

# Q&A:

## Property Tax Freeze

New York lawmakers enacted a temporary property tax “freeze” as part of the 2014-15 state budget. For the subsequent two years, the state will reimburse property tax increases paid by homeowners to school districts and municipalities that stay within their 2 percent tax levy growth caps. The New York State School Boards Association has provided answers to some frequently asked questions about the tax freeze.

**Q:** How does the tax freeze work?

**A:** In 2014-15 and 2015-16, property taxpayers will receive rebates from the state for any increases in their school property taxes – if the school districts in which they reside keep their tax levy increases from one year to the next within their state-mandated caps.

In the second year (2015-16), taxpayers will receive rebates for any increases in their property taxes if their school districts adopt state-approved government efficiency plans in addition to keeping their tax levy increases within the tax cap.

**Q:** Who is eligible for the rebates under the tax freeze?

**A:** Property taxpayers with combined incomes of \$500,000 or less may receive the tax rebates. The rebate will be applied to taxpayers’ primary residences.

**Q:** How do the government efficiency plans work?

**A:** Government efficiency plans must identify how school districts plan to achieve savings of at least 1 percent of their 2014-15 tax levies for three straight years – beginning with the 2016-17 school year – by sharing services, entering into cooperative agreements or merging with other districts. School districts may submit government

efficiency plans by themselves or jointly with other districts. The state may consider past efficiencies, shared services and reforms implemented since July 1, 2012 in the plan approval process.

**Q:** How will the tax freeze impact school districts?

**A:** The tax freeze will likely make it more difficult for school districts to adopt tax levies that exceed the tax cap. Because residents of school districts with tax levy increases that exceed the property tax cap will not be eligible for the tax credits, there may be pressure from district residents to stay within the cap. This may mean some school districts will need to forgo extra local revenues to maintain programs in order to ensure their budgets will pass.

**Q:** Does the tax freeze apply to residents of the Big 5 school districts?

**A:** The credit does not apply to residents of New York City. In the Big 4 cities of Buffalo, Rochester, Syracuse and Yonkers that have a unified tax levy for all city services, including their dependent school districts, the tax freeze calculation is essentially the same, except an assumption is made that 67 percent of the city’s tax levy is applicable to school tax purposes and 33 percent is applicable to municipal tax purposes.