SENATE, No. 1938

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED FEBRUARY 25, 2020

Sponsored by:
Senator STEPHEN M. SWEENEY
District 3 (Cumberland, Gloucester and Salem)

SYNOPSIS

Provides tax levy cap adjustment in 2020-2021 through 2024-2025 school years for school districts that are spending below adequacy and losing State aid.

CURRENT VERSION OF TEXT

As introduced.

AN ACT concerning the tax levy cap for certain 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, in the case of a school district that is spending below adequacy, during the 2020-2021 through the 2024-2025 school years, increases to raise a general fund tax levy in an amount equal to the school district's loss in State aid from the prebudget year.

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

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.

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.).

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) In the case of a school district that is spending below adequacy as calculated pursuant to section 1 of P.L.2018, c.67 (C.18A:7F-70), the allowable adjustment for increases to raise a tax levy in an amount equal to the school district’s loss in State aid pursuant to section 4 of P.L.2018, c.67 (C.18A:7F-68) shall equal the difference between the amount of State aid received by the school district in the prebudget year and the amount of State aid received by the school district in the budget year; except that the amount of the allowable adjustment shall not exceed the amount that brings the school district’s spending to adequacy.

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 and shall first be applicable to the adjusted tax levy calculated for the 2020-2021 school year.

STATEMENT

This bill provides a tax levy cap adjustment for school districts that are spending below adequacy and are subject to a reduction in State aid between the prebudget and budget years pursuant to the provisions of section 4 of P.L.2018, c.67 (C.18A:7F-68), commonly referred to as S-2. The adjustment will be effective for the 2020-2021 through 2024-2025 school years. The amount of the allowable adjustment will equal the difference between the amount of State aid received by the school district in the prebudget year and the amount of State aid received by the school district in the budget year. However, the amount of the allowable adjustment may not exceed the amount that brings the school district's spending to adequacy.

This additional tax levy cap adjustment will assist school districts which are spending below adequacy and are subject to reductions in State aid to raise additional tax levy to compensate for this aid loss.