

ASSEMBLY, No. 1719

STATE OF NEW JERSEY

INTRODUCED MARCH 18, 1996

By Assemblyman T. SMITH

1 AN ACT concerning debt service aid for special needs school districts
2 and amending P.L.1990, c.52.

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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 18 of P.L.1990, c.52 (C.18A:7D-22) is amended to read
8 as follows:

9 18. Each district's State aid for debt service shall be calculated as
10 follows:

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$$12 \quad A = DB \times (MB - FS) / MB$$

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16 where

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20 A is the district's State aid for debt service;

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24 DB is the district's net debt service budget; except that for special
25 needs districts DB is the district's debt service budget;

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29 MB is the district's maximum foundation budget, as determined
30 pursuant to section 6 of this amendatory and supplementary act ; and

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33 FS is the district's local fair share, as determined pursuant to section
34 7 of this amendatory and supplementary act.

35 (cf: P.L.1990, c.52, s.18)

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37 2. This act shall take effect immediately and shall first apply to

1 State aid adjustments for debt service for the 1995-96 school year.

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STATEMENT

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6 This bill revises the calculation of debt service aid for special needs
7 school districts. The bill provides that for special needs school
8 districts State debt service aid shall be calculated based on their debt
9 service budget as opposed to their net debt service budget.

10 This bill provides relief for special needs districts which have
11 limited ability to reduce their general fund tax levy because of the
12 Supreme Court decision in Abbott v. Burke. In order to keep the
13 local tax levy from rising precipitously, some special needs school
14 districts have appropriated money to their debt service budgets and as
15 a result have faced reductions in their State debt service aid. The
16 appropriation of additional funds to debt service has been necessary
17 in these communities due to the difficulties they face with municipal
18 overburden. By allowing debt service aid to be calculated on the
19 district's debt service budget as opposed to its net debt service budget,
20 these special needs school districts will not be penalized by future
21 State aid reductions.

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26 Calculates State debt service aid for certain special needs school
27 districts based on their debt service budgets.