

2014 School District Tax Rate Rankings

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*This report ranks 2014 school district tax rates in Dutchess County, New York, in both tabular and chart form. It also ranks tax rate **increases**, and compares these results with a similar [ranking I performed four years ago](#). Main results:*

- *School tax rates have dramatically increased since four years ago, due to both tax levy increases and property value decreases.*
- *Relative rankings of school tax rates have hardly changed since four years ago.*
- *Year-to-year school tax rate increases are dramatically lower than four years ago. This slowed growth may be due to the New York State property tax cap, which took effect in 2012.*

This report explains how the homestead tax option, the apportionment option, and STAR exemptions complicate school district tax rate comparisons. Separate comparisons are provided from the viewpoint of school districts and taxpayers — both homes and businesses.

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Tax Rate Rankings Have Two Viewpoints

School tax is by far the largest single property tax for most taxpayers. In fact, property owners often pay more in school taxes than in all other property taxes (for town, county, fire, library, etc.) combined. The tax levy — amount of taxes imposed or billed — divided by the taxable value of the property or properties is called the *tax rate*.

Comparison Requires True Value Tax Rates

In order to properly compare property tax rates — any property tax rates — the tax rates must be expressed in dollars per thousand dollars of *market* value. Tax rates expressed in terms of market value rather than assessed value are sometimes called *true value tax rates*.

True value tax rates are useful for comparing school tax rates with town, county, fire, and library tax rates, and they are also useful for our main focus here, which is ranking various school tax rates by comparing them with each other. Comparison of school tax rates arises in a number of useful contexts, including comparisons among school districts, comparisons in the same district among years, and comparisons within the same district (or even different districts) among taxpayers. All of these contexts are explored in this document.

Comparison Requires Subtracting STAR Exemptions

The New York State School Tax Relief Program (STAR) is a tax relief program which has the effect of subtracting a fixed dollar amount from the taxable market value of certain properties before taxes are figured. The STAR program confounds tax rate analysis, because all properties eligible for STAR are taxed at different rates depending on their taxable market values. In order to properly account for STAR market value adjustments, school tax rates for STAR-eligible properties apply to the taxable market value *after* the STAR exemption and other similar exemptions are applied.

School District Viewpoint versus Taxpayer Viewpoint

It is important to understand that school tax rate rankings should be conducted in two different ways, depending upon the purpose or viewpoint of the ranking. These two viewpoints are the *taxing authority viewpoint* (in this case, the *school district viewpoint*) and the *taxpayer viewpoint*. These seemingly similar viewpoints can be described by the following two sets of questions:

Q1 (School District Viewpoint): How steeply does each school district tax its tax base? Which school district in Dutchess County has the highest tax rate? The lowest? Where does your school district stand in the ratings?

Q2 (Taxpayer Viewpoint): How steeply are property owners taxed by their school district? Which property owners in Dutchess County pay school taxes at the highest rate? The lowest? Where does your property stand in the ratings?

If every school district taxed all their property owners at the same rate within the district, the above two sets of questions would have the same answers. Unfortunately, this is not always the case. Of the 13 school districts in Dutchess County, 8 school districts tax all their property owners at the same rate within the district. The remaining 5 school districts have a more complex taxing structure, taxing different property owners at different rates. These different rates occur for two different reasons, homestead tax option and apportionment option.

School District	Tax Rate Structure
Dover Hyde Park Millbrook Pawling Pine Plains Red Hook Rhinebeck Webutuck	Single tax rate
Poughkeepsie Spackenkill	Homestead tax option
Arlington Beacon Wappingers	Homestead tax option Apportionment option

(I've chosen to ignore for the most part the small regions in Dutchess County lying in the out-of-county Carmel, Haldane, and Taconic Hills school districts.)

Homestead Tax Option

Under New York State Real Property Tax Law, school districts and certain other taxing authorities can opt to classify the taxable properties in their jurisdiction into two separate classes. Properties in the *homestead class* (essentially homes) are taxed at a relatively low rate, while properties in the *non-homestead class* (essentially businesses and commercial properties) are taxed at a higher rate. The Poughkeepsie, Spackenkill, Arlington, Beacon, and Wappingers school districts utilize the homestead tax option, as shown in the above table. In these five school districts, a property's school tax rate depends upon whether the property is classified as a homestead or a non-homestead property.

Apportionment Option

Nearly all school districts in Dutchess County comprise portions of more than one town. (The only exceptions are Poughkeepsie and Spackenkill.) The portion of a school district lying in a particular town is called a *municipal segment*. Ordinarily, property taxing authorities in New York State are required to apportion their tax levy among municipal segments in such a way that all properties (of a given property class) are taxed at the same true value tax rate.

However, for school districts, New York State Real Property Tax Law provides an optional exception to this common-sense rule. The exception permits school districts to apportion their tax levy among their municipal segments based on a different criterion than true value tax rate. Essentially, the tax levy is apportioned based on total market value, rather than total *taxable* market value. *Only the Arlington, Beacon, and Wappingers school districts utilize this special apportionment option*, as shown in the above table. The important point here is that *in these three school districts, a property's school tax rate depends not only upon the property's class (homestead or non-homestead), but also upon which town (municipal segment) the property lies in.*

School District	Number of Towns
Arlington	9
Beacon	3
Wappingers	5

OK, enough about real property tax law. Here's how the two sets of ranking questions can be answered using various kinds of tax rates:

Aggregate Tax Rate

I define the *aggregate tax rate* for a school district to be simply its total tax levy divided by its total taxable market value. The aggregate tax rate measures how steeply a school district taxes its tax base. Thus, *the aggregate tax rate is appropriate for comparing school districts with each other (Q1)*. If a school district taxes all taxpayers at the same rate, as do 8 of the school districts in Dutchess County, then the aggregate tax rate is this rate. If a school district taxes different taxpayers at different rates (5 school districts with homestead and/or apportionment options), then the aggregate tax rate is the *average* of those rates, *weighted* by the proportion of taxable market value in each taxing class and/or municipal jurisdiction.

