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I N S E N A T E

February 2, 2016

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

AN ACT to amend the education law, in relation to exempting BOCES capital expenditures from limitations upon local school district tax levies

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 Section 1. Paragraph c of subdivision 2 of section 2023-a of the
2 education law, as amended by section 1 of subpart C of part C of chapter
3 20 of the laws of 2015, is amended to read as follows:
4 c. "Capital [local] expenditures" means the taxes associated with
5 budgeted expenditures resulting from the financing, refinancing, acquisition,
6 design, construction, reconstruction, rehabilitation, improvement,
7 furnishing and equipping of, or otherwise providing for school
8 district capital facilities or school district capital equipment,
9 including debt service and lease expenditures, and transportation capital
10 debt service, subject to the approval of the qualified voters where
11 required by law[. The commissioner of taxation and finance shall, as
12 appropriate, promulgate rules and regulations which may provide for
13 adjustment of capital local expenditures to reflect a school district's
14 share of additional budgeted capital expenditures made by a board of
15 cooperative educational services] AND THE SCHOOL DISTRICT'S SHARE OF
16 CAPITAL EXPENDITURES FOR BOARDS OF COOPERATIVE EDUCATIONAL SERVICES AS
17 AUTHORIZED PURSUANT TO SUBPARAGRAPH ONE OF PARAGRAPH B OF SUBDIVISION
18 FOUR, PARAGRAPHS P, T AND U OF SUBDIVISION FOUR, PARAGRAPHS A AND B OF
19 SUBDIVISION THIRTEEN, AND PARAGRAPH A OF SUBDIVISION FOURTEEN OF SECTION
20 NINETEEN HUNDRED FIFTY OF THIS TITLE.
21 S 2. Paragraph b of subdivision 4 of section 2023 of the education
22 law, as amended by section 3 of part A of chapter 97 of the laws of
23 2011, is amended to read as follows:
24 b. The resolution of the trustee, board of trustees, or board of
25 education adopting a contingency budget shall incorporate by reference a
26 statement specifying the projected percentage increase or decrease in
27 total spending for the school year, and explaining the reasons for

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

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1 disregarding any portion of an increase in spending in formulating the
2 contingency budget; PROVIDED, HOWEVER, THE SCHOOL DISTRICT'S SHARE OF
3 CAPITAL EXPENDITURES FOR BOARDS OF COOPERATIVE EDUCATIONAL SERVICES AS
4 AUTHORIZED PURSUANT TO SUBPARAGRAPH ONE OF PARAGRAPH B OF SUBDIVISION
5 FOUR, PARAGRAPHS P, T AND U OF SUBDIVISION FOUR, PARAGRAPHS A AND B OF
6 SUBDIVISION THIRTEEN AND PARAGRAPH A OF SUBDIVISION FOURTEEN OF SECTION
7 NINETEEN HUNDRED FIFTY OF THIS TITLE SHALL NOT BE INCLUDED IN TOTAL
8 SPENDING.

9 S 3. Subparagraph 1 of paragraph b of subdivision 4 of section 1950 of
10 the education law, as amended by chapter 474 of the laws of 1996, is
11 amended to read as follows:

12 (1) Prepare, prior to the annual meeting of members of the boards of
13 education and school trustees, held as provided in paragraph o of this
14 subdivision, a tentative budget of expenditures for the program costs, a
15 tentative budget for capital costs, and a tentative budget for the
16 administration costs of the board of cooperative educational services.
17 Such budgets shall include the proposed budget for the upcoming school
18 year, the previous school year's actual costs and the current school
19 year's projected costs for each object of expenditure. Such program,
20 capital and administrative budgets shall be separately delineated in
21 accordance with the definition of program, capital and administrative
22 costs which shall be promulgated by the commissioner after consultation
23 with school district officials and the director of the budget. Personal
24 service costs for each budget shall include the number of full-time
25 equivalent positions funded and total salary and, except as noted here-
26 in, fringe benefit costs for such positions by program. Each program
27 budget shall also include the local and statewide unit costs of such
28 programs and services proposed for the upcoming school year, such actual
29 unit costs for the previous school year, and the current school year's
30 projected unit costs, all established in accordance with paragraph d of
31 this subdivision. The capital budget shall include facility construction
32 and lease expenditures authorized pursuant to paragraphs p, t and u of
33 this subdivision, payments for the repayment of indebtedness related to
34 capital projects, payments for the acquisition or construction of facil-
35 ities, sites or additions, provided that such budget shall contain a
36 rental, operations and maintenance section that will include base rent
37 costs, total rent costs, operations and maintenance charges, cost per
38 square foot for each facility rented or leased by such board of cooper-
39 ative educational services, and any and all expenditures associated with
40 custodial salaries and benefits, service contracts, supplies, utilities,
41 maintenance and repairs for such facilities, and that such budget shall
42 include the annual debt service and total debt for all facilities
43 financed by bonds or notes of the component districts, annual rental and
44 lease payments and total rental and lease costs for all facilities rent-
45 ed by such board; such capital budget shall also include expenditures
46 resulting from court judgments and orders from administrative bodies or
47 officers, and, to the extent a board's administrative budget has been
48 adopted, one-time costs incurred in the first year in which an employee
49 retires. The administrative budget shall include, but need not be limit-
50 ed to, office and central administrative expenses, traveling expenses
51 and salaries and benefits of supervisors and administrative personnel
52 necessary to carry out the central administrative duties of the supervi-
53 sory district, any and all expenditures associated with the board, the
54 office of district superintendent, general administration, central
55 support services, planning, and all other administrative activities.
56 Such administrative budget shall also specify the amount of supplementa-

