

ASSEMBLY, No. 160

STATE OF NEW JERSEY

Introduced Pending Technical Review by Legislative Counsel

PRE-FILED FOR INTRODUCTION IN THE 1996 SESSION

By Assemblyman BUCCO

1 AN ACT concerning free balances in public schools, amending
2 N.J.S.18A:21-3, supplementing P.L.1990, c.52 (C.18A:7D-1 et
3 seq.) and repealing section 3 of P.L.1993, c.80.

4

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

7

8 1. N.J.S.18A:21-3 is amended to read as follows:

9 18A:21-3. Such account shall be established by resolution of the
10 board of school estimate or the board of education, as the case may
11 be, in such form as shall be prescribed by the commissioner, a true
12 copy of which shall be filed with the department. For any school year
13 an amount not to exceed the amount of foundation aid anticipated in
14 the capital outlay budget, as calculated pursuant to section 10 of
15 P.L.1990, c.52 (C.18A:7D-10), plus any additional sum expressly
16 approved by the voters of the district or the board of school estimate[,
17 and any free balance amount, authorized under section 3 of P.L.1993,
18 c.80 (C.18A:7D-27.1),]may be appropriated to the account. The
19 account shall also include the earnings attributable to the investment
20 of the assets of the account.

21 (cf: P.L.1993, c.80, s.2)

22

23 2. (New section) On or before October 31 of each year, a school
24 district shall remit to the municipality any general fund free balance in
25 excess of 6% of the budgeted general fund as determined by the annual
26 audit of the preceding school year, after deducting from the balance
27 any federal funds provided to the district pursuant to Pub.L.81-874,
28 20 U.S.C.§236 et seq. In the case of regional school districts, the free
29 balance shall be remitted to the municipalities in the same proportion
30 as the annual appropriation is apportioned among the municipalities.
31 A municipality shall use the free balance exclusively for the purpose of
32 property tax relief.

EXPLANATION - Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and intended to be omitted in the law.

Matter underlined thus is new matter.

1 3. Section 3 of P.L.1993, c.80 (C.18A:7D-27.1) is repealed.

2

3 4. This act shall take effect immediately.

4

5

6

STATEMENT

7

8 This bill requires a school district to remit to the municipality any
9 surplus in excess of 6% of the budgeted general fund as determined by
10 the annual audit of the preceding school year, after deducting from the
11 balance any federal impact aid provided to the district. In the case of
12 regional school districts, the surplus would be remitted to the
13 municipalities in the same proportion as the annual appropriation is
14 apportioned among the municipalities. A municipality is required to
15 use the surplus exclusively for the purpose of property tax relief.

16 The bill repeals the current statute which requires the appropriation
17 of a general fund free balance in excess of 7.5% or its transfer to the
18 capital reserve account.

19

20

21

22

23 Requires school district to remit certain surplus annually to
24 municipality.