

Press release 1/23/12

### Tax levy limit affects Greenwich

This is the first year that that tax levy limit law passed by the State will be enforced on the Greenwich Central School. This law is a complex set of rules that will have different consequences each year, and may have some surprising outcomes. It is not a simple rate of 2%, as it has been portrayed in some media coverage.

The 2% figure is just one of eight allowable adjustments to the previous year's tax levy. This piece of the adjustment formula is meant to compensate for the impact of inflation on the school district. In fact, if the cost of living does not increase by 2%, this factor reduces to the cost of living index, down to a base of 0%. 2% is intended as a maximum increase in the cost of living that can be passed on to the taxpayers.

At its meeting on January 9, the Board of Education was presented with the impact that some of the other adjustment factors could have on the tax levy limit. In fact, the tax levy could increase in the range of 3.4%, and still be in compliance with the tax levy limit law.

One of the mandatory components of the tax levy calculation is the tax base growth factor. This measures the real growth of the school district's tax able real estate, and would allow a growing school district to grow their ability to raise taxes. For example, if a new subdivision of housing were built, added students would move in, and there would be no way to fund the added expenses they would produce. The tax base growth factor is calculated by the State, and does not include changes in values due to inflation. This year, our tax base growth factor is 1.23%, which means we added new taxable property. This happened when one of our PILOTS matured and was added to the tax roll. We lost PILOT income, so we need to add tax income to stay even.

Another important exclusion is the local share of debt payments. Debt payments have been approved by the voters, and a payment schedule has been set. If debt payments increase, or decrease, the tax levy can be adjusted.

The final (hopefully) allowable adjustment is based on the cost of employee pensions. The State requires school districts to belong to the State retirement system, and the system requires employers to pay a fee each year based on a percentage of salaries. The cost of the increase which is more than 2% can be added as an adjustment to the tax levy limit.

The presentation to the Board can be viewed on the school district's website at [www.greenwichcsd.org](http://www.greenwichcsd.org). If there are questions, please contact Wes Clark at the school business office.

The Board is a long way from establishing a tax levy for next year, and meetings will be held on February 6 at 6 PM and February 13 at 7 PM.