

# New York State Educational Conference Board



March 2019

## FIX THE PROPERTY TAX CAP Support Adjustments for BOCES Capital and PILOTs

The members of the Educational Conference Board have put forth a variety of commonsense recommendations that would enable the tax cap to be more workable into the future in the event the cap is made permanent.

As state budget negotiations come to a close, we believe that prioritizing two specific actions would address long-recognized issues with the tax cap. We strongly urge that if the cap is to become permanent, these two amendments be included in the final budget agreement:

- **BOCES Capital:** Permit districts to exclude from their allowable levy limit the local share of capital expenses for Board of Cooperative Educational Services (BOCES) instructional facility improvements. This reform would have the effect of treating BOCES capital expenses the same as district capital expenses. Districts rely on BOCES instructional facilities to provide opportunities for students they cannot provide themselves, or cannot do so at an affordable cost to local taxpayers.
- **PILOTs:** Permit districts to include in the “quantity change factor” additions to their tax base which generate payments in lieu of taxes (PILOTs). This reform would have the effect of treating tax base growth additions which generate PILOTs the same as additions which generate property taxes. Some PILOT-generating developments create new service demands for schools and they should be permitted to realize revenue to meet those demands.

These would be commonsense adjustments, not major changes, and would be consistent with expectations for the tax cap as enacted.

BOCES and PILOT adjustments have in fact been previously approved by the legislature in various forms, including in 2017 when bills for both issues *passed both houses unanimously*.

Also, in 2015, legislation was passed by both houses and signed by the Governor to authorize the Commissioner of Taxation and Finance to promulgate regulations to implement the adjustments to accommodate BOCES and PILOT issues, but regulations have never been developed.

ECB member groups have advocated additional changes to the tax cap, but are prioritizing these for action with the new state budget, noting the foregoing evidence of past legislative support.

*Note: This paper and its recommendations apply to independent school districts – those outside the Big 4 cities and New York City.*