

Tax Levy vs. Tax Rate: What's the Difference?

Note: This document comes from a presentation that was created by the Windsor Central School District. Thank you to Windsor for allowing us to use this information.

What is the difference between the Tax Levy and the Tax Rate?

Tax LEVY: Total amount of taxes that need to be collected to operate the district. **Remember, residents approve the tax levy, not the tax rate.**

Tax RATE: Individual dollar rate per thousand of assessed value of a given property that is used to calculate a yearly tax bill.

Definition: Tax Levy

The total amount of property taxes a school district must collect to balance its budget, after accounting for all other revenue sources including state aid. The tax levy is the basis for determining the tax rate for each of the towns or villages that make up a school district. This is only one component of the calculation of an individual's property tax bill.

Variables affecting the Tax Levy (changes in any of these affect the levy)

1. The school district's budget.
2. Appropriated Fund Balance: Money carried over from one fiscal year that is used as revenue for the next fiscal year.
3. State aid and other revenues.

Determining the Tax Levy (three options)

1. Budget = Revenues + Appropriated Fund Balance + Reserve Use
2. Budget = (Tax Levy + State Aid + Other Revenues) + Appropriated Fund Balance + Reserve Use
3. Tax Levy = Budget - (State Aid + Other Revenues) - Appropriated Fund Balance - Reserve Use

If the Tax Levy remains the same will everyone's Tax Rates remain the same?

Not necessarily. The tax rate is a function of the tax levy. Even if the tax levy remains the same assessments may rise or fall, new business may come or leave in a given year. All other things being equal, if assessments *grow* then the change in the tax rate paid by residents will be *less* than the increase in tax levy. On the other hand, if assessments *decline*, then the change in the tax rate paid by residents will be *greater* than the increase in the tax levy.

Variables affecting the Tax Rates

1. The amount of the Tax Levy:
 - *Set by the school district; approved by voters
2. The assessment of property:
 - *Set by the town assessor
3. The equalization rate:
 - *Determined by the State Office of Real Property (ORPS) and the Town Assessor. ORPS defers to the Assessor's estimate if it is within 5% of ORPS testing of sales data.