1 ry salary and benefits, if any, which the board determines should be
2 paid to the district superintendent of schools and the board shall
3 append to such budget a detailed statement of the total compensation to
4 be paid the district superintendent of schools by the board, including a
5 delineation of the salary, annualized cost of benefits and any in-kind
6 or other form of remuneration to be paid, plus, commencing with the
7 presentation of the budget for the nineteen hundred ninety-seven--nine-
8 ty-eight school year, a list of items of expense eligible for reimburse-
9 ment on expense accounts in the ensuing school year and a statement of
10 the amount of expenses paid to the district superintendent of schools in
11 the prior year for purposes of carrying out his or her official duties;
12 PROVIDED, HOWEVER, SUCH CAPITAL COSTS SHALL NOT BE INCLUDED IN A SCHOOL
13 DISTRICT'S TAX LEVY PURSUANT TO SECTION TWO THOUSAND TWENTY-THREE-A OF
14 THIS TITLE.

15 S 4. Subparagraph (a) of paragraph p of subdivision 4 of section 1950
16 of the education law, as amended by chapter 374 of the laws of 2014, is
17 amended to read as follows:

18 (a) To rent suitable land, classrooms, offices or buildings upon or in
19 which to maintain and conduct such cooperative educational services and
20 administrative offices for a period not to exceed ten years for leases
21 entered into with public entities and twenty years for leases entered
22 into with non-public entities and to improve, alter, equip and furnish
23 such land, classrooms, offices or buildings in a suitable manner for
24 such purposes, provided that: (1) before executing any lease, the board
25 shall adopt a resolution determining that such agreement is in the best
26 financial interests of the supervisory district and stating the basis of
27 that determination; (2) the rental payment shall not be more than the
28 fair market value as determined by the board and provided to the commis-
29 sioner; (3) The board discloses any conflict of interest pursuant to
30 subparagraph (c) of this paragraph, or any other potential or perceived
31 conflict of interest, to the commissioner, and in the event of a
32 conflict of interest or a potential or perceived conflict of interest,
33 provides detailed documentation to the commissioner demonstrating that
34 the cost of the lease is not more than fair market value; and (4) upon
35 the consent of the commissioner, renewal of such lease may be made for a
36 period of up to ten years. Nothing contained herein shall prevent the
37 board from entering into a lease agreement which provides for the
38 cancellation of the same by such board upon: (i) a substantial increase
39 or decrease in pupil enrollment; or (ii) a substantial change in the
40 needs and requirements of a board of cooperative educational services
41 with respect to facilities; or (iii) any other change which substantial-
42 ly affects the needs or requirements of a board of cooperative educa-
43 tional services or the community in which it is located. No lease or
44 other contract for the occupancy of such land, classrooms, offices or
45 buildings shall be enforceable against the board of cooperative educa-
46 tional services unless and until the same shall have been approved in
47 writing by the commissioner. In the case of a lease longer than ten
48 years, the commissioner's written approval must include a finding that
49 the proposed lease complies with all requirements of this paragraph and
50 would be more cost-effective than a lease of ten years or fewer;
51 PROVIDED, HOWEVER, SUCH CAPITAL COSTS SHALL NOT BE INCLUDED IN A SCHOOL
52 DISTRICT'S TAX LEVY PURSUANT TO SECTION TWO THOUSAND TWENTY-THREE-A OF
53 THIS TITLE.

