Tax Levy and Tax Rates

Frequently Asked Questions

Q: What is a Tax Levy?

A: The Tax Levy is the total amount of money that must be raised in property taxes to fund the school budget after deducting all other forms of revenue. Once the school budget is approved by the voters, revenues such as expected State Aid payments, contribution of fund balance and other miscellaneous revenues are subtracted from the budget's total expenditures to determine the Tax Levy.

Q: What is the relationship of State Aid and Tax Levy?

A: An increase in the amount of State Aid a district receives will result in a lower amount of Tax Levy that must be collected for the same budgeted expenditures. Conversely, when State Aid is cut or reduced, the Tax Levy will increase to support the budgeted expenditures.

Q: How is the Tax Levy shared among the different municipalities of the District?

A: The Tax Levy is divided among the different municipalities based on the percentage of the Full Valuation of Assessed properties in each municipality to the total Full Valuation of properties of the District.

Q: What is the difference between my Assessed Value and Full Value of my property?

A: This difference results from the different Equalization Rates that each municipality uses. One town may assess properties at Full Market Value which would mean that your Equalization Rate is 100%. (Full Value = Market Value.) More common is that a municipality will use a percentage less than 100%. A property with a Full or Market Value of $200,000 and having an Assessed Value of $100,000 would indicate the town's Equalization Rate is 50%.

Q: What is the Equalization Rate?

A: The Equalization Rate is the measure of a municipality's level of assessment. It can be calculated by this formula:

$$\frac{\text{Total Assessed Value}}{\text{Total Market Value}} = \text{Equalization Rate}$$

Q: Why are Equalization Rates necessary?

A: These rates are necessary in New York State because there is no fixed percentage at which property must be assessed, not all municipalities assess property at the same percentage of Market Value, and taxing jurisdictions, such as most school districts, do not share the same taxing boundaries as the cities and towns that are responsible for assessing properties. Equalization Rates provide for a fair distribution of the Tax Levy based on the true Market Value of each municipality. Essentially, they "equalize" the assessed values so that properties in different taxing jurisdictions are comparable. Equalization Rates are calculated each year (per Real Property Tax Law) to reflect that year's assessment roll and current market values for each assessing unit.

Q: How is my Tax Rate calculated?

A: The Tax Rate for each municipality is calculated by dividing the Tax Levy to be raised from each municipality (see question above) by the total Assessed Value of property for that municipality. An example will make this clearer.

Total Tax Levy required = $1,000,000

	Town A	Town B
Assessed Value (AV) of property in each Town	$10 million	$10 million
Equalization Rate of each Town	33.33%	50.00%
Market Value or Full Assessed Value (FV) of Town	$30 million	$20 million
Market or Full Valuation of Assessed Properties of School District = $50 million ($30M + $20M)		
Percent of Full Value for each Town (also percent of Levy)	60% ($30M ÷ $50M)	40% ($20M ÷ $50M)
Tax Levy to be raised from each Town (FV % x AV)	$600,000	$400,000
Tax Rate for each Town (Tax Levy ÷ Assessed Value) x 1000	$60 per $1000 AV	$40 per $1000 AV

Q: I live in Town A. Why am I paying a higher Tax Rate than my neighbor in Town B? We both have about the same type house with a market value of $200,000.

A: While the Tax Rate is higher in Town A versus Town B, each resident would pay the same amount of school taxes, due to the different Equalization Rates of each town and the resulting different Assessed Values. Continuing with our example will make this clearer.

Total Tax Levy required = $1,000,000

	Town A	Town B
Market Value of house	$200.00	$200.00
Equalization Rate of each Town	33.33%	50.00%
Assessed Value of house = Market Value x Equalization Rate	$66,666	$100,000
Tax Rate per thousand	$60	$40
Total School Tax = Assessed Value ÷$1,000 x Tax Rate	$4000	$4000

You can see the effect of the Equalization Rates in these examples. The Tax Rate is higher when the Assessed Value percentage is lower. Conversely, the Tax Rate is lower when a higher Assessed Value is used to compute taxes. When Tax Rate increases vary from one town to another, it is likely that a change in the Equalization Rate is the reason for the variation. The important thing to remember is that school taxes are fairly distributed, as shown above.