

SENATE, No. 4289

STATE OF NEW JERSEY
218th LEGISLATURE

INTRODUCED DECEMBER 5, 2019

Sponsored by:

Senator STEPHEN M. SWEENEY

District 3 (Cumberland, Gloucester and Salem)

Senator SAMUEL D. THOMPSON

District 12 (Burlington, Middlesex, Monmouth and Ocean)

Assemblywoman ANGELA V. MCKNIGHT

District 31 (Hudson)

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.



(Sponsorship Updated As Of: 12/17/2019)

1 AN ACT concerning the tax levy cap for certain school districts and
2 amending P.L.2007, c.62.

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

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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, and, in the case of a
26 school district that is spending below adequacy, during the 2020-
27 2021 through the 2024-2025 school years, increases to raise a
28 general fund tax levy in an amount equal to the school district's loss
29 in State aid from the prebudget year.

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

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

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

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

42 (2) A school district may request approval from the
43 commissioner to calculate EP equal to 1.00 for any increase in
44 weighted resident enrollment if it can demonstrate that the
45 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.

1 in an average class size that exceeds 10% above the facilities
2 efficiency standards established pursuant to P.L.2000, c.72
3 (C.18A:7G-1 et al.).

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

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

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

24 (3) In the case of an SDA district, as defined pursuant to section
25 3 of P.L.2000, c.72 (C.18A:7G-3), in which the prebudget year
26 adjusted tax levy is less than the school district's prebudget year
27 local share as calculated pursuant to section 10 of P.L.2007, c.260
28 (C.18A:7F-52), the allowable adjustment for increases to raise a tax
29 levy that does not exceed the school district's local share shall equal
30 the difference between the prebudget year adjusted tax levy and the
31 prebudget year local share.

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

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

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

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

1 2. This act shall take effect immediately and shall first be
2 applicable to the adjusted tax levy calculated for the 2020-2021
3 school year.

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STATEMENT

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8 This bill provides a tax levy cap adjustment for school districts
9 that are spending below adequacy and are subject to a reduction in
10 State aid between the prebudget and budget years pursuant to
11 section 4 of P.L.2018, c.67 (C.18A:7F-68), commonly referred to as
12 S-2. The adjustment will be effective for the 2020-2021 through
13 2024-2025 school years. The amount of the allowable adjustment
14 will equal the difference between the amount of State aid received
15 by the school district in the prebudget year and the amount of State
16 aid received by the school district in the budget year. However, the
17 amount of the allowable adjustment may not exceed the amount that
18 brings the school district's spending to adequacy.

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