



Office of the NEW YORK STATE
COMPTROLLER

Hitting the Limit

The Constitutional Tax Limit and its Implications for Local Governments



New York State Comptroller
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Introduction

New York State's Constitutional Tax Limit (CTL) restricts the amounts local governments may raise by taxing real estate in any fiscal year.¹ All cities, counties and villages must comply. These restrictions have existed for more than a century and have been in their current form, more or less, since 1944.²

Historically, the CTL represents one of the first examples of state supervision of local finances and was enacted to prevent excessive municipal taxation that might be caused by either economic pressures or abuse of the real property tax system.³

More recently, in 2012, the tax levy limit (also referred to as the State's Property Tax Cap) was implemented and has become a highly visible, well-known factor in local budgeting, at times sparking the ire of taxpayers when it is overridden.⁴

Where the tax cap limits year-over-year growth in levy, the CTL limits the total amount of real property taxes a local government can raise in a single year. And while the tax cap can be overridden, the CTL cannot; exceeding it carries a serious financial penalty. When the CTL is exceeded, the State Comptroller is required to withhold State Aid payments by the amount of the excess.⁵

Overall, relatively few municipalities are dangerously close to their CTL; however, the number has been increasing in recent years. For these communities, the CTL poses a serious constraint on their ability to generate revenue. This report, using data through 2018, examines recent trends in the proximity of cities (excluding New York City), counties and villages to the CTL and focuses in more detail on those for whom the CTL poses the biggest budgeting challenge.⁶ It also highlights some of the resources and training the Office of the State Comptroller (OSC) provides to local officials and the public, ranging from instructions on how to file the CTL form to online tools for examining how close a municipality is to its tax limit.

Quick Facts

The number of cities, counties and villages that are close to their Constitutional Tax Limit (CTL) has increased each year since 2012.

- **20** counties, cities and villages have exhausted more than 80 percent of their CTL.
- **16.7** percent of cities were close to their CTL in 2018.
- **4** cities, **1** county and **1** village have exhausted more than 80 percent of their CTL every year since 2009.
- As the CTL is a percentage of real property value, downstate municipalities have experienced more volatility, reflecting significant fluctuations in property values, while changes upstate have been less pronounced.

What is the Constitutional Tax Limit?

While the tax cap restricts the amount of real property taxes that can be levied by limiting increases in tax levy from one year to the next, the CTL defines the maximum amount of real property tax that can be levied in any fiscal year. The CTL is computed by multiplying the value of taxable real property by a constitutionally prescribed percentage. The specific percentage ranges from 1.5 to 2.5 percent and depends on the type of local government (county, city or village). For most, the CTL is 2 percent of the five-year-average full valuation of real property (Figure 1).⁷

Figure 1

Constitutional Tax Limit Percentage by Municipality

| Percentage of 5-Year-Average Full Value | Municipality |
|---|--|
| 2.50% | New York City |
| 2.00% | All Cities and Villages Counties: Cattaraugus, Cayuga, Clinton, Columbia, Delaware, Essex, Lewis, Madison, Nassau, Oswego, Schoharie, St. Lawrence, Washington and Wyoming |
| 1.75% | Seneca County |
| 1.70% | Tioga County |
| 1.65% | Montgomery County |
| 1.50% | All Other Counties |

Source: Office of the State Comptroller (OSC) and New York State Constitution.

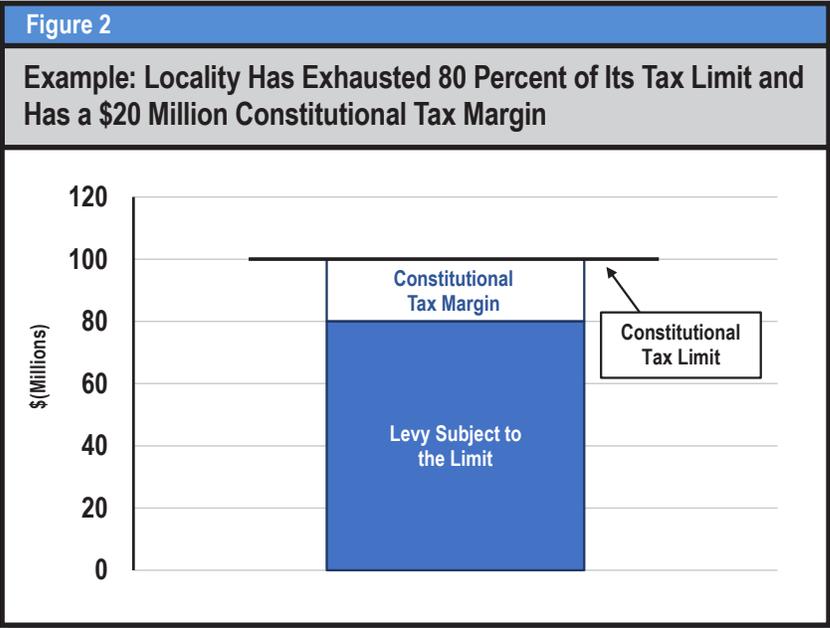
Because the CTL is a percentage of real property value, economic forces that affect real property values, such as a rapid increase in real estate prices or an economic downturn, can affect the CTL. Even when real property values are stable, increases in levy, without property value increases of a similar magnitude, can cause a locality to approach its CTL. As described later in the report, economic differences between upstate and downstate have caused the CTL trends affecting local governments to vary, depending on their location.

The laws governing the CTL allow for certain expenditures, like specific types of debt service, to be excluded and, therefore, not subject to the CTL.⁸ While these exclusions allow local governments to have additional “taxing power” to meet their capital needs, changes in exclusions must be monitored closely, as they can affect the proximity to the CTL.

Proximity to the Limit

It is useful to assess how close a local government is to its CTL as this provides a view of how much “room” or financial flexibility a locality has if it needed to increase real property taxes. This is generally referred to as the constitutional tax margin.

In this hypothetical example (Figure 2), the local government has a CTL of \$100 million, while the levy that is subject to the CTL (after taking out excludable expenditures) is \$80 million. Therefore the local government has an available constitutional tax margin of \$20 million and has exhausted 80 percent of its CTL. See Appendix A for a more detailed example of the CTL calculation.



While the locality in this example could levy an additional \$20 million and be legally within the CTL, that same locality is also subject to the tax cap (described earlier), and would still have to consider the tax levy in the context of that law, including whether or not it would need to pass a local law to override.

Understanding the Tax Limit

Generally, having a tax levy that is too close to the CTL reduces a municipality’s flexibility in its revenue structure and may prevent it from being able to sustain the current level of services for citizens. Even routine cost increases can pose serious budget difficulties if there is no corresponding growth in other (non-property tax) revenues.

