

# SENATE BUDGET AND APPROPRIATIONS COMMITTEE

## STATEMENT TO

### SENATE, No. 4289

# STATE OF NEW JERSEY

DATED: DECEMBER 5, 2019

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 4289.

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.

#### FISCAL IMPACT:

The Office of Legislative Services (OLS) estimates that there will be an indeterminate increase in local revenues due to potential increases in school district tax levies. There are approximately 28 school districts that in FY 2020 would have been eligible for the adjustment and to raise tax levies by approximately \$37.7 million in FY 2020. However, OLS notes that the Jersey City School District, which is one of the 28 districts, is currently eligible for an adjustment provided to SDA districts under current law, to increase their tax levies if the prebudget year tax levy is less than its prebudget year local share. For the Jersey City School District, this is a more significant adjustment. The remaining 27 districts would have been eligible in FY 2020 for a total adjustment of approximately \$10.5 million under this bill. It is unknown how many school districts would elect to increase school tax levies to the maximum amount authorized under the bill.