Homestead and Non-Homestead Tax Rates

For a school district using the homestead tax option, the *homestead tax rate* is simply the portion of its total tax levy assigned to the homestead class, divided by the total taxable market value of its homestead class. The *non-homestead tax rate* is defined similarly. *For property owners in the Poughkeepsie and Spackenkill school districts, these rates are appropriate for measuring the steepness of their taxes, and comparing them with those of property owners elsewhere (Q2)*.

Segment Tax Rates

In the Arlington, Beacon, and Wappingers school districts, a property's school tax rate may depend not only upon the property's class (homestead or non-homestead), but also upon *which town* (municipal segment) the property lies in. I define the *segment tax rate* for a property class to be the portion of the homestead or non-homestead tax levy apportioned to a municipal segment divided by the taxable market value of all the homestead or non-homestead properties in that municipal segment of the school district. *For property owners in the Arlington, Beacon, and Wappingers school districts, the segment tax rates are appropriate for measuring the steepness of their taxes, and comparing them with those of property owners elsewhere (Q2)*.

For example, in the Arlington School District, the 2014 homestead tax rate in the Town of Hyde Park is \$25.78 per thousand dollars of market value, while that in the Town of Pawling is \$23.02. This means that a homestead property in the Town of Hyde Park paid 12.0 percent more Arlington school tax in 2014 than a homestead property with the same taxable market value in the Town of Pawling. See table on page 9.

Rankings from School District Viewpoint

The following table ranks the aggregate 2014 taxes for the 13 school districts in Dutchess County, from lowest to highest tax rate. I compiled these results from data in [Dutchess County Real Property Tax Service Agency's Tax Rate Pamphlets](#).

Dutchess County School Districts 2014 Aggregate Tax Rates		
School District	Tax Rate per \$K of Market Value	Percent Increase Since 2013
Webutuck	\$12.63	3.9%
Pine Plains	\$13.18	-0.3%
Millbrook	\$14.46	3.9%
Rhinebeck	\$15.60	1.8%
Poughkeepsie	\$16.49	5.2%
Beacon	\$17.55	2.3%
Wappingers	\$17.73	3.1%
Red Hook	\$20.66	2.3%
Dover	\$22.93	5.0%
Hyde Park	\$23.27	3.6%
Pawling	\$23.82	5.1%
Arlington	\$24.98	4.4%
Spackenkill	\$32.44	6.9%

The 2014 year refers to the year in which taxes are paid. Thus, the data applies to the 2014-2015 school year. The chart on page 14 ranks these school tax rates in graphical form.

The winner by a landslide is the Spackenkill School District, whose 2014 aggregate tax rate of \$32.44 per thousand dollars of market value is way “ahead” of second-place Arlington. Before we go any further, it's crucial to understand the meaning of the rankings. The most important thing to know is that *these rankings are from the school district point of view. The aggregate tax rates measure how steeply each school district taxes its tax base.* These rates are useful to understand how school districts compare with each other, tax-wise. They are generally not appropriate for comparing the taxes paid by individual taxpayers, because in some school districts, different taxpayers pay at different rates. The next section presents rankings from the taxpayer viewpoint. For more on school district versus taxpayer tax rates, see the previous section.

Comparison with Four Years Ago

In 2014, *nearly half* the school districts had tax rates over \$20 per thousand dollars of market value. This is a dramatic increase over the 2010 rates (see [my previous analysis](#)), for which *only one* school district out of 13 had an aggregate tax rate over \$20. Recall that true value tax rate is simply tax levy divided by taxable market value, so that increases in tax rate can be due to either increases in tax levy or decreases in taxable market value. In the last four years both have occurred.

The main increases in tax levy occurred before the New York State property tax cap took effect in 2012. But even after the tax cap took effect, school districts were still able to increase their tax levy by a nominal 2 percent per year. (The actual increase allowed each year varies according to a complicated formula.)

But at the same time tax levies were increasing, taxable market values were decreasing, due to the continuing economic meltdown. In the four years between my two reports, Dutchess County's taxable market value decreased by 10.93 percent¹, which is a compounded annual rate of 2.63 percent.

Although school tax rates have dramatically increased in the last four years, the relative ranking of school districts has remained surprisingly similar. *The top four school districts in 2014 – Spackenkill, Arlington, Pawling, and Hyde Park – are the same ones in the same order as in 2010. Similarly, the bottom three school districts in 2014 – Millbrook, Pine Plains, and Webutuck – are the same ones but in a different order than in 2010. No school district changed its ranking more than two positions in the last four years. So in some sense, the more things change, the more they remain the same.*

How should these rankings be interpreted?

