



Memorandum

To: Bryan Healy, Village Manager, Village of Croton-on-Hudson
Mayor Bryan Pugh, Village of Croton-on-Hudson

From: AKRF, Inc.

Date: December 18, 2024

Re: **New Construction and Tax Cap Calculation**

cc: Linda Whitehead (MGS)

The purpose of this memorandum is to provide the Village with information regarding the effect of increased assessed value due to new construction on a local government's tax levy limit (e.g., the "tax cap").

As illustrated thorough the link below, available from the New York State Comptroller's Office, a **tax base growth factor** is applied annually by the State to calculate a municipality's tax levy limit.

<https://www.osc.ny.gov/files/local-government/property-tax-cap/pdf/formula.pdf>

The tax base growth factor is provided by the New York State Department of Taxation and Finance (Office of Real Property Tax Services) to each taxing jurisdiction for use in determining the allowable tax levy growth. The tax base growth factor is based on the Department of Taxation and Finance's determination of increases to a district's assessed value due to "quantity change," such as new construction, newly taxable status of existing property, or measurable improvements to taxable property. As a result, new growth experienced by a district year over year does not count against the tax levy. Rather, the tax growth factor is applied to the previous year's tax levy and serves as a "pre-cap" growth factor so that new development does not count against the tax cap.