ASSEMBLY, No. 370

STATE OF NEW JERSEY

219th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

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SYNOPSIS

Provides tax levy growth limitation adjustment for school districts experiencing reduction in State aid.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.

AN ACT concerning the tax levy growth limitation applicable to school districts and amending P.L.2007, c.62.

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

1. Section 3 of P.L.2007, c.62 (C.18A:7F-38) is amended to read as follows:

3. a. Notwithstanding the provisions of any other law to the contrary, a school district shall not adopt a budget pursuant to sections 5 and 6 of P.L.1996, c.138 (C.18A:7F-5 and 18A:7F-6) with an increase in its adjusted tax levy that exceeds, except as provided in subsection e. of section 4 of P.L.2007, c.62 (C.18A:7F-39), the tax levy growth limitation calculated as follows: the sum of the prebudget year adjusted tax levy and the adjustment for increases in enrollment multiplied by 2.0 percent, and adjustments for an increase in health care costs, increases in amounts for certain normal and accrued liability pension contributions set forth in sections 1 and 2 of P.L.2009, c.19 amending section 24 of P.L.1954, c.84 (C.43:15A-24) and section 15 of P.L.1944, c.255 (C.43:16A-15) for the year set forth in those sections, **[**and,**]** in the case of an SDA district as defined pursuant to section 3 of P.L.2000, c.72 (C.18A:7G-3), during the 2018-2019 through the 2024-2025 school years, increases to raise a general fund tax levy to an amount that does not exceed its local share , and a reduction is State school aid.

b. (1) The allowable adjustment for increases in enrollment authorized pursuant to subsection a. of this section shall equal the per pupil prebudget year adjusted tax levy multiplied by EP, where EP equals the sum of:

(a) 0.50 for each unit of weighted resident enrollment that constitutes an increase from the prebudget year over 1%, but not more than 2.5%;

(b) 0.75 for each unit of weighted resident enrollment that constitutes an increase from the prebudget year over 2.5%, but not more than 4%; and

(c) 1.00 for each unit of weighted resident enrollment that constitutes an increase from the prebudget year over 4%.

(2) A school district may request approval from the commissioner to calculate EP equal to 1.00 for any increase in weighted resident enrollment if it can demonstrate that the calculation pursuant to paragraph (1) of this subsection would result in an average class size that exceeds 10% above the facilities efficiency standards established pursuant to P.L.2000, c.72 (C.18A:7G-1 et al.).

EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

c. (Deleted by amendment, P.L.2010, c.44)

d. (1) The allowable adjustment for increases in health care costs authorized pursuant to subsection a. of this section shall equal that portion of the actual increase in total health care costs for the budget year, less any withdrawals from the current expense emergency reserve account for increases in total health care costs, that exceeds 2.0 percent of the total health care costs in the prebudget year, but that is not in excess of the product of the total health care costs in the prebudget year multiplied by the average percentage increase of the State Health Benefits Program, P.L.1961, c.49 (C.52:14-17.25 et seq.), as annually determined by the Division of Pensions and Benefits in the Department of the Treasury.

(2) The allowable adjustment for increases in the amount of normal and accrued liability pension contributions authorized pursuant to subsection a. of this section shall equal that portion of the actual increase in total normal and accrued liability pension contributions for the budget year that exceeds 2.0 percent of the total normal and accrued liability pension contributions in the prebudget year.

(3) In the case of an SDA district, as defined pursuant to section 3 of P.L.2000, c.72 (C.18A:7G-3), in which the prebudget year adjusted tax levy is less than the school district's prebudget year local share as calculated pursuant to section 10 of P.L.2007, c.260 (C.18A:7F-52), the allowable adjustment for increases to raise a tax levy that does not exceed the school district's local share shall equal the difference between the prebudget year adjusted tax levy and the prebudget year local share.

(4) The allowable adjustment for a reduction in State school aid shall equal the decrease in the school district’s State aid, other than debt service aid and preschool education aid, relative to the prebudget year.

e. (Deleted by amendment, P.L.2010, c.44)

f. The adjusted tax levy shall be increased or decreased accordingly whenever the responsibility and associated cost of a school district activity is transferred to another school district or governmental entity.

(cf: P.L.2018, c.67, s.6)

2. This act shall take effect immediately.

STATEMENT

Current law limits the amount by which a school district may annually increase its general fund tax levy without voter approval. Specifically, the tax levy may not increase by more than two percent, plus adjustments for enrollment growth and increases in

health care costs and pension contributions that exceed two percent. This bill provides an additional adjustment to the tax levy growth limitation. The adjustment would be equal to the school district's decrease in State school aid relative to the prior year.