Probably narrowly. It is fair to say that these rankings compare how steeply each school district taxes its tax base. But aggregate tax rate is only one of a number of objective metrics for evaluating school district financial performance. Although most school districts in Dutchess County get the bulk of their funding from the tax levy, the proportion of other funding varies considerably from one district to another. A few districts — such as Poughkeepsie, in the low group — get less than a third of their funding from the tax levy.

Even if aggregate tax rate were a reliable measure of a school district's financial performance, does a low tax rate mean that the school district is short-changing its students and staff, or does it mean that the district is using its funds more efficiently than other districts? Does a high tax rate mean the school is superior, or that it is more

¹ See the table in my recent blog post [Dutchess County Gov't Tax Rate Keeps Climbing](#), which shows Dutchess County's taxable market value dropping from \$32,811 million to \$29,225 million, which is 10.93 percent, between 2011 and 2015. These years for County tax use the same taxable market values as the 2010 and 2014 school taxes do, respectively.

wasteful? There's really no end to such imponderable questions. Depending upon how one wants to look at it, there are many additional useful ways of measuring school district financial performance. (Examples: cost per student, market value per student, etc.)

Tax Rate Increases

Comparing the 2014 tax rates to 2013 tax rates allows calculation of the percent increase in tax rates since the last year. This data is shown in the last column of the above table, and graphically in the chart on page 17. Only 3 school districts exceeded 5 percent increase. Outlier Spackenkill increased its tax rate by 6.9 percent, but Poughkeepsie and Pawling exceeded 5 percent by only a small fraction. *This result is in dramatic contrast to 4 years ago, when every single school district increased its tax rate by more than 5 ½ percent.* In other words, *the lowest tax rate increase in 2010 is greater than the highest tax rate increase in 2014, if we exclude outlier Spackenkill.* Although tax rates have generally been increasing every year, the current percent of increase is way down from what it was 4 years ago. The New York State property tax cap which took effect in 2012 may be a primary reason why school tax rates are increasing more slowly.

Rankings from Taxpayer Viewpoint

Tax rates for homes (homestead properties) are lower than they are for businesses (non-homestead properties) in 5 of Dutchess County's 13 school districts — Arlington, Beacon, Poughkeepsie, Spackenkill, and Wappingers. Furthermore, in the Arlington and Beacon school districts, homestead properties are taxed at different rates depending upon which town (municipal segment) the property lies in.

School Tax Rates for Homes

The following table shows the 2014 true value school tax rates for homes in Dutchess County, ranked from lowest to highest.

Dutchess County School Districts 2014 Homestead		
School District (Town)	Tax Rate per \$K of Market Value	Percent Increase Since 2013
Webutuck	\$12.63	3.9%
Pine Plains	\$13.18	-0.3%
Millbrook	\$14.46	3.9%
Poughkeepsie	\$15.08	6.5%
Rhinebeck	\$15.60	1.8%
Beacon (Fishkill)	\$15.81	2.7%
Beacon (City of Beacon)	\$15.91	2.6%
Beacon (Wappinger)	\$16.08	3.3%
Wappingers	\$16.32	3.2%
Red Hook	\$20.66	2.3%
Spackenkill	\$22.51	6.3%
Dover	\$22.93	5.0%
Arlington (Pawling)	\$23.02	4.4%
Arlington (East Fishkill)	\$23.20	4.4%
Hyde Park	\$23.27	3.6%
Arlington (Poughkeepsie)	\$23.44	4.4%
Arlington (Pleasant Valley)	\$23.56	4.3%
Pawling (Pawling)	\$23.65	4.4%
Arlington (Beekman)	\$23.76	4.5%
Arlington (LaGrange)	\$23.81	4.4%
Arlington (Wappinger)	\$23.91	4.8%
Arlington (Union Vale)	\$24.13	3.7%
Arlington (Hyde Park)	\$25.78	-2.6%
Pawling (all except Pawling)	\$26.88	18.6%

I compiled these results from data in [Dutchess County Real Property Tax Service Agency's Tax Rate Pamphlets](#).

The tax rates in the above table can be visualized more easily in the chart on page 15. To improve clarity, I've grouped Arlington's municipal segments (Towns) with nearly the same tax rate together into single bars.

From the taxpayer's viewpoint, the Pawling School District tax rate requires special handling for 2014. According to New York State Real Property Tax Law, all taxpayers in the Pawling School District should be billed at the same true value tax rate, which for 2014 would be \$23.82 per thousand dollars of market value (the aggregate tax rate). Therefore, there should be only one entry for Pawling in the above table. Unfortunately, *the Pawling School District made an apportionment error in 2014*, causing taxpayers in the Town of Pawling to be billed at only \$23.65, at the expense of taxpayers in all other towns (Beekman, Dover, and East Fishkill), who were billed at \$26.88. This is why the above table shows two entries for the Pawling School District, one for the Town of Pawling, and the other for all municipal segments except Pawling.

This mistake causes the Pawling School District to take first place in the homestead rankings for its taxpayers in municipal segments other than Pawling, beating out second place Hyde Park segment of the Arlington School District. The Hyde Park segment of Arlington would easily have "won" first place (as it did four years ago), had it not been for Pawling's mistake. In third place we find a virtual tie between six municipal segments of Arlington and the Town of Pawling municipal segment of the Pawling School District. If it hadn't been for the Pawling apportionment error, Pawling would have taken second place after the Hyde Park segment of Arlington – just as it did 4 years ago.

