations or any other costs, mandated or not. Other aspects of the contingent budget rules have stayed the same. If voters defeat their school district budget on May 20th, a district has two options: resubmit the same proposal or a revised one for a revote on June 17th, or adopt a contingent budget. If residents vote down the budget a second time, the district MUST adopt a contingent budget.

A proposal above "tax levy limit" requires supermajority approval.

A district may, however, present voters with a budget proposal that carries a tax levy that exceeds its tax levy limit (including exclusions). In such a case, budget passage requires approval by a supermajority of voters (60 percent or more). If a district fails to obtain a supermajority for a proposal that exceeds the tax levy limit, the same rules for a budget defeat apply.

The BOE must determine their Tax Levy Limit for 2014-15 by March 1st. Please note, that the BOE still has the ability to set the Tax Levy lower than the Tax Levy Limit after March 1st.