



SUPPORT

S.4283 (Murphy) / A.5965 (Galef)

Exempts certain BOCES capital expenditures from limitations upon local school district tax levies

This bill would make a clarifying adjustment to the property tax cap law originally enacted in 2011 by incorporating a school district's BOCES capital expenditures as part of its capital exclusion. 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 tax cap calculation. Although BOCES receive all of their funding from their component districts, a school district's capital costs for BOCES projects are not excluded from the tax cap. This is making it increasingly difficult for important BOCES capital projects to get done.

BOCES encourage efficiencies in program delivery and administrative operations through the use of shared services, reaching nearly 100,000 students statewide each day. Such programs and services include special education, career and technical education, professional development and back office functions. These services regularly save

local taxpayers money and provide for a more enriching academic environment for students. 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 fully participating in these shared services. In this way, students attending BOCES are treated differently, and unfairly, under the eyes of the tax cap.

The intent behind the capital exclusion is to recognize the need to provide safe and up-to-date educational facilities and that financing such projects often requires a multiyear commitment. 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.

To address this issue, language was adopted at the end of 2015 (Chapter 20) that was intended to 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. The legislature and executive agreed that this was a change that should be made. However these regulations have not been promulgated, jeopardizing important capital projects that are necessary for BOCES buildings. It is for this reason that timely passage of this legislation is so important.

S.4283/A.5965 addresses this situation by removing the Department of Taxation and Finance language added under Chapter 20 and making clear that the local share of BOCES capital costs shall be counted as part of a school district's capital exclusion. We urge you to support this bill and for it to be enacted immediately.