

ASSEMBLY, No. 3983

STATE OF NEW JERSEY 216th LEGISLATURE

INTRODUCED DECEMBER 15, 2014

Sponsored by:

Assemblyman VINCENT MAZZEO

District 2 (Atlantic)

Assemblyman JOHN J. BURZICHELLI

District 3 (Cumberland, Gloucester and Salem)

Assemblyman THOMAS P. GIBLIN

District 34 (Essex and Passaic)

Senator STEPHEN M. SWEENEY

District 3 (Cumberland, Gloucester and Salem)

Senator JIM WHELAN

District 2 (Atlantic)

SYNOPSIS

Authorizes supplemental State aid to school districts in municipality with significant decrease in commercial property valuation; makes appropriation.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 6/26/2015)

1 AN ACT concerning supplemental State school aid for certain
2 school districts, supplementing P.L.2007, c.260 (C.18A:7F-43 et
3 al.), and making an appropriation.

4
5 **BE IT ENACTED** *by the Senate and General Assembly of the State*
6 *of New Jersey:*

7
8 1. a. In addition to any other State school aid provided pursuant
9 to the provisions of P.L.2007, c.260 (C.18A:7F-43 et al.), a school
10 district may receive, upon the recommendation of the
11 Commissioner of Education, commercial valuation stabilization aid
12 if the school district is situated in a municipality in which:

13 (1) in 2008, the assessed value of commercial property
14 accounted for at least 75 percent of the municipality's total assessed
15 property valuation; and

16 (2) between 2008 and 2013, the assessed value of commercial
17 property decreased by at least 25 percent.

18 b. Upon identifying a school district that meets the criteria of
19 subsection a. of this section, the commissioner shall conduct a
20 needs assessment of the school district to determine if the district
21 should receive commercial valuation stabilization aid. The needs
22 assessment shall consider, at a minimum:

23 (1) the breadth of educational programming offered by the
24 district;

25 (2) whether the district's expenditures are consistent with the
26 efficiency standards established pursuant to section 4 of P.L.2007,
27 c.260 (C.18A:7F-46); and

28 (3) in consultation with the Commissioner of Community
29 Affairs, the district's capacity to raise a general fund tax levy that is
30 adequate to support the district's expenditures.

31 In the event that the Commissioner of Education determines that
32 the district should be awarded commercial valuation stabilization
33 aid, the commissioner shall determine the amount of the award.
34 The commissioner shall perform the needs assessment in each
35 subsequent school year and determine the amount of aid, if any.

36 c. Notwithstanding the provisions of subsection b. of section 5
37 of P.L.1996, c.138 (C.18A:7F-5) to the contrary, in the first year
38 that a school district receives commercial valuation stabilization
39 aid, the district shall reduce its general fund tax levy by an amount
40 equal to the amount of the aid received. In the subsequent school
41 year, for the purpose of calculating a school district's tax levy
42 growth limitation pursuant to the provisions of section 3 of
43 P.L.2007, c.62 (C.18A:7F-38), a school district's prebudget year
44 adjusted tax levy shall reflect this reduction.

45 d. A school district shall be ineligible to receive commercial
46 valuation stabilization aid in the first school year in which the total
47 assessed property valuation in the municipality in which the school
48 district is situated is greater than or equal to the municipality's total

1 assessed property valuation in 2008. For the purposes of this
2 subsection, the municipality's total assessed property valuation
3 shall include the value of any property exempt from taxation
4 pursuant to the provisions of P.L. , c. (C.) (pending before the
5 Legislature as Senate Bill No.). The municipal tax assessor shall
6 annually determine the value of the exempt property, and the
7 Commissioner of Community Affairs shall review the assessment
8 for reasonability and completeness.

9 e. Notwithstanding the provisions of section 3 of P.L.2007,
10 c.62 (C.18A:7F-38) to the contrary, a school district's tax levy
11 growth limitation shall be increased by an amount equal to any
12 reduction in the amount of commercial valuation stabilization aid
13 that the district received in the prior budget year.
14

15 2. In the case of a school district that receives commercial
16 valuation stabilization aid pursuant to section 1 of this act, the
17 commissioner may take such action as is deemed necessary and
18 appropriate to ensure the efficiency of school district expenditures.
19

20 3. Such sums as are necessary to provide additional aid to a
21 school district for commercial valuation stabilization aid
22 determined pursuant to section 1 of this act are appropriated from
23 the General Fund to the Department of Education, subject to the
24 approval of the Director of the Division of Budget and Accounting.
25

26 4. This act shall take effect immediately.
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28

29 STATEMENT

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31 This bill establishes an additional category of State school aid
32 known as commercial valuation stabilization aid. Under the bill's
33 provisions, a school district may receive this aid, upon the
34 recommendation of the Commissioner of Education, if it is situated
35 in a municipality in which: 1) commercial property accounted for at
36 least 75 percent of the total assessed property valuation in 2008, and
37 2) between 2008 and 2013, the assessed value of commercial
38 property declined by at least 25 percent. The Atlantic City School
39 District is the only district that meets these criteria. Based on data
40 available on the Department of Community Affairs' website,
41 commercial property accounted for nearly 78 percent of the
42 municipality's total assessed property valuation in 2008, and
43 declined by nearly 32 percent, from nearly \$16 billion to less than
44 \$11 billion, between 2008 and 2013.

45 The Commissioner of Education would be required to perform a
46 needs assessment to determine if the school district will receive the
47 aid. The assessment will include a review of the district's
48 educational program offerings, the efficiency of the district's

1 expenditures, and the district's capacity to raise a general fund tax
2 levy sufficient to support the district's operations. If the
3 commissioner determines that the district should receive the aid,
4 then the commissioner would determine the amount. The
5 commissioner would conduct the needs assessment in each
6 subsequent school year to determine if the district should continue
7 to receive the aid.

8 In the first school year that a district receives commercial
9 valuation stabilization aid the entire amount of this aid must be used
10 to reduce the school district's general fund tax levy. A district
11 would no longer be eligible to receive this aid when the
12 municipality's total assessed property valuation is greater than or
13 equal to the municipality's assessed property valuation in 2008.
14 For the purpose of determining if the district continues to be
15 eligible to receive the aid, the total assessed property valuation
16 would include the value of any property exempt from taxation under
17 Senate Bill No. . The municipal tax assessor would annually
18 determine the value of such property, with the Commissioner of
19 Community Affairs reviewing the assessment for reasonability and
20 completeness.

21 The bill also gives the Commissioner of Education the authority
22 to take actions deemed necessary and appropriate to ensure the
23 efficiency of expenditures in a school district that receives
24 commercial valuation stabilization aid. Last, the bill appropriates
25 funds from the General Fund to the Department of Education to
26 provide commercial valuation stabilization aid to a school district,
27 subject to the approval of the Director of the Division of Budget
28 and Accounting.