

## 2% Cap on STAR Savings

### Overview & FAQ's for School Districts and Assessors

#### Overview

The 2011-12 State Budget establishes a new 2% cap on increases in STAR savings.

Beginning with 2011-12 school levies, increases in STAR savings are capped at 2% of the prior year savings. The cap is **not on the exemption amount – but on the savings amount**.

You don't need to calculate the maximums for your school district's municipal segments; the New York State Department of Taxation and Finance - Office of Real Property Tax Services (ORPTS) - [publishes the maximums for Basic and Enhanced STAR](#).

Initially, you'll calculate your STAR savings the same as last year for each parcel (tax rate \* exemption amount). However, if the STAR savings that you calculate for a parcel exceeds the maximum for that segment, you will use the published maximum when calculating tax bills for that parcel.

#### Impact on School Tax Bills

When the cap is in effect, the STAR savings will no longer be equal to the STAR exemption amount \* the tax rate. To address this, we provided you with [recommended changes to your tax bill](#). This will require those who prepare school tax bills to make some programming changes.

#### Addressing The Changes Through RPS Version 4

Most of you use extracts from our RPSV4 software to prepare your bills. Our RPS Team is working directly on this issue and will have a patch available to assessors on or about July 1. [Details of the changes included in the patch](#).

The RPS extracts will provide you with the updated inputs to address our recommended changes to your tax bills. **However, it will still be necessary for you or your vendor to make changes to your tax billing programs. We recommend that you share this information with your vendor as soon as possible.**

#### School Tax Bills/General Administration

##### Is ORPTS reaching out to vendors that prepare the tax bills?

Not individually. Vendors can contact ORPTS if they have questions. (Our contact information is listed at the end of this document.) In addition, if a vendor should be added to our email list for school districts, please send email to our [STAR Unit](#).

**Is the STAR exemption on the bill adjusted as a result of the cap?**

No. The exemption amount does not change as a result of the cap. Only the savings will be reduced if the savings exceeds the [maximum for this year](#).

**Are school districts required to use ORPTS' recommended changes to the tax bill?** In regard to STAR, what is required on the tax bill is that you show the STAR savings and the STAR exemption amount, as well as the language "Your tax savings this year resulting from the New York State School Tax Relief (STAR) Program is:" We considered many options and are confident that our [recommended changes to the tax bill](#) will be the most clear way to present the necessary information to taxpayers.

**Can a school district show on the tax bill the amount of savings that is lost as a result of the STAR cap?** The information on the tax bill is specifically set forth by law. There is no provision in the law to display the amount of savings that would have been received had the cap not been in place.

**On the recommended tax bill, ORPTS added "see note" after the Basic and Enhanced STAR description. Will that be included in the RPSV4 extract?**

No, that language needs to be coded by whoever prepares the tax bills. In addition, this language will also require coding: "Note: This year's STAR tax savings generally may not exceed last year's by more than 2%."

**Why does the recommended language on the tax bill specify that "generally" the STAR savings can't increase more than 2%?**

Cases where STAR savings for the **individual parcel** might exceed 2% include:

- The parcel received Basic STAR last year and Enhanced STAR this year.
- The parcel's assessed value is less than the exemption amount (many manufactured homes fall into this category).
- The parcel's remaining taxable value after applying other exemptions causes the STAR exemption to be reduced to an amount other than the certified STAR amount.

**How is the cap administered for manufactured housing communities and co-ops?**

The amount of the STAR savings for each co-op unit or manufactured housing pad must be compared against the maximum to ensure that it doesn't exceed the cap. The total savings for the manufactured housing community or co-op is then calculated and applied to the tax bill for the parcel. When filing for STAR reimbursement, the savings from the actual tax bill is used. For those who use the RPSV4 manufactured home or co-op worksheet, the determination as to whether the STAR savings will or won't be the maximum will be incorporated into the worksheet.

**How does the cap apply when parcels have multiple STAR exemptions?**

The STAR savings cap will have to be tested for each of the STAR exemptions and the total savings aggregated to the parcel level.

**Will the cap impact school tax levy distribution over multiple municipal segments?**

No.

RPS Version 4

**What are the changes to RPSV4 that will be included in the patch?**

[Details of the changes included in the patch.](#)

**Prior to the RPSV4 patch being released, what should we do?**

First make sure that you are current with all of the previous [RPSV4 web patches](#) for Release 2010 OR have installed Release 2011. In addition, since the format of the file hasn't changed, you can use an existing file as a test to ensure that your programs that generate tax bills will run the way you expect.

**Will the RPSV4 patch address school districts with homestead/non-homestead tax rates?**

Yes.

**Will ORPTS provide a new RPSV4 Foxpro tax bill print program that will include the changes the agency recommended?** Yes. Patches will be distributed for the bill program, as well as for RPSV4 itself. However, if localities have made changes to the source code, they will need to make additional changes to accommodate the updated bill.

**Should assessors use the mobile home and co-op worksheets in RPS?**

Yes. If you don't use the RPS worksheet, you'll need to use your own spreadsheet or other mechanism for tax bill purposes.

**Will the patch be available for the 2010 and 2011 versions of RPSV4?**

Yes – RPS will provide patches for both Release 2010 and Release 2011.

**School district reimbursement**

**How will school districts determine the amount they should be reimbursed?**

On the RPS Tax Roll report 160P1, the total tax to be paid is included at the bottom of the file. If that amount is subtracted from the total levy, you will arrive at the total STAR reimbursement. If you do not use RPSV4, the reimbursement is calculated in a similar manner, either:

- as the sum total of all of the savings amounts on the individual tax bills, or
- as the total levy less the amount to be collected from taxpayers.

**Will the STAR reimbursement application form change?** We are working on changes to the form and will include the amendments when we publish and distribute the forms in July. Distributed forms will include a cover sheet explaining the changes. The reimbursement form (6704-B) included within RPSV4 will NOT be modified in the July 1 patch. The cover memo to the July distribution of paper forms will address this further.

**Will state reimbursements to school districts be capped at 2%?** The 2% STAR Cap legislation does not limit STAR reimbursement to school districts. In other words, under the recently-enacted law, school districts will continue to be fully reimbursed by the state for the cost of the STAR exemption. It is only the growth in the calculated STAR savings that appears on tax bills that is subject to the new 2% cap.

**Who to contact**

- Email the [STAR Unit](#) or call 518-474-2819 (leave message – all calls returned) for general questions about the legislation or the STAR savings maximums.
- Email the [RPS Unit](#) or call 518-474-5760 with questions specific to RPSV4 and related changes.