

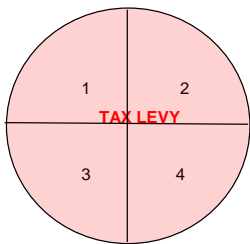
# 2% Tax Cap



# 2% Inc in tax bill

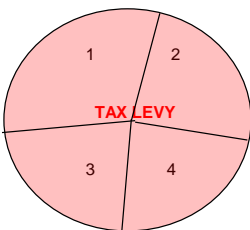
The 2% Tax Cap pertains to the total amount the district is allowed to collect (or levy) from the community. Contrary to what many believe, this does not mean that a taxpayer's bill is limited to a 2% increase. It is possible, and will likely happen, that some individual tax bills will go up by more than the 2%, some will go up by less than the 2% and some will be at the average increase. It is even possible for someone's tax bill to go down. The reason this happens is because the tax levy is divided amongst residents by assessed values (set by Nassau County) within the community.

Let's use an example and assume that there are only 4 houses in the school district and there are no exemptions for any of the taxpayers. Let's also assume that each home has an equal assessment of 1,000. Finally, let's assume that the total tax levy for the community is \$10,000. Each taxpayer will pay the same amount of taxes for the year since each taxpayer's assessed value is 1/4 of the total assessed value for the community.



	Assessed Value		Tax Bill
Taxpayer 1	1000 \$		2,500.00
Taxpayer 2	1000 \$		2,500.00
Taxpayer 3	1000 \$		2,500.00
Taxpayer 4	1000 \$		2,500.00
Total assessed value of community	4000 \$		10,000.00

Now let's assume that the tax levy increased by 2% from \$10,000 to \$10,200. Taxpayer 1 was reassessed by Nassau County to 1,060, taxpayer 2 won a tax grievance with Nassau County and was reduced to an assessment of 950, and taxpayers 3 and 4's assessment remained flat.



	Assessed Value		Tax Bill
Taxpayer 1	1060 \$		2,696.26
Taxpayer 2	950 \$		2,416.46
Taxpayer 3	1000 \$		2,543.64
Taxpayer 4	1000 \$		2,543.64
Total assessed value of community	4010 \$		10,200.00

As you can see, the school district receives \$10,000 in year 1 and \$10,200 in year 2. The way in which it is divided amongst taxpayers has changed. The \$196.26 (\$2,696.26-\$2500) increase in Tax Payer 1's bill equates to a 7.85% increase. Homeowner 2's reduced assessment has resulted in a decrease in their new tax bill. The other homes assessed values remained the same and their tax bills went up by approximately 1.7%. In this example, tax payer 1 is not going to be capped at a 2% increase even though the district adhered to the tax cap law by limiting the total increase in the tax levy to 2%.

**This will be discussed at budget presentations in the upcoming months. Please feel free to email me with any questions you might have.**

[Mfrank@nhp-gcp.org](mailto:Mfrank@nhp-gcp.org)