Municipalities which have exhausted more than 80 percent of their CTL begin to feel this pressure. Those with over 90 percent of CTL exhausted are under even more pressure and must be very attentive to all budgetary and taxing changes because any of the following events, on their own or in combination with one another, could push them over the limit:

- A drop in the full valuation of property in the municipality;
- Tax levy increases at a rate faster than property value increase;
- A reduction in the number (and value) of excludable items from its tax levy.

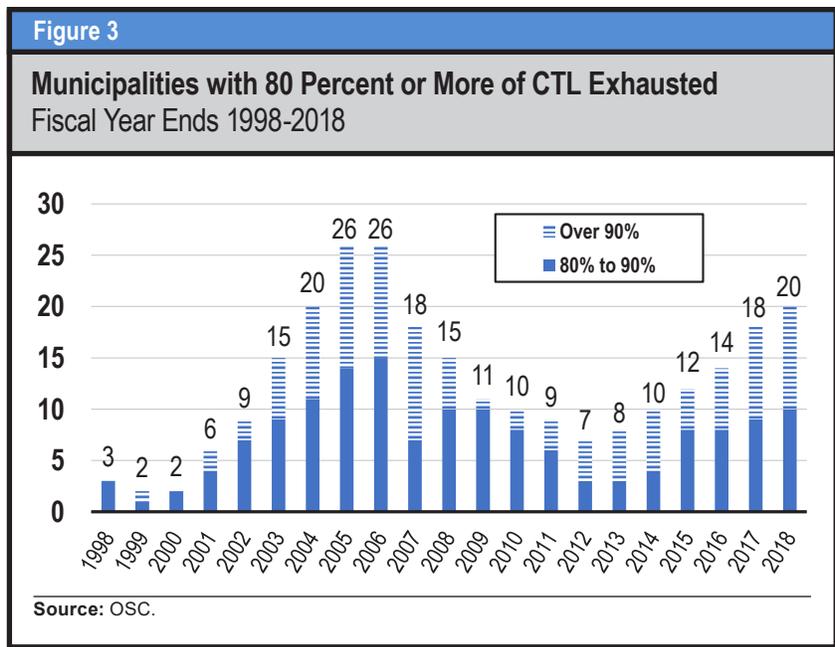
Exclusions can have a considerable impact on a local government’s taxing capacity. These amounts are subtracted from the tax levy, resulting in a lower tax levy subject to tax limit and a higher tax margin. Of the 20 municipalities this office closely monitors because their tax levy is more than 80 percent of their CTL, 17 would have exceeded the CTL were it not for the exclusions from the levy. Exclusions can fluctuate year-to-year, and for local governments that are extremely close to their CTL with very narrow tax margins, any one-year reduction in exclusions that is not matched by an increase in property values or other non-property tax revenue could push them over their CTL.

Magnitude: A Big Problem for Some

Most localities are not close to their CTL; however, once a local government reaches 80 percent of the limit (or more), local officials may need to seek alternatives to tax levy increases in order to balance their budgets. OSC monitors compliance with the CTL and notifies local governments that are in the “high-risk” zone of the potential consequence of exceeding the CTL—the withholding of state aid.⁹

The number of “close-proximity” municipalities has been steadily increasing since 2012—up from 7 in 2012 to 20 in 2018, but remaining below the high of 26 during the mid-2000s (Figure 3).

While these 20 municipalities represent only 3.1 percent of the local governments that have submitted CTL forms to OSC, many of them have been close to the limit year after year. See Appendix B for specific CTL elements for each of these 20 municipalities.



Preliminary data suggest that the number of municipalities exceeding 80 percent of their CTL will remain at 20 again in 2019. Eighteen of these were on the over 80 list in 2018 as well. Notably, the City of Jamestown is at 100 percent CTL exhausted for the third year in a row, and the City of Lackawanna and Village of Ellenville increased to 98.02 and 99.55 percent of CTL exhausted, respectively. Additionally, Allegany County and the City of Elmira have dropped below 80 percent CTL exhausted in 2019, while the Cities of Newburgh and Tonawanda were added to the over 80 list in 2019.

Running close to the CTL can be a sign of fiscal stress. The Office of the State Comptroller produces fiscal stress scores for each local government and school district on an annual basis.¹⁰ Four of the 20 (20 percent) close-proximity local governments appeared on the Comptroller’s fiscal stress list in 2018—more than five times the rate of fiscal stress when compared to those localities with healthier tax margins.

Ten local governments were in the 90 to 100 percent exhausted range, which represents the highest risk category and a potentially dangerous fiscal situation. A more detailed view of the long-term CTL situation faced by these 10 local governments is included in Appendix C.

There are another 14 municipalities hovering just below the high risk proximity, with between 70 and 80 percent CTL exhausted (Figure 4). These municipalities could jump to the high-risk zone in coming years.

| Figure 4 | | |
|--|---------------|-------------------|
| All Cities, Counties and Villages Proximity to Constitutional Tax Limit, 2018 | | |
| | Number | Percentage |
| 90 to 100 Percent CTL Exhausted (Highest Risk) | 10 | 1.6% |
| 80 to < 90 Percent CTL Exhausted (High Risk) | 10 | 1.6% |
| Total in a Level of Risk | 20 | 3.1% |
| 70 to < 80 Percent CTL Exhausted | 14 | 2.2% |
| Less than 70 Percent CTL Exhausted | 610 | 94.7% |
| Total Submitted | 644 | 100.0% |
| | Number | Percentage |
| Total Submitted | 644 | 98.2% |
| Not Filed | 12 | 1.8% |
| Total All Entities | 656 | 100.0% |

Source: OSC.

Cities are more likely than counties or villages to be close to their CTL. Of the 60 cities for which 2018 data was available, 10 were found to have exhausted at least 80 percent of their CTL (Figure 5). Two counties and eight villages were also found to have exhausted at least 80 percent of their available limit. The Capital Region and the Finger Lakes Region did not have any local governments in close proximity to the CTL. All other regions had at least one (Figure 6).