54 S 5. Paragraph t of subdivision 4 of section 1950 of the education
55 law, as added by chapter 795 of the laws of 1967, is amended to read as
56 follows:

1 t. When authorized by the qualified voters of the board, to purchase
2 or otherwise acquire buildings, sites or additions thereto, to purchase
3 or otherwise acquire real property for any lawful purpose and to
4 construct buildings thereon; PROVIDED, HOWEVER, SUCH CAPITAL COSTS SHALL
5 NOT BE INCLUDED IN A SCHOOL DISTRICT'S TAX LEVY PURSUANT TO SECTION TWO
6 THOUSAND TWENTY-THREE-A OF THIS TITLE.

7 S 6. Paragraph u of subdivision 4 of section 1950 of the education
8 law, as added by chapter 795 of the laws of 1967, is amended to read as
9 follows:

10 u. To purchase necessary furniture, equipment, implements, apparatus
11 and supplies; PROVIDED, HOWEVER, SUCH CAPITAL COSTS SHALL NOT BE
12 INCLUDED IN A SCHOOL DISTRICT'S TAX LEVY PURSUANT TO SECTION TWO THOU-
13 SAND TWENTY-THREE-A OF THIS TITLE.

14 S 7. Paragraph g of subdivision 5 of section 1950 of the education
15 law, as amended by section 5 of part C of chapter 57 of the laws of
16 2004, is amended to read as follows:

17 g. Any payment required by a board of cooperative educational services
18 to the dormitory authority or any payment required by a board of cooper-
19 ative educational services to acquire or construct a school facility of
20 the board of cooperative educational services, and any payments for
21 rental of facilities by a board of cooperative educational services
22 shall, for the purposes of apportionment of public moneys to the board
23 of cooperative educational services by the state of New York, be deemed
24 to be an administrative or capital expense, as designated by the commis-
25 sioner, but the entire amount of such payment shall be utilized in
26 making such apportionment and the limitation of ten percent of the total
27 expenses contained in this subdivision shall not be applicable. Any
28 expense designated by the commissioner as a capital expense shall be
29 included in the capital budget of the board of cooperative educational
30 services and, except as otherwise provided in this paragraph, shall be
31 aided in the same manner as an administrative expense. Any such payment
32 shall not be considered part of the total expenses of the board for
33 purposes of determining the administrative and clerical expenses not to
34 exceed ten percent otherwise eligible for aid under this subdivision,
35 and such payments shall be considered for the purpose of apportionment
36 during the current school year such payment is made. The apportionment
37 for such payments shall be determined by multiplying the amount of such
38 payment allocated to each component school district in the board of
39 cooperative educational services by the aid ratio, and shall be not more
40 than ninety percent converted to decimals, of each such component
41 computed pursuant to subdivision three of section thirty-six hundred two
42 OF THIS CHAPTER and used to apportion aid to that district in that
43 current school year; provided, however, the apportionment for the
44 construction, acquisition, reconstruction, rehabilitation, or improve-
45 ment of board of cooperative educational services facilities, including
46 payments to the dormitory authority and payments under any lease agree-
47 ment, shall be based upon the cost of the board of cooperative educa-
48 tional services school facilities but not to exceed the cost allowance
49 set forth in subdivision six of section thirty-six hundred two of [the
50 education law] THIS CHAPTER and payments for rental facilities shall be
51 subject to the approval of the commissioner; PROVIDED, HOWEVER, SUCH
52 CAPITAL COSTS SHALL NOT BE INCLUDED IN A SCHOOL DISTRICT'S TAX LEVY
53 PURSUANT TO SECTION TWO THOUSAND TWENTY-THREE-A OF THIS TITLE.

54 S 8. Paragraphs a and b of subdivision 13 of section 1950 of the
55 education law, as added by chapter 33 of the laws of 1976, are amended
56 to read as follows:

1 a. A board of cooperative educational services and the component
2 school districts of such board of cooperative educational services may
3 enter into an agreement providing for the acquisition from the dormitory
4 authority of facilities designed to house services to be provided by
5 such board of cooperative educational services and for the sharing of
6 the cost of such acquisition. Such agreement in addition to providing
7 for all other matters deemed necessary and proper shall (i) set forth
8 the cost of such acquisition which shall be the amount certified by the
9 dormitory authority as sufficient to pay the principal of, the redemp-
10 tion premium, if any, and interest to the earliest