

SENATE, No. 2883

STATE OF NEW JERSEY
218th LEGISLATURE

INTRODUCED AUGUST 27, 2018

Sponsored by:

Senator JAMES W. HOLZAPFEL

District 10 (Ocean)

SYNOPSIS

Includes value of certain properties exempt from taxation in valuation used to calculate State school aid.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning the calculation of State aid to school districts
2 and amending P.L.2007, c.260.

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.260 (C.18A:7F-45) is amended to
8 read as follows:

9 3. As used in this act and P.L.1996, c.138, unless the context
10 clearly requires a different meaning:

11 "At-risk pupils" means those resident pupils from households
12 with a household income at or below the most recent federal
13 poverty guidelines available on October 15 of the prebudget year
14 multiplied by 1.85;

15 "Base per pupil amount" means the cost per elementary pupil of
16 delivering the core curriculum content standards and extracurricular
17 and cocurricular activities necessary for a thorough and efficient
18 education;

19 "Bilingual education pupil" means a resident pupil enrolled in a
20 program of bilingual education or in an English as a second
21 language program approved by the State Board of Education;

22 "Budgeted local share" means the district's local tax levy
23 contained in the budget certified for taxation purposes;

24 "Capital outlay" means capital outlay as defined in GAAP;

25 "Combination pupil" means a resident pupil who is both an at-
26 risk pupil and a bilingual education pupil;

27 "Commissioner" means the Commissioner of Education;

28 "Concentration of at-risk pupils" shall be based on prebudget
29 year pupil data and means, for a school district or a county
30 vocational school district, the number of at-risk pupils among those
31 counted in resident enrollment, divided by resident enrollment;

32 "County special services school district" means any entity
33 established pursuant to article 8 of chapter 46 of Title 18A of the
34 New Jersey Statutes;

35 "County vocational school district" means any entity established
36 pursuant to article 3 of chapter 54 of Title 18A of the New Jersey
37 Statutes;

38 "CPI" means the increase, expressed as a decimal, in the average
39 annualized consumer price index for the New York City and
40 Philadelphia areas in the fiscal year preceding the prebudget year
41 relative to the previous fiscal year as reported by the United States
42 Department of Labor;

43 "Debt service" means payments of principal and interest upon
44 school bonds and other obligations issued to finance the purchase or
45 construction of school facilities, additions to school facilities, or the

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.

1 reconstruction, remodeling, alteration, modernization, renovation or
2 repair of school facilities, including furnishings, equipment,
3 architect fees, and the costs of issuance of such obligations and
4 shall include payments of principal and interest upon bonds
5 heretofore issued to fund or refund such obligations, and upon
6 municipal bonds and other obligations which the commissioner
7 approves as having been issued for such purposes;

8 "District income" means the aggregate income of the residents of
9 the taxing district or taxing districts, based upon data provided by
10 the Division of Taxation in the New Jersey Department of the
11 Treasury and contained on the New Jersey State Income Tax forms
12 for the calendar year ending two years prior to the prebudget year.
13 The commissioner may supplement data contained on the State
14 Income Tax forms with data available from other State or federal
15 agencies in order to better correlate the data to that collected on the
16 federal census. With respect to regional districts and their
17 constituent districts, however, the district income as described
18 above shall be allocated among the regional and constituent districts
19 in proportion to the number of pupils resident in each of them;

20 "Equalized valuation" means the sum of the equalized valuation
21 of the taxing district or taxing districts, as certified by the Director
22 of the Division of Taxation on October 1, or subsequently revised
23 by the tax court by January 15, of the prebudget year, and the value
24 of property exempt from taxation pursuant to the provisions of
25 P.L.1991, c.431 (C.40A:20-1 et seq.) . With respect to regional
26 districts and their constituent districts, however, the equalized
27 valuations as described above shall be allocated among the regional
28 and constituent districts in proportion to the number of pupils
29 resident in each of them. In the event that the equalized table
30 certified by the director shall be revised by the tax court after
31 January 15 of the prebudget year, the revised valuations shall be
32 used in the recomputation of aid for an individual school district
33 filing an appeal, but shall have no effect upon the calculation of the
34 property value rate, Statewide average equalized school tax rate, or
35 Statewide equalized total tax rate;

36 "Full-day preschool" means a preschool day consisting of a six-
37 hour comprehensive educational program in accordance with the
38 district's kindergarten through grade 12 school calendar;

39 "GAAP" means the generally accepted accounting principles
40 established by the Governmental Accounting Standards Board as
41 prescribed by the State board pursuant to N.J.S.18A:4-14;