As was true 4 years ago, school tax rates for homes in Dutchess County are split between *high-rate districts* (Arlington, Pawling, Hyde Park, Dover, Spackenkill, and Red Hook) and *low-rate districts* (Webutuck, Pine Plains, Millbrook, Poughkeepsie, Rhinebeck, Beacon, and Wappingers). But all tax rates have dramatically increased since 4 years ago. In 2010 the low-rate districts had tax rates ranging from \$11 to \$14. Now the low-rate range is \$12 to \$17. In 2010 the high-rate districts had tax rates ranging from \$17 to \$19 (except for outlier Arlington's Hyde Park segment at \$22). Now the high-rate range is \$20 to \$27, with no outlier.

The chart on page 18 shows the 2014 school tax rate increases for homesteads since 2013. Pawling's apportionment error dominates this chart, with a whopping 18.6 percent increase in one year for the Beekman, Dover, and East Fishkill municipal segments. Only two other districts had homestead tax rate increases exceeding 5 percent – Poughkeepsie and Spackenkill, both at around 6.4 percent. Two districts even managed to decrease their homestead tax rates since 2013: Pine Plains at -0.3 percent, and the Hyde Park segment of Arlington at -2.6 percent. The 2014 homestead tax rate increases are a dramatic improvement over 2010, when every single school district's homestead tax rate increase from the previous year exceeded 5.5 percent. In 2010, all but 4 districts had homestead tax rate increases exceeding 14 percent.

School Tax Rates for Businesses

The following table shows the 2014 true value school tax rates for businesses in Dutchess County. In the Arlington, Beacon, and Wappingers School Districts, non-homestead properties are taxed at different rates depending upon which town the property lies in.

Dutchess County School Districts 2014 Non-homestead		
School District (Town)	Tax Rate per \$K of Market Value	Percent Increase Since 2013
Webutuck	\$12.63	3.9%
Pine Plains	\$13.18	-0.3%
Millbrook	\$14.46	3.9%
Rhinebeck	\$15.60	1.8%
Poughkeepsie	\$19.07	2.8%
Red Hook	\$20.66	2.3%
Beacon (Wappinger)	\$21.50	2.6%
Beacon (City of Beacon)	\$21.92	1.9%
Wappingers (LaGrange)	\$22.05	4.3%
Beacon (Fishkill)	\$22.08	2.7%
Wappingers (Poughkeepsie)	\$22.10	4.0%
Wappingers (Wappinger)	\$22.14	3.0%
Wappingers (Fishkill)	\$22.20	2.8%
Wappingers (East Fishkill)	\$22.20	3.1%
Dover	\$22.93	5.0%
Hyde Park	\$23.27	3.6%
Pawling (Pawling)	\$23.65	4.4%
Pawling (East Fishkill)	\$26.88	18.6%
Pawling (Beekman)	\$26.88	18.6%
Pawling (Dover)	\$26.88	18.6%
Arlington (Hyde Park)	\$30.04	4.5%
Arlington (Wappinger)	\$30.04	4.5%
Arlington (East Fishkill)	\$30.04	4.5%
Arlington (Pawling)	\$30.04	4.5%
Arlington (LaGrange)	\$30.09	4.4%
Arlington (Poughkeepsie)	\$30.16	4.7%
Arlington (Pleasant Valley)	\$30.31	4.5%
Arlington (Beekman)	\$31.66	3.4%
Arlington (Union Vale)	\$36.47	8.0%
Spackenkill	\$53.75	5.9%

For the 5 school districts using the homestead tax option, the non-homestead tax rates are shown. The chart on page 16 shows the tax rates in graphical form. Once again, I've grouped segments with nearly the same true value tax rate into a single bar for clarity.

The chart shows first place for non-homestead tax rates going to Spackenkill by a landslide, with a bank-breaking \$53.75 tax rate. To put Spackenkill's sky-high tax rate in perspective, it is double Pawling's 3-rd place tax rate of \$23.65 to \$26.88. (Once again, Pawling's two tax rates result from Pawling's apportionment mistake, as explained on page 10.) Spackenkill's tax rate is more than triple that of any of the lowest ranking districts: Rhinebeck, Millbrook, Pine Plains, and Webutuck. The primary business properties in the Spackenkill school district have historically belonged to IBM Corp., which has been willing in the past to pay exorbitant school taxes into a district where many of its professional employees live.

Way "behind" Spackenkill, but still easily capturing second place is Arlington, in the \$30 to \$37 range, depending upon segment. Pawling is in third place, followed by a large pack of school districts in the \$19 to \$23 range. The remaining four school districts — Rhinebeck, Millbrook, Pine Plains, and Webutuck — managed to keep their commercial school tax rates at the low end, between \$12 and \$16. All four of these districts have the same tax rate for homes and businesses.

The chart on page 19 shows the 2014 school tax rate increases from 2013 for non-homestead (commercial) properties. Once again, Pawling's apportionment error dominates this chart, as it does for the homestead tax rate increases. And once again, the 2014 non-homestead tax rate increases are a dramatic improvement over 2010. In 2010, all but the bottom three school districts had tax rate increases over 11 percent, but by 2014, only three districts had tax rate increases over 5 percent. As we've noted, the New York State property tax cap may be a factor in this improvement.

How should these rankings be interpreted?

