

ASSEMBLY, No. 2805

STATE OF NEW JERSEY

INTRODUCED MARCH 20, 1997

By Assemblymen ROMANO and GARCIA

1 AN ACT concerning the remittance of certain debt service funds by  
2 boards of education and supplementing chapter 22 of Title 18A of  
3 the New Jersey Statutes.

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

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8 1. Notwithstanding the provisions of any other law to the  
9 contrary, a board of education of an Abbott district as defined under  
10 section 3 of P.L.1996, c.138 (C.18A:7F-3) that is a type I school  
11 district is authorized to remit to the governing body of the municipality  
12 comprising the school district an amount not to exceed the difference  
13 between the district's State debt service aid formula entitlement and  
14 the amount of State debt service aid actually received by the district  
15 for the budget year.

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17 2. This act shall take effect immediately.

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20 STATEMENT

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22 This bill authorizes the board of education of any Abbott district  
23 that is a type I district to remit to the municipal governing body an  
24 amount not to exceed the difference between its State debt service aid  
25 formula entitlement and the amount of debt service aid actually  
26 received by the district.

27 As proposed in the Governor's recommended budget for FY 1998,  
28 for the 1997-98 school year, each eligible school district's debt service  
29 aid entitlement is to be calculated based on the 1997-98 school year  
30 debt service obligation, including lease purchase agreements, and the  
31 1996-97 school year State percentage share. There is also language  
32 proposed to prorate each eligible school district's debt service aid  
33 entitlement in the event that the total appropriation is not sufficient to  
34 fully fund the debt service aid program. For the 1997-98 school year,  
35 each district will receive debt service aid equal to 49.66% of its  
36 entitlement. In the 1996-97 school year, each eligible district received  
37 debt service aid equal to 58.38% of its entitlement.

1 For type I school districts, the municipalities are responsible for the  
2 issuance of school bonds and making the debt service payments.  
3 Therefore, the under-funded debt service amount are included in their  
4 municipal budgets and raised by local taxation. This bill would permit  
5 school districts to pay to the municipality an amount up to the under-  
6 funded debt service aid amount.

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11 Permits type I Abbott districts to remit certain debt service funds to  
12 municipalities.