

## **FACTSHEET from the Islip Public Schools**

### **Understanding the New 2% Cap on STAR Savings Increases**

#### ***What is the new STAR Savings Cap?***

A new 2% cap on the increase in homeowners' STAR savings has been imposed on property owners by the Governor and the State Legislature as part of the 2011-12 NYS Budget. NYS has increased the Basic and Enhanced STAR exemptions for the last two years, but this action will have limited impact on property tax bills under the cap. The cap is not on the exemption amount, but on the savings amount.

The new annual 2% cap on increases in homeowners' STAR savings shifts the portion of homeowners' school tax bills that had been paid by the state through STAR away from the state and back onto homeowners.

#### ***How does this cap impact Islip tax bills?***

The new STAR Savings Cap means that, starting with December 2011 school tax bills, a homeowner's STAR savings can not increase by more than 2% over the previous year's savings. This will be the case even if other factors in the tax calculation formula would otherwise have created a greater savings for the property owner.

STAR exemptions, along with other available exemptions, reduce the assessed value of property to determine the taxable value. The taxable value is used to calculate the property tax bill. The new STAR Savings Cap significantly reduces the impact of the STAR exemption resulting in a higher tax bill than a property owner would have received without the new cap.

The amount of school tax property owners are exempted from paying through STAR did increase this year compared to last year. It just did not increase by more than 2% because of the new law.

#### ***What role does the Islip School District play in STAR exemptions?***

The Islip School District plays NO role in the STAR exemption process. The Board of Education only determines the tax levy, which is the total tax dollars needed to balance the school budget approved by the voters in May.

The other factors that impact an individual property owner's school tax bill are decided by:

- NYS Legislature (which may change STAR exemptions),
- Islip Town Assessor (who assesses properties),
- NYS Office of Real Property Services (ORPS, which sets town equalization rates and calculates STAR exemption impacts).