Some of the larger municipalities are among those in danger of exhausting their CTL. Outside of New York City, 5.7 percent of New York State’s population is living in a municipality that is running close to its CTL. The City of Yonkers, with a population of 195,976, has exhausted over 80 percent of its CTL since 2013 and over 90 percent in 2017 and 2018. The Village of Hempstead on Long Island (population 53,891) levied only 77.8 percent of its CTL in 2015, but jumped to 94.4 percent in 2017 and 96.3 percent in 2018. Similarly, the Village of Spring Valley in Rockland County (population 31,347) levied 76.1 percent of its CTL in 2015, but had exhausted 91.4 percent in 2018.¹¹

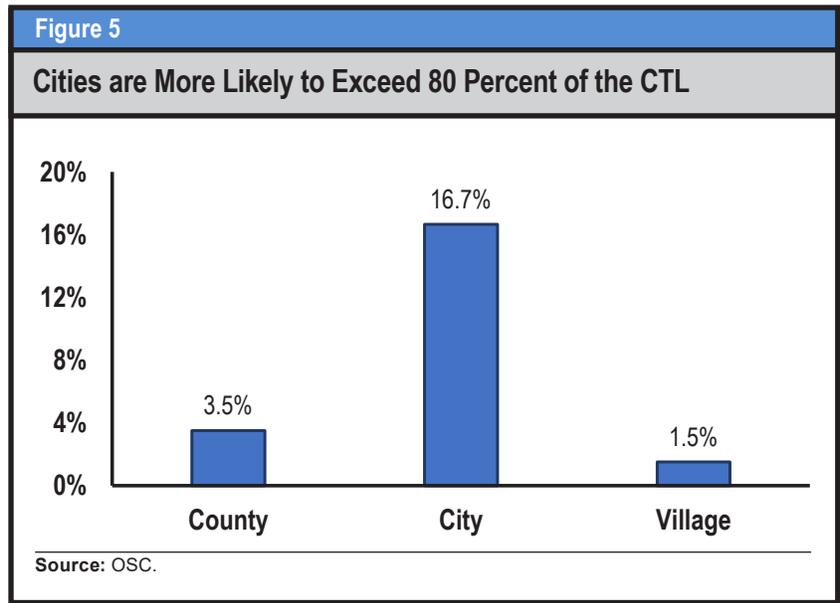


Figure 6
Local Governments by Proximity to the CTL, 2018

| Municipality | Region | Percent of CTL Exhausted |
|--------------------------|------------------|--------------------------|
| City of Jamestown | Western New York | 100.00% |
| Village of Herkimer | Mohawk Valley | 99.41% |
| Village of Hempstead | Long Island | 96.28% |
| Village of Monticello | Mid-Hudson | 95.97% |
| Village of Ilion | Mohawk Valley | 95.97% |
| County of Cortland | Central New York | 94.36% |
| City of Yonkers | Mid-Hudson | 92.68% |
| Village of Ellenville | Mid-Hudson | 92.10% |
| Village of Spring Valley | Mid-Hudson | 91.42% |
| City of Lackawanna | Western New York | 90.93% |
| City of Ogdensburg | North Country | 89.63% |
| City of Fulton | Central New York | 89.20% |
| City of Binghamton | Southern Tier | 89.08% |
| City of Gloversville | Mohawk Valley | 87.86% |
| Village of Potsdam | North Country | 86.65% |
| County of Allegany | Western New York | 85.92% |
| City of Little Falls | Mohawk Valley | 83.80% |
| Village of Liberty | Mid-Hudson | 83.15% |
| City of Niagara Falls | Western New York | 82.43% |
| City of Elmira | Southern Tier | 80.60% |

Source: OSC.

No Room for Error

The City of Jamestown represents one of the most serious CTL situations statewide. As of 2018, the City has levied 100 percent of its Constitutional Tax Limit for two consecutive years and has been over 90 percent exhausted since 2011. Additionally for Jamestown, the CTL was a more limiting factor than the 2 percent tax cap and prevented the City from levying the full amount allowed by the tax cap law. The City has instead relied on additional State assistance to head off more severe budgetary difficulties.¹² The Village of Herkimer levied 99.4 percent of its available CTL limit, leaving a constitutional tax margin of only \$27,475 on a tax levy of over \$5 million. The Village has been over 90 percent exhausted since 2005.

For high-risk local governments, careful monitoring of the CTL elements is crucial to ensure that the limit and the levy subject to the limit are both accurately computed. The law requires the calculation to be submitted to the Office of the State Comptroller at least 10 days prior to final budget adoption.¹³ Localities that are in very close proximity to their CTL should file their calculation as early as possible to ensure that they do not inadvertently exceed the limit. As part of the outreach to these high-risk local governments, OSC staff prioritize these filings and review the calculations upon submission so that local officials are aware if there are issues that might affect the calculation as submitted.

Prudent budgeting practices require that a local government be aware of the limits on its taxing power before adopting its budget.

Upstate/Downstate Challenges Differ

We examined the long-term CTL trends for each of the 10 local governments in the highest risk CTL category (at or above 90 percent CTL exhausted). There was a clear geographic difference. The rapid growth in home values of the prior decade created a short-lived expansion or spike in the CTL for many downstate communities, which was just as dramatically reversed when the housing prices later fell. Some local governments saw temporary relief from the limit, only to return to close proximity to the CTL later. See Appendix C for more details on each of these localities.

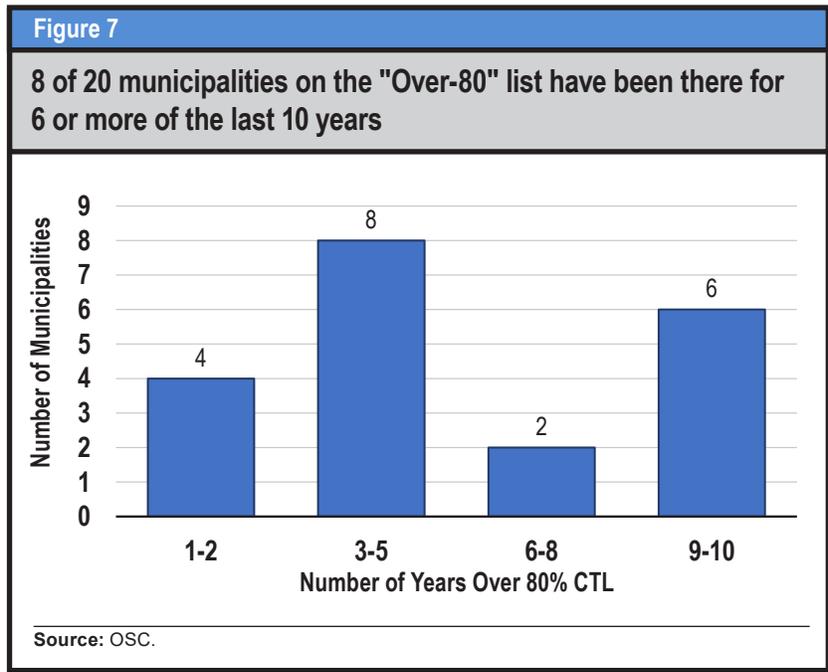
Since the CTL is a percentage of the five-year-average real property value, any declines or increases can impact the CTL. A declining tax base equates to an eventual CTL decrease, which coupled with tax levy increases, can squeeze constitutional tax margins.