42 "General special education services pupil" means a pupil
43 receiving specific services pursuant to chapter 46 of Title 18A of
44 the New Jersey Statutes;

45 "Geographic cost adjustment" means an adjustment that reflects
46 county differences in the cost of providing educational services that
47 are outside the control of the district;

1 "Household income" means income as defined in 7 CFR ss.245.2
2 and 245.6 or any subsequent superseding federal law or regulation;

3 "Net budget" means the sum of the district's general fund tax
4 levy, State aid received pursuant to the provisions of this act other
5 than preschool education aid, miscellaneous revenue estimated
6 pursuant to GAAP, and designated general fund balance;

7 "Prebudget year" means the school fiscal year preceding the year
8 in which the school budget is implemented;

9 "Nonpreschool ECPA" means the amount of early childhood
10 program aid, excluding prior year carry-forward amounts, included
11 in a district's 2007-2008 school year budget certified for taxes that
12 was allocated to grades K through 3;

13 "Report" means the Educational Adequacy Report issued by the
14 commissioner pursuant to section 4 of this act;

15 "Resident enrollment" means the number of pupils other than
16 preschool pupils, post-graduate pupils, and post-secondary
17 vocational pupils who, on the last school day prior to October 16 of
18 the current school year, are residents of the district and are enrolled
19 in: (1) the public schools of the district, excluding evening schools,
20 (2) another school district, other than a county vocational school
21 district in the same county on a full-time basis, or a State college
22 demonstration school or private school to which the district of
23 residence pays tuition, or (3) a State facility in which they are
24 placed by the district; or are residents of the district and are: (1)
25 receiving home instruction, or (2) in a shared-time vocational
26 program and are regularly attending a school in the district and a
27 county vocational school district. In addition, resident enrollment
28 shall include the number of pupils who, on the last school day prior
29 to October 16 of the prebudget year, are residents of the district and
30 in a State facility in which they were placed by the State. Pupils in
31 a shared-time vocational program shall be counted on an equated
32 full-time basis in accordance with procedures to be established by
33 the commissioner. Resident enrollment shall include regardless of
34 nonresidence, the enrolled children of teaching staff members of the
35 school district or county vocational school district who are
36 permitted, by contract or local district policy, to enroll their
37 children in the educational program of the school district or county
38 vocational school district without payment of tuition. Disabled
39 children between three and five years of age and receiving programs
40 and services pursuant to N.J.S.18A:46-6 shall be included in the
41 resident enrollment of the district;

42 "School district" means any local or regional school district
43 established pursuant to chapter 8 or chapter 13 of Title 18A of the
44 New Jersey Statutes;

45 "State facility" means a State developmental center, a State
46 Division of Youth and Family Services' residential center, a State
47 residential mental health center, a Department of Children and
48 Families Regional Day School, a State training school/secure care

1 facility, a State juvenile community program, a juvenile detention
2 center or a boot camp under the supervisory authority of the
3 Juvenile Justice Commission pursuant to P.L.1995, c.284
4 (C.52:17B-169 et seq.), or an institution operated by or under
5 contract with the Department of Corrections, Children and Families
6 or Human Services, or the Juvenile Justice Commission;

7 "Statewide equalized school tax rate" means the amount
8 calculated by dividing the general fund tax levy for all school
9 districts, which excludes county vocational school districts and
10 county special services school districts as defined pursuant to this
11 section, in the State for the prebudget year by the equalized
12 valuations certified in the year prior to the prebudget year of all
13 taxing districts in the State except taxing districts for which there
14 are not school tax levies;

15 "Tax levy growth limitation" means the permitted annual
16 increase in the adjusted tax levy for a school district as calculated
17 pursuant to sections 3 and 4 of P.L.2007, c.62 (C.18A:7F-38 and
18 18A:7F-39).

19 (cf: P.L.2010, c.44, s.6)

20
21 2. This act shall take effect immediately and shall first apply to
22 the first full school year following the date of enactment.

23 24 25 STATEMENT

26
27 Under current law, a school district's State aid is determined, in
28 part, by the district's capacity to raise revenue locally, as measured
29 by the community's equalized property valuation and aggregate
30 income. In the case of property that is exempt from taxation under
31 the "Long Term Tax Exemption Law," P.L.1991, c.431 (C.40A:20-
32 1 et seq.), the value of the property is omitted from the calculation.
33 This may lead a school district that is located in a municipality with
34 exempt property to receive a greater amount of State aid at the
35 expense of other districts. This bill requires that the value of
36 property exempt from taxation under that law be included when
37 determining a community's wealth for the purpose of determining
38 State school aid.