ASSEMBLY, No. 4691

STATE OF NEW JERSEY

218th LEGISLATURE

INTRODUCED NOVEMBER 26, 2018

Sponsored by:
Assemblyman SEAN T. KEAN
District 30 (Monmouth and Ocean)
Assemblyman EDWARD H. THOMSON
District 30 (Monmouth and Ocean)
Assemblyman RONALD S. DANCER
District 12 (Burlington, Middlesex, Monmouth and Ocean)

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

CURRENT VERSION OF TEXT
   As introduced.

(Sponsorship Updated As Of: 12/18/2018)

1   AN ACT concerning the tax levy growth limitation applicable to
2   school districts and amending P.L.2007, c.62.
3
4   BE IT ENACTED *by the Senate and General Assembly of the State*
5   *of New Jersey:*
6
7   1. Section 3 of P.L.2007, c.62 (C.18A:7F-38) is amended to
8   read as follows:
9   3.   a.   Notwithstanding the provisions of any other law to the
10 contrary, a school district shall not adopt a budget pursuant to
11 sections 5 and 6 of P.L.1996, c.138 (C.18A:7F-5 and 18A:7F-6)
12 with an increase in its adjusted tax levy that exceeds, except as
13 provided in subsection e. of section 4 of P.L.2007, c.62 (C.18A:7F-
14 39), the tax levy growth limitation calculated as follows: the sum of
15 the prebudget year adjusted tax levy and the adjustment for
16 increases in enrollment multiplied by 2.0 percent, and adjustments
17 for an increase in health care costs, increases in amounts for certain
18 normal and accrued liability pension contributions set forth in
19 sections 1 and 2 of P.L.2009, c.19 amending section 24 of
20 P.L.1954, c.84 (C.43:15A-24) and section 15 of P.L.1944, c.255
21 (C.43:16A-15) for the year set forth in those sections, **[**and,**]** in the
22 case of an SDA district as defined pursuant to section 3 of
23 P.L.2000, c.72 (C.18A:7G-3), during the 2018-2019 through the
24 2024-2025 school years, increases to raise a general fund tax levy to
25 an amount that does not exceed its local share <u>, and a reduction is</u>
26 <u>State school aid</u>.
27   b.   (1) The allowable adjustment for increases in enrollment
28 authorized pursuant to subsection a. of this section shall equal the
29 per pupil prebudget year adjusted tax levy multiplied by EP, where
30 EP equals the sum of:
31   (a) 0.50 for each unit of weighted resident enrollment that
32 constitutes an increase from the prebudget year over 1%, but not
33 more than 2.5%;
34   (b) 0.75 for each unit of weighted resident enrollment that
35 constitutes an increase from the prebudget year over 2.5%, but not
36 more than 4%; and
37   (c) 1.00 for each unit of weighted resident enrollment that
38 constitutes an increase from the prebudget year over 4%.
39   (2) A   school   district   may   request   approval   from   the
40 commissioner to calculate EP equal to 1.00 for any increase in
41 weighted resident enrollment if it can demonstrate that the
42 calculation pursuant to paragraph (1) of this subsection would result
43 in an average class size that exceeds 10% above the facilities
44 efficiency standards established pursuant to P.L.2000, c.72
45 (C.18A:7G-1 et al.).

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

2   d.   (1) The allowable adjustment for increases in health care

3   costs authorized pursuant to subsection a. of this section shall equal

4   that portion of the actual increase in total health care costs for the

5   budget year, less any withdrawals from the current expense

6   emergency reserve account for increases in total health care costs,

7   that exceeds 2.0 percent of the total health care costs in the

8   prebudget year, but that is not in excess of the product of the total

9   health care costs in the prebudget year multiplied by the average

10   percentage increase of the State Health Benefits Program, P.L.1961,

11   c.49 (C.52:14-17.25 et seq.), as annually determined by the

12   Division of Pensions and Benefits in the Department of the

13   Treasury.

14   (2) The allowable adjustment for increases in the amount of

15   normal and accrued liability pension contributions authorized

16   pursuant to subsection a. of this section shall equal that portion of

17   the actual increase in total normal and accrued liability pension

18   contributions for the budget year that exceeds 2.0 percent of the

19   total normal and accrued liability pension contributions in the

20   prebudget year.

21   (3) In the case of an SDA district, as defined pursuant to section

22   3 of P.L.2000, c.72 (C.18A:7G-3), in which the prebudget year

23   adjusted tax levy is less than the school district's prebudget year

24   local share as calculated pursuant to section 10 of P.L.2007, c.260

25   (C.18A:7F-52), the allowable adjustment for increases to raise a tax

26   levy that does not exceed the school district's local share shall equal

27   the difference between the prebudget year adjusted tax levy and the

28   prebudget year local share.

29   (4) The allowable adjustment for a reduction in State school aid

30   shall equal the decrease in the school district's State aid, other than

31   debt service aid and preschool education aid, relative to the

32   prebudget year.

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

34   f.   The adjusted tax levy shall be increased or decreased

35   accordingly whenever the responsibility and associated cost of a

36   school district activity is transferred to another school district or

37   governmental entity.

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

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40   2.   This act shall take effect immediately.

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43   STATEMENT

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45   Current law limits the amount by which a school district may

46   annually increase its general fund tax levy without voter approval.

47   Specifically, the tax levy may not increase by more than two

48   percent, plus adjustments for enrollment growth and increases in

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