

**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.