The rankings from the taxpayer viewpoint compare how steeply homes and businesses are taxed by school districts in Dutchess County. For example, if you own a home in the Pawling School District outside the Town of Pawling itself, your 2014 school tax bill was more than double that of a home with the same taxable market value in Webutuck or Pine Plains. Similarly, if you own a commercial property in Spackenkill or Arlington, your 2014 school tax bill was more than double that of a commercial property with the same taxable market value in Webutuck, Pine Plains, or Millbrook.

In summary, these charts show how steeply school districts tax their properties — from the taxpayer's point of view. These charts are not appropriate for comparing how steeply the various school districts tax their tax base on average, because many school districts tax different properties at different rates. For this latter comparison, see Rankings from School District Viewpoint.

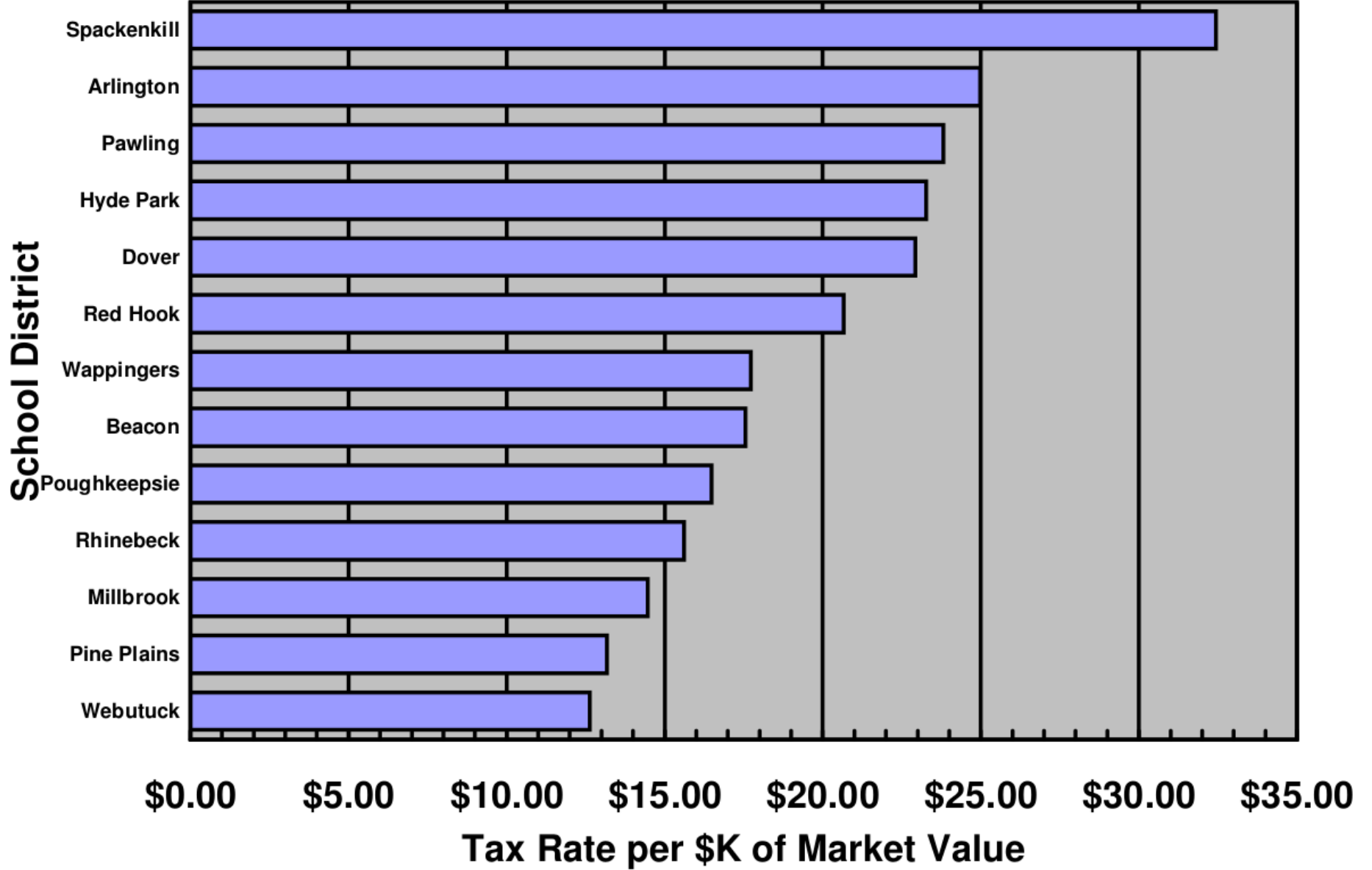
Out of County School Districts

A small number of Dutchess County property owners do not pay school taxes to any of the Dutchess County school districts listed above. Instead, they pay to so-called “out-of-county” school districts Carmel, Haldane, or Taconic Hills. The 2014 true value tax rate for the Taconic Hills School District (in the Town of Northeast) is only \$12.00, making it the lowest school tax rate for Dutchess County home or business property taxpayers. At the other extreme, the 2014 true value tax rate for the Carmel School District (in the Town of East Fishkill) is \$26.71, placing it second only to the non-Pawling segments of the Pawling School District for homes, and third only to Spackenkill and Arlington for businesses. Finally, the Haldane School District's \$15.93 tax rate (in the Town of Fishkill) places it with the low-rate districts for both homes and businesses.