Local governments upstate did not have the large gains and losses in real property values experienced by downstate municipalities. Upstate, property values were flat or slightly elevated, while tax levies tended to increase at a rate faster than that of five-year-average full valuation. Five upstate municipalities, Cortland County, the Cities of Jamestown and Lackawanna, and the Villages of Herkimer and Ilion, exhausted more than 90 percent of their CTL in 2018. Cortland, Jamestown, Lackawanna and Herkimer have been over 80 percent of CTL-exhausted in each of the last 10 years; Ilion has been above 80 percent since 2015 and exceeded 90 percent in 2018.

A Persistent Problem

Statewide, municipalities that approach their CTL tend to stay close to it for a number of years. Of the 18 local governments that had exhausted 80 percent or more of their CTL in 2007, 12 were also on the list 10 years later. Similarly, of the 15 local governments that were close in 2008, 9 were still on the list in 2018.

Focusing on the current 20 local governments that were in close proximity of the CTL in 2018, 8 had been on the “over-80” list for 6 or more of the past 10 years (Figure 7).



OSC Resources

OSC staff provide outreach to local government officials and contacts those that are close to their CTL to field questions and encourage officials to file the calculation as early as possible to allow for a detailed review before the budget is adopted.

Local officials and the public can access CTL-specific information on OSC’s website.¹⁴ OSC’s Open Book New York provides access to the calculations used to derive the CTL of any county, city and village in the State.¹⁵ From Open Book New York, a user can see the CTL trend of a municipality over a period of up to 6 years or compare one municipality to up to three others in a single year.

Additionally, there are a number of tools available on the OSC website which can assist officials with multiyear capital and strategic planning.¹⁶ OSC’s Fiscal Stress Monitoring System provides fiscal stress scores for each local government and school district in New York State and offers an Excel-based self-assessment tool populated with entity-specific data.¹⁷

The State’s Financial Restructuring Board for Local Governments has funding available to help eligible municipalities engage in multiyear planning on a reimbursement basis with the assistance of an external advisor.¹⁸

Finally, local officials are welcome to participate in OSC training and webinars to gain additional knowledge about the CTL.¹⁹ Officials having problems accessing the online filing system or in need of specific answers to their CTL questions can contact the OSC Help Line at (518) 408-4934 or (866) 321-8503 for technical assistance.

Conclusion

The two different limits on local government real property tax revenues are not widely understood. The tax cap gets most of the scrutiny in the public realm, but for certain local governments, the CTL is just as important, if not more so, since there is no override provision and loss of state aid is a consequence of exceeding.

Being close to the CTL reduces a municipality's ability to increase property taxes and, sometimes, even its ability to maintain existing property tax levels. Eventually these factors can drive additional budget hardships and the disruption of services. Municipalities with tax levies approaching or exceeding 80 percent of their CTL must stay vigilant in evaluating their available tax margin when preparing their annual budgets. Even small variations in exclusions or real property values can result in a municipality exceeding its CTL.

Planning is key. Since the CTL is derived from a five-year-average property valuation, declines or increases can sometimes take time to impact the CTL. Similarly, these changes can affect the limit for multiple years as they work their way through the five-year average. Local officials need to consider the impact of these changes when making decisions regarding the tax levy and when planning for future budgets.

OSC provides several tools to assist local officials. Multiyear planning and self-assessment financial tools are available on our website, and staff provide tailored outreach to localities that are approaching their tax limits.

To the extent that the CTL represents a serious constraint on revenues and ongoing budgetary challenges, increased transparency around this issue will help local communities work through critical discussions about options and tradeoffs.

Appendix A

Constitutional Tax Limit Calculation

Step 1. Determine the Five-Year-Average Full Value

Five Years of Taxable Assessed Value – Taken from the municipality’s last completed assessment roll and the four preceding rolls.²⁰ Taxable assessed value is entered into the CTL form by the municipality but verified by OSC staff, using assessment rolls obtained from county offices of real property services or other sources.

State Equalization Rate – The ratio of total assessed value to market value. The Office of Real Property Tax Services (ORPTS) within the New York State Department of Taxation and Finance (Tax and Finance) annually establishes an equalization rate for each municipality.²¹

Full Value – Taxable assessed value divided by equalization rate.

Five-Year-Total Full Valuation – Full value added together for five years.

Five-Year-Average Full Valuation – Five-year-total full valuation divided by five.

| Sample Five-Year-Total Full Valuation for a City or Village | | | |
|---|------------------------|-------------------|-----------------|
| Year | Taxable Assessed Value | Equalization Rate | Full Value |
| 2017 | \$122,799,146 | 0.2810 | \$437,007,637 |
| 2016 | \$122,455,777 | 0.2850 | \$429,669,393 |
| 2015 | \$123,779,754 | 0.2880 | \$429,790,813 |
| 2014 | \$123,738,812 | 0.2940 | \$420,880,313 |
| 2013 | \$123,601,126 | 0.3080 | \$401,302,357 |
| Five-Year-Total Full Valuation | | | \$2,118,650,513 |

Appendix A

Constitutional Tax Limit Calculation

Step 2. Determine Constitutional Tax Limit

Constitutional Tax Limit – Five-year-average full valuation multiplied by the CTL percentage set forth in the New York State Constitution. For cities and villages, it is 2% of the five-year average full valuation. For counties, it is 1.5%, but it can be increased by action of the county governing body up to a maximum of 2 percent.

Step 3. Determine Tax Levy Subject to the Limit

Exclusions – Usually debt-related, allowable exclusions are subtracted from a municipality's levy to determine a municipality's levy subject to the limit.

Step 4. Determine Proximity to the Limit

Available CTL Tax Margin – CTL minus levy subject to the limit.

