



# BOCES Facilities and the Property Tax Cap

## Education, Labor and Family Assistance, Part A (A.9506-A) Public Protection and General Government, Part PPP (S.7505-B)

Under current law, a school district is required to exclude the local share of expenses related to construction (debt service and capital outlay) from the tax levy limit portion of their property tax cap. This exclusion recognizes the necessity to provide safe and secure facilities for its students and staff. However, the state's interpretation of the capital exclusion was that it does not include a school district's capital costs related to BOCES facilities. Because BOCES do not generate their own state aid or levy their own taxes, they are wholly dependent upon their respective component districts to fund the construction of facilities.

BOCES encourage efficiencies in program delivery and administrative operations through the use of shared services, reaching nearly 100,000 students statewide each day. These students are receiving special education services, career and technical education and other academic programming that they often could not receive by their individual school districts.

By not allowing such BOCES capital expenses to be part of a school district's capital exclusion, it has acted as a disincentive to school districts from investing and participating in these shared services. This has also prevented or delayed important infrastructure improvement from taking place in areas throughout the state.

To address this issue, language was adopted at the end of 2015 (Chapter 20) that would make this adjustment to the capital exclusion calculation. This change was designed to support our school districts and BOCES and the critical role they play in our communities, while continuing to ensure that property taxpayers remained protected against large growth in their property tax bills. The language stated that the Commissioner of Taxation and Finance shall, "as appropriate," issue rules and regulations which "may" exclude the local portion of a school district's BOCES capital costs from the tax cap calculation. Since then, we have learned that the Department has not issued any such regulations and does not anticipate doing so in the near future, if at all. The legislative budget language makes clear that the BOCES capital exclusion shall be counted as part of a school district's capital exclusion.

**The above referenced groups strongly support treating BOCES capital costs in the same way as school district capital costs under the property tax cap.**