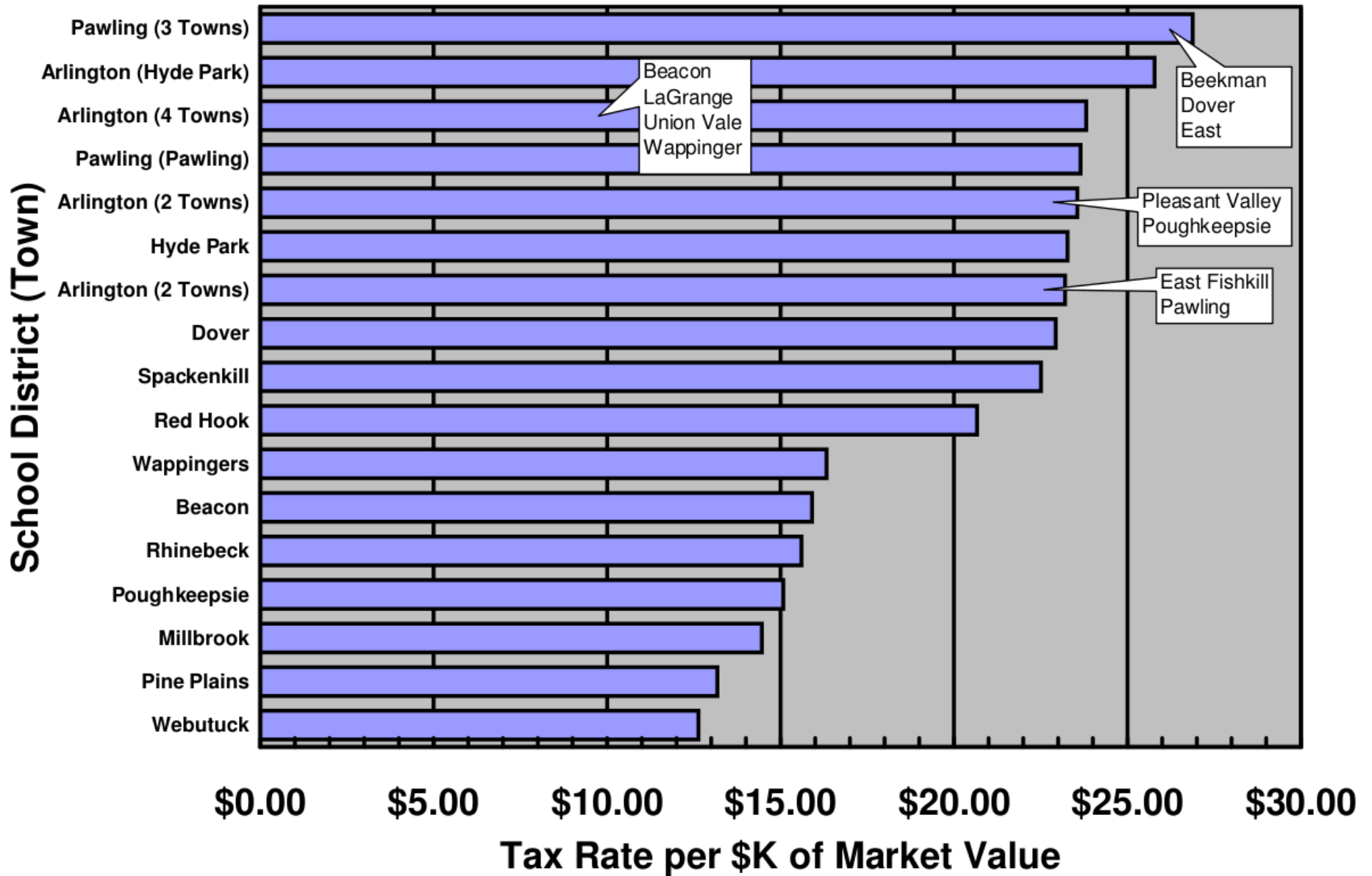
Appendix – 2014 School Tax Rate Charts

The charts on the following six pages depict the tables in the main text in graphical form. For convenience in display, municipal segments with nearly the same value are grouped together and suitably labeled.

