STATE OF NEW YORK

1636

2025-2026 Regular Sessions

IN SENATE

January 13, 2025

Introduced by Sen. BORRELLO -- read twice and ordered printed, and when printed to be committed to the Committee on Education

AN ACT to authorize the board of education of the Salamanca city school district to establish a federal impact aid reserve fund in the event federal impact aid is reduced

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. Legislative findings. The legislature hereby finds that since certain lands are designated as exempt from taxation, specifically the Allegany Territory of the Seneca Nation of Indians which is within the Salamanca city school district, the Salamanca city school district receives federal impact aid for support of services to students. Responsible fiscal planning requires establishment of a federal impact reserve fund for the purpose of stabilizing the tax levy while maintaining educational programming and services, in the event that such aid is no longer provided to such district.

§ 2. Definitions. As used in this act:

(a) "Board of education" or "board" means the board of education of the district.

(b) "Federal impact aid reserve fund" or "fund" means the district federal impact aid reserve fund established pursuant to this act in the event of reduction or loss of federal impact aid.

(c) "School district" or "district" means the Salamanca city school district.

§ 3. The board of education is hereby authorized to establish a federal impact aid reserve fund for the purpose of tax stabilization in the event federal impact aid is reduced provided that the amount of such reserve shall not exceed five million dollars ($5,000,000); provided, however, that no such fund shall be established unless approved by a majority vote of the voters of the district present and voting on a separate ballot proposition therefor at either a special district meet-

EXPLANATION--Matter in *italics* (underscored) is new; matter in brackets [-] is old law to be omitted.

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ing which the board of education may call for such purpose or at the annual district meeting and election, to be noticed and conducted in either case in accordance with article 41 of the education law. Such separate proposition shall set forth the maximum allowable balance to be deposited and held in the federal impact aid reserve fund. Moneys shall be paid into and withdrawn from the fund and the fund shall be administered as follows:

(a) the board of education is hereby authorized to make payments into the federal impact aid reserve fund with funds from any unassigned fund balance which accrued prior to the establishment of the federal impact aid reserve fund in an amount not to exceed the balance over any maximum allowable balance in such unassigned fund balance and from any reserve funds authorized or required by law in amounts which the board of education shall determine are not reasonably necessary for the purpose of such fund or funds and which accrued prior to the federal impact aid reserve fund provided that no such payment from any unassigned fund balance or any reserve fund shall cause the balance of the fund to exceed the amount approved in the ballot proposal described in this section;

(b) the board of education shall determine that the original purpose for which a reserve fund has been established is no longer desirable, the school authorities may liquidate such fund by applying the balance thereof to the annual tax levy, regardless of the tax rate for school purposes, without authorization of the voters. Withdrawals from the fund shall be disclosed in a manner consistent with the required disclosures of similar reserve funds held by the district, including disclosures required by the property tax report card prepared by the district pursuant to the provisions of subdivision 7 of section 1716 of the education law; and deposits and withdrawals made in each fiscal year shall be subject to the district's annual budget approval process; and

(c) the moneys in the federal impact aid reserve fund shall be deposited, invested and accounted for in the manner provided for in subdivisions 2 and 6 of section 3651 and section 3652 of the education law.

§ 4. This act shall take effect immediately.