Percentage of Tax Limit Exhausted – Levy subject to the limit divided by CTL.

| Sample Tax Limit Calculation for a City or Village | |
|--|--------------------|
| Five-Year-Total Full Valuation | \$2,118,650,513 |
| Five-Year-Average Full Valuation (1/5 of total full valuation) | \$423,730,103 |
| Constitutional Tax Limit (2% of 5-year average) | \$8,474,602 |
| Tax Levy - General Purposes | \$7,698,022 |
| Less Total Exclusions | \$564,000 |
| Tax Levy Subject to Tax Limit | \$7,134,022 |
| Percentage of Tax Limit Exhausted | 84.2% |
| Constitutional Tax Margin (\$8,474,602 - \$7,134,022) | \$1,340,580 |

Appendix B

Selected Statistics for Local Governments Exceeding 80 Percent of Their Constitutional Tax Limit.

| Appendix B: Selected Statistics for Local Governments Exceeding 80 Percent of Their Constitutional Tax Limit | | | | | | | | | | |
|--|-------------------|--------------------------|---------------|--------------|-----------------------|----------------------|----------------------|-------------------------------------|--|--|
| Municipality | Region | Constitutional Tax Limit | Tax Levy | Exclusions | Levy Subject to Limit | 2013 % CTL Exhausted | 2018 % CTL Exhausted | Percent Change Full Value 2013-2018 | Percent Change Levy Subject to Limit 2013-2018 | |
| City of Jamestown | Western New York | \$13,335,019 | \$16,011,982 | \$2,676,963 | \$13,335,019 | 93.38% | 100.00% | 0.1% | 6.3% | |
| Village of Herkimer | Mohawk Valley | \$4,659,666 | \$5,124,807 | \$492,616 | \$4,632,191 | 99.71% | 99.41% | -4.8% | 2.8% | |
| Village of Hempstead | Long Island | \$56,217,199 | \$62,710,071 | \$8,585,827 | \$54,124,244 | 69.21% | 96.28% | 0.8% | 12.9% | |
| Village of Monticello | Mid-Hudson Region | \$5,007,731 | \$5,358,072 | \$552,165 | \$4,805,907 | 71.13% | 95.97% | -14.8% | 6.7% | |
| Village of Ilion | Mohawk Valley | \$4,246,601 | \$4,619,169 | \$543,900 | \$4,075,269 | 76.51% | 95.97% | 0.5% | 21.7% | |
| County of Cortland | Central New York | \$34,330,766 | \$34,093,779 | \$1,699,306 | \$32,394,473 | 89.39% | 94.36% | 5.6% | 10.5% | |
| City of Yonkers | Mid-Hudson Region | \$304,067,494 | \$356,243,271 | \$74,429,728 | \$281,813,543 | 80.93% | 92.68% | 17.1% | 6.9% | |
| Village of Ellenville | Mid-Hudson Region | \$3,150,507 | \$3,482,389 | \$580,898 | \$2,901,491 | 76.48% | 92.10% | -22.3% | 6.9% | |
| Village of Spring Valley | Mid-Hudson Region | \$24,355,056 | \$24,568,489 | \$2,304,156 | \$22,264,333 | 68.74% | 91.42% | 8.3% | 16.5% | |
| City of Lackawanna | Western New York | \$10,265,394 | \$10,503,518 | \$1,169,200 | \$9,334,318 | 86.91% | 90.93% | 29.5% | 16.1% | |
| City of Ogdensburg | North Country | \$5,445,090 | \$5,450,819 | \$570,189 | \$4,880,630 | 72.67% | 89.63% | 0.1% | 23.9% | |
| City of Fulton | Central New York | \$6,616,490 | \$6,918,765 | \$1,016,860 | \$5,901,905 | 73.11% | 89.20% | -2.8% | 19.3% | |
| City of Binghamton | Southern Tier | \$29,195,253 | \$35,947,477 | \$9,940,767 | \$26,006,710 | 93.66% | 89.08% | 1.9% | -8.4% | |
| City of Gloversville | Mohawk Valley | \$7,254,688 | \$7,660,038 | \$1,286,227 | \$6,373,811 | 92.44% | 87.86% | 4.4% | -2.3% | |
| Village of Potsdam | North Country | \$3,953,986 | \$3,740,325 | \$314,355 | \$3,425,970 | 66.21% | 86.65% | 18.4% | 52.5% | |
| County of Allegany | Western New York | \$29,296,529 | \$29,495,086 | \$4,324,500 | \$25,170,586 | 90.97% | 85.92% | 11.6% | 5.0% | |
| City of Little Falls | Mohawk Valley | \$3,143,405 | \$3,263,102 | \$628,959 | \$2,634,143 | 74.25% | 83.80% | -1.5% | 14.9% | |
| Village of Liberty | Mid-Hudson Region | \$3,399,753 | \$3,058,051 | \$231,315 | \$2,826,736 | 61.38% | 83.15% | -6.1% | 11.4% | |
| City of Niagara Falls | Western New York | \$29,786,449 | \$30,423,347 | \$5,869,810 | \$24,553,537 | 77.01% | 82.43% | 13.1% | 15.9% | |
| City of Elmira | Southern Tier | \$13,568,255 | \$15,157,137 | \$4,220,591 | \$10,936,546 | 44.66% | 80.60% | 7.4% | 95.9% | |

Source: OSC.

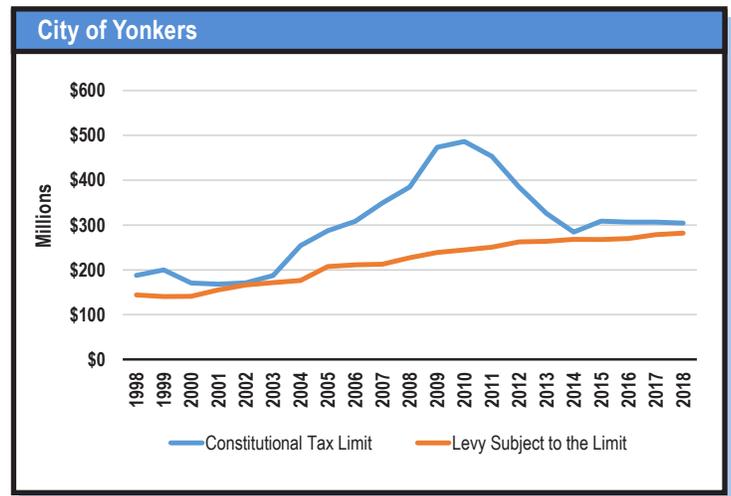
Appendix C

Long-Term Historical Trend for Local Governments Exceeding 90 Percent of CTL.

Downstate Municipalities

City of Yonkers:

- **2001-2003:** Exhausted over 90 percent of CTL.
- **2004:** Five-year-average full valuation increased nearly 36 percent, from \$9.3 billion in 2003 to \$12.7 billion in 2004. Available constitutional tax margin increased nearly \$62.5 million.
- **2010:** CTL of \$486 million, constitutional tax margin of \$242 million and 50 percent CTL exhausted.
- **2001-2010:** CTL nearly tripled from \$168 million to \$486 million.
- **2010-2014:** 42 percent decrease in CTL and a 10 percent increase in the levy subject to the limit.
- **2018:** CTL exhausted: 92.68 percent. Constitutional tax margin: \$22.3 million.



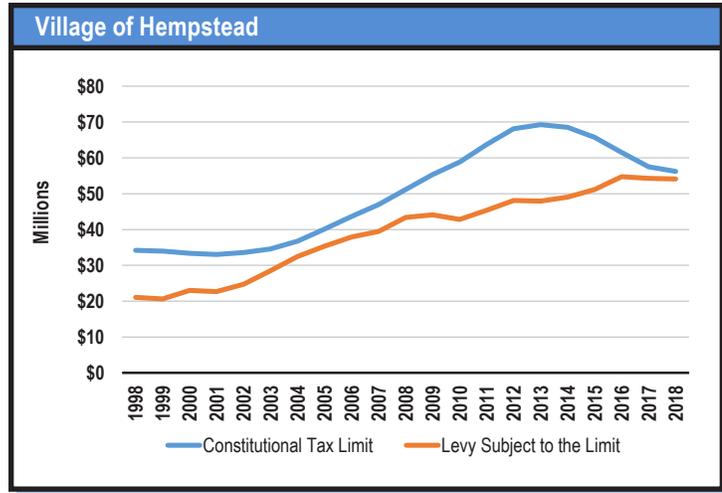
While Yonkers experienced very dramatic increases and decreases, its general pattern held for the other downstate municipalities currently on the “over 90” list. Most were levying close to their CTL in the early 2000s, experienced full value increases which increased their CTL and tax margins, and then experienced a real property market downturn, combined with consistent increases in the levy subject to the CTL.

Appendix C

Downstate Municipalities

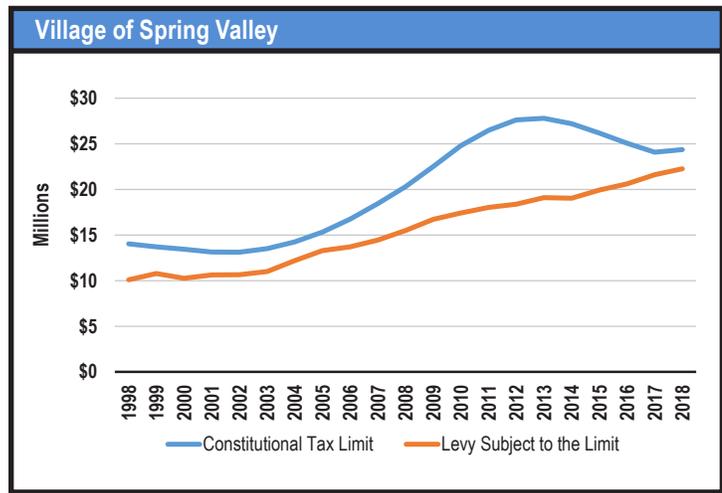
Village of Hempstead:

- **2004-2013:** Five-year-average full valuation grew 88 percent while the levy subject to the limit grew only 48 percent.
- **2014-2018:** Five-year-average full valuation fell nearly 18 percent, while levy subject to the limit increased 10 percent.
- **2018:** CTL exhausted: 96.28 percent.



Village of Spring Valley:

- **2003-2012:** Five-year-average full valuation increased 104 percent. Levy subject to the limit rose 67 percent.
- **2013-2017:** Five-year-average full valuation decreased 13 percent. Levy subject to the limit rose 13 percent.
- **2018:** CTL exhausted: 91.42 percent.

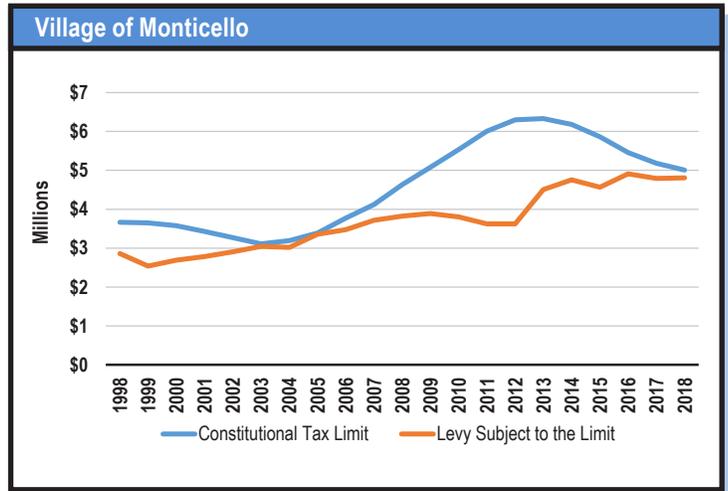


Appendix C

Downstate Municipalities

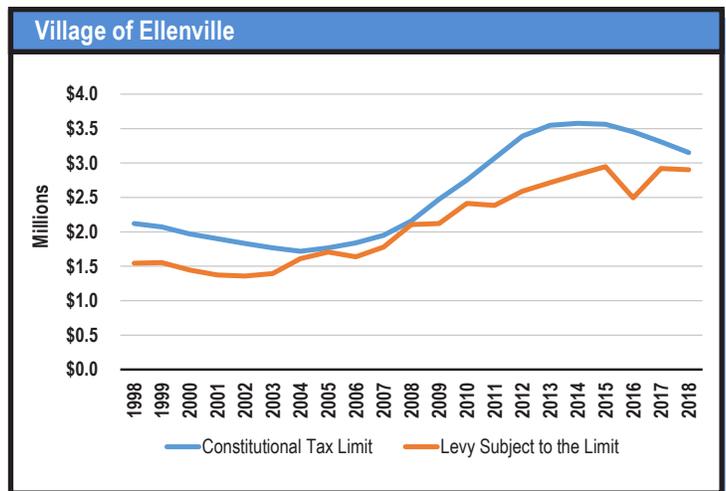
Village of Monticello:

- **2003-2007:** CTL exhausted between 90 percent and 99 percent. Five-year-average full valuation increased 32.5 percent and the levy subject to the limit increased 22 percent.
- **2007-2012:** Five-year-average full valuation increased 53 percent and the levy subject to the CTL fell 2.4 percent, due to an increase in allowable exclusions.
- **2013-2018:** Five-year-average full valuation fell 21 percent. The levy subject to the limit increased 6.7 percent.
- **2018:** CTL exhausted: 95.97 percent.



Village of Ellenville:

- **2007-2012:** Five-year-average full valuation increased nearly 74 percent. The levy subject to the limit increased 45.6 percent.
- **2015-2018:** Five-year-average full valuation decreased 11.6 percent. The levy subject to the limit decreased 1.5 percent.
- **2018:** CTL exhausted: 92.10 percent.

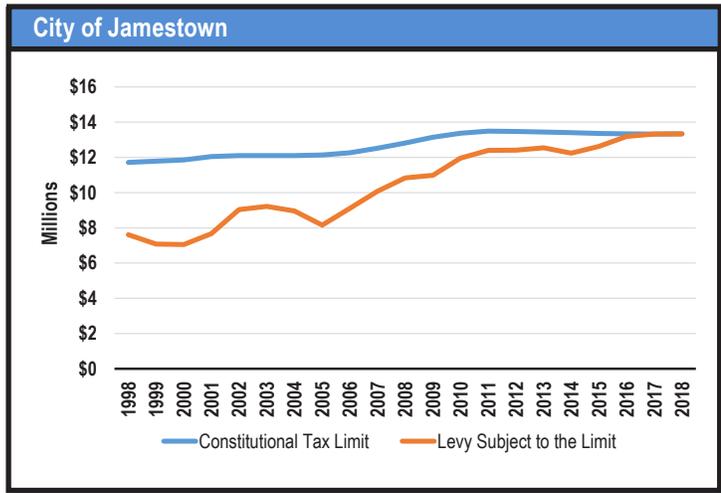


Appendix C

Upstate Municipalities

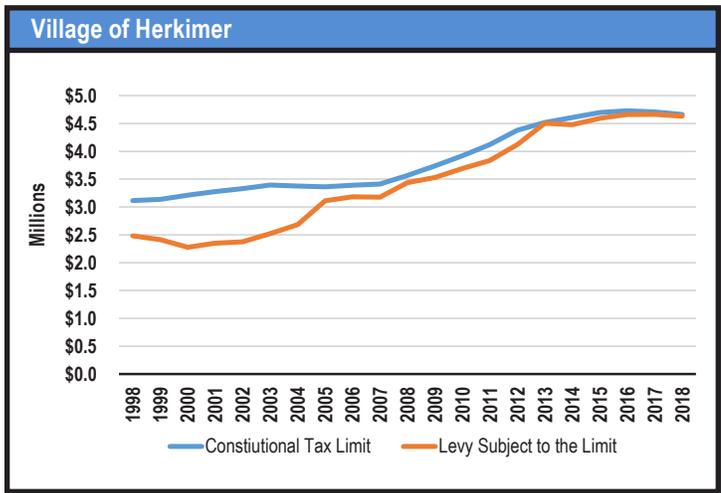
City of Jamestown:

- **2005-2011:** Levy subject to the CTL grew 52.1 percent. Five-year-average full valuation grew 11.1 percent.
- **2018:** Heavy reliance on exclusions, which amounted to 20 percent of the levy subject to the limit.
- **2017-2018:** CTL Exhausted: 100 percent.



Village of Herkimer:

- **2005-2018:** Exhausted over 92 percent of CTL each year.
- **2007-2014:** Five-year-average full valuation increased 35 percent. The levy subject to the limit grew 41 percent.
- **2013:** Exhausted 99.7 percent of CTL.
- **2013-2018:** Full valuation has fallen 4.8 percent during this time; 5-year-average full valuation will likely continue to decline in out years.
- **2017-2018:** CTL Exhausted: over 99 percent.

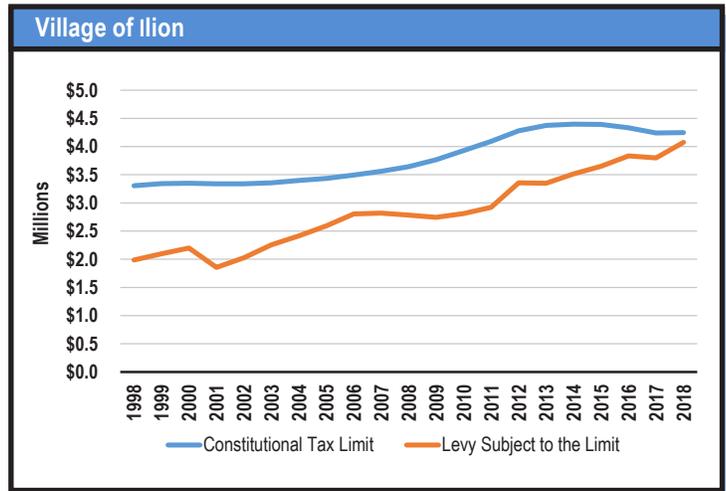


Appendix C

Upstate Municipalities

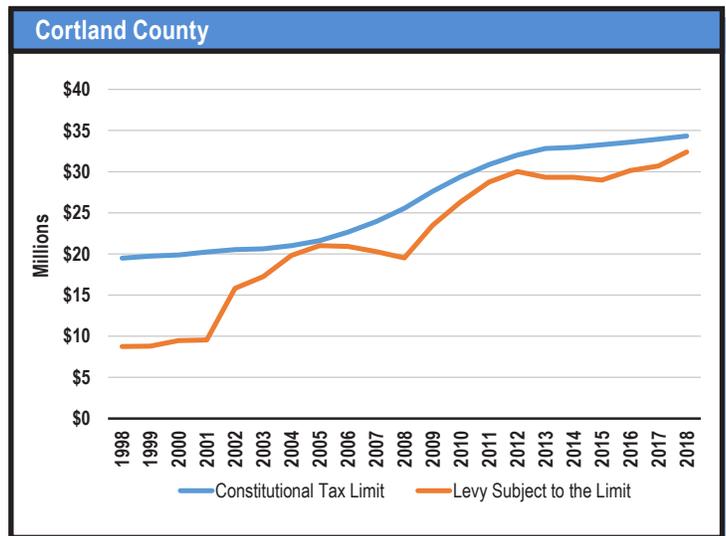
Village of Ilion:

- **2012-2018:** Real property full valuation fell at an annual average rate of 1 percent. The levy subject to the limit increased at annual average rate of 3.3 percent.
- **2018:** CTL Exhausted: 95.97 percent.



County of Cortland:

- **2001-2005:** Levy subject to the limit increased 120 percent, or at an average annual rate of 21.8 percent. Five-year-average full valuation increased 6.8 percent, or at an average annual rate of 1.7 percent. CTL exhausted grew from 47.2 percent to 97.1 percent in four years.
- **2008-2012:** Levy subject to the limit increased 53.8 percent (11.4 percent average annual growth), while the five-year-average full valuation grew 25.3 percent (5.8 percent average annual growth) over the same time period. CTL exhausted grew from 76.4 percent to 93.8 percent over this time.
- **2018:** CTL Exhausted: 94.36 percent.

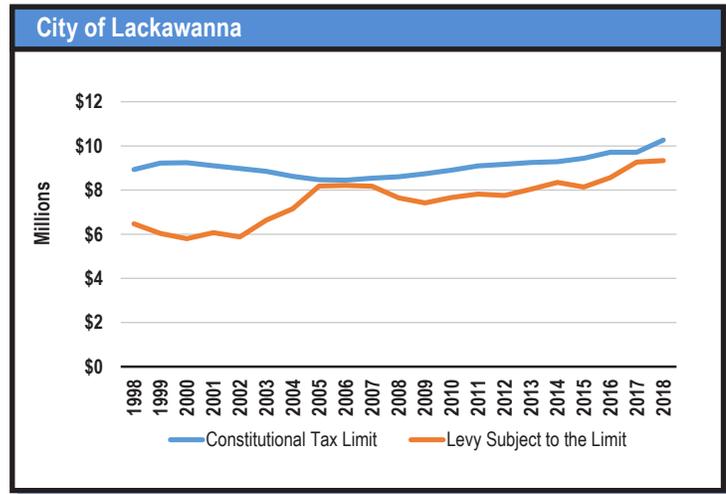


Appendix C

Upstate Municipalities

City of Lackawanna:

- **1999-2017:** Five-year-average full valuation grew 5.3 percent, at an average annual rate of 0.3 percent.
- **2018:** CTL Exhausted: 90.93 percent.



Notes

- ¹ “Local governments” in this report are defined as cities, counties and villages. Towns are not subject to the Constitutional Tax Limit.
- ² New York State Department of State, *Local Government Handbook*, www.dos.ny.gov/lg/publications/Local_Government_Handbook.pdf. Updated March 13, 2018.
- ³ Fordham Law Review 1966. Volume 35, Issue 2, Article 2. *Local Finances Under the New York State Constitution with an Emphasis on New York City*.
- ⁴ OSC, What is the Real Property Tax Cap?, www.osc.state.ny.us/localgov/realprop/whatis.htm
- ⁵ If a local government exceeds the Constitutional Tax Limit, unlike the property tax cap, there is no option for either a public vote or supermajority vote of the governing body to override the limit.
- ⁶ While excluded from this report, the City of New York—including its fiscally dependent school district—is subject to the CTL. According to the State Constitution, the tax levy for the City and the counties therein, for city and county purposes, is limited to 2.5 percent of the City’s average full valuation of taxable real estate. Over the last 20 years, New York City has consistently exhausted over 80 percent of its CTL. Based on data calculated by the City of New York and submitted to this office, the City exhausted 98.2 percent of its CTL for the 2018 FYE.
- ⁷ The New York State Constitution, Article VIII, Section 10.
- ⁸ With certain exceptions, the State Constitution generally provides that taxes in the amount required to pay principal and interest on long-term indebtedness are not subject to the tax limit. Debt that is not considered excludable for CTL includes debt service payments for purposes other than financing capital improvements and contracted to be redeemed in one of the two fiscal years following the year of issue, tax anticipation notes, revenue anticipation notes, certain pension bonds, installment purchase contract debt and bonds or notes issued for revenue-producing public improvements or services, to the extent that revenue from the improvement, after payment of the costs of operation, maintenance and repair, are able to pay debt service.
- ⁹ New York Consolidated Laws, State Finance Law, Section 54-a.
- ¹⁰ OSC, *Municipalities in Stress Fiscal Years Ending 2017*, www.osc.state.ny.us/localgov/fiscalmonitoring/localgovernments/pdf/2017/munis-stressed.pdf.
- ¹¹ United States Census. American Factfinder.
- ¹² For example, the City of Jamestown received \$1 million in state assistance in State Fiscal Years 2017-18, 2018-19 and 2019-20. For more details on this budget appropriation, access the Enacted Budget Financial Plans produced by the New York State Division of the Budget, available at www.budget.ny.gov/pubs/publications.html. The City also received \$250,000 in grants from the Financial Restructuring Board for Local Governments to help stabilize the City’s 2015 budget.
- ¹³ The New York State Constitution, Article VIII, Section 10.
- ¹⁴ OSC, *Constitutional Tax Limits*, www.osc.state.ny.us/localgov/finreporting/ctl.htm.
- ¹⁵ CTL data is available through the *Local Government Spending* page of OSC’s OpenBook NY: wwe2.osc.state.ny.us/transparency/LocalGov/LocalGovIntro.cfm.
- ¹⁶ OSC, Planning Resources Webpage, www.osc.state.ny.us/localgov/planbudget/index.htm.
- ¹⁷ OSC, Fiscal Stress Monitoring System Search Tool, wwe1.osc.state.ny.us/localgov/fiscalmonitoring/fsms.cfm.
- ¹⁸ For more information on the Financial Restructuring Board for Local Governments, see frb.ny.gov.
- ¹⁹ OSC’s The Academy for New York State’s Local Officials webinar, *Constitutional Tax Limit Reporting Requirements*, recorded on March 14, 2019 and accessible to be viewed on demand at: wwe1.osc.state.ny.us/localgov/academy/webinars/index.cfm.
- ²⁰ For more information on what is considered taxable or tax-exempt property, see OSC, *Property Tax Exemptions*, February 2018, www.osc.state.ny.us/localgov/pubs/research/property-tax-exemptions.pdf.
- ²¹ New York State Department of Taxation and Finance, *Equalization rates*, www.tax.ny.gov/pit/property/learn/eqrates.htm. The Big Five cities of New York, Buffalo, Rochester, Syracuse and Yonkers are calculated using special equalization ratios. Certain villages are non-assessing and use the equalization rate(s) of the town(s) in which they are located.

Contacts

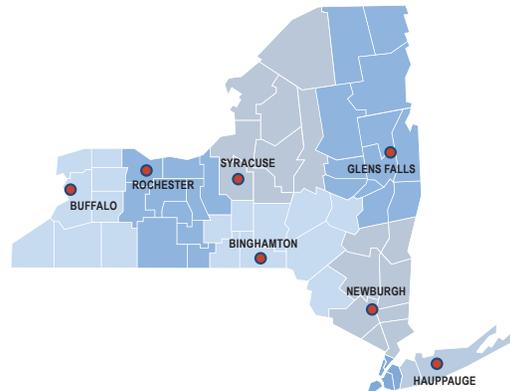


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