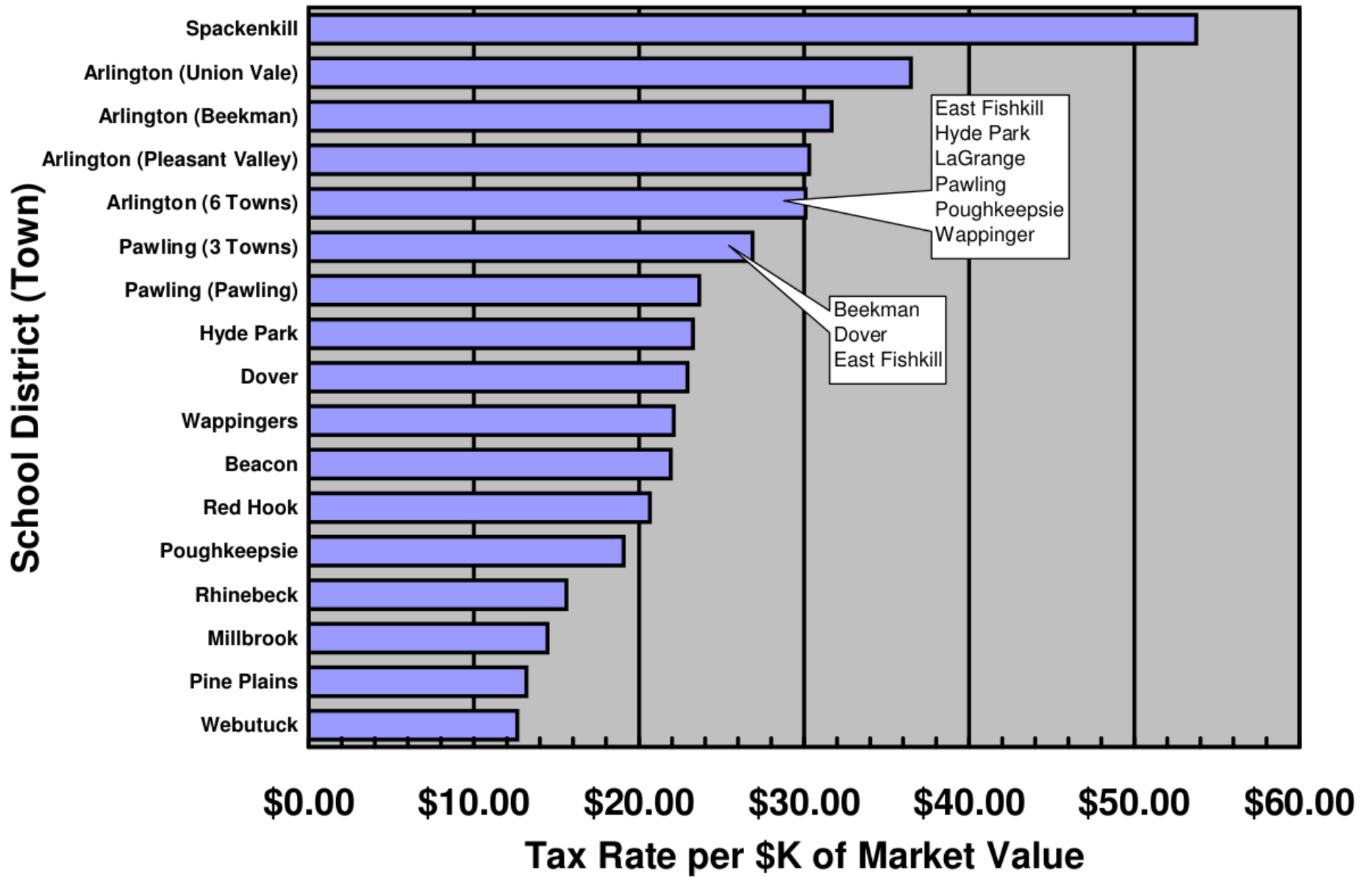
School Tax Rates—2014 Aggregate



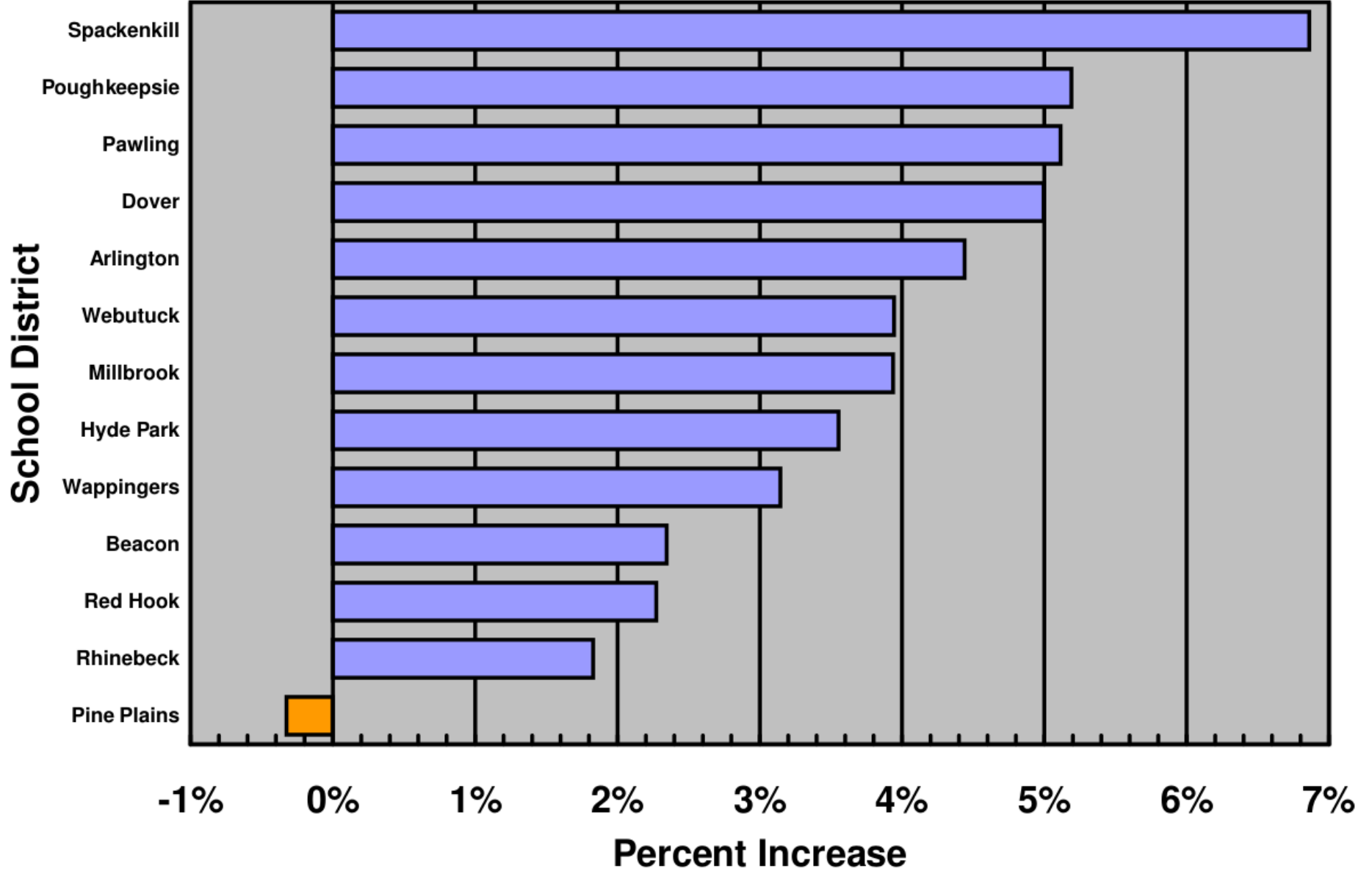
School Tax Rates–2014 Homestead



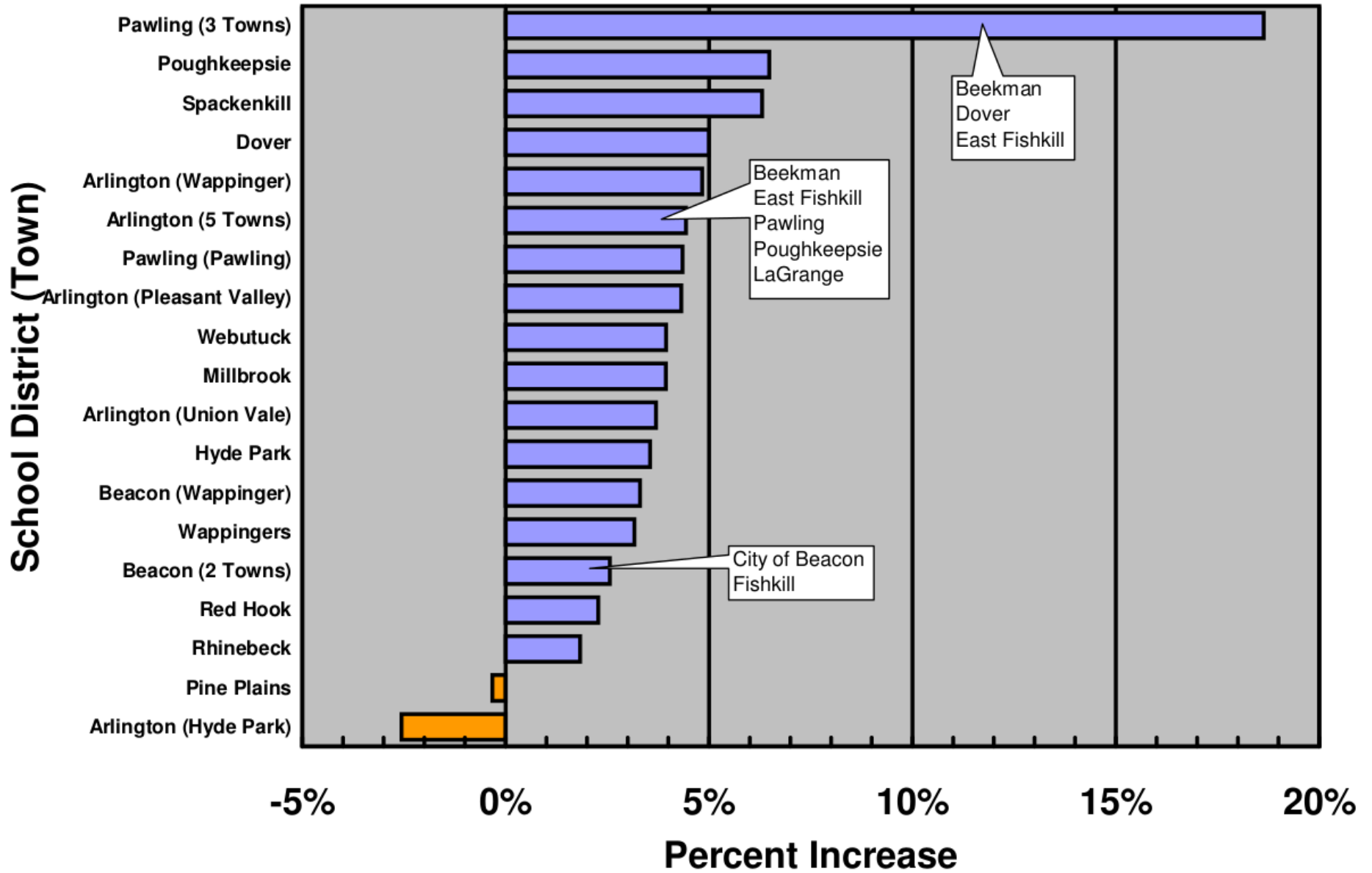
School Tax Rates–2014 Non-homestead



School Tax Rate Increases—2014 Aggregate



School Tax Rate Increases—2014 Homestead



School Tax Rate Increases–2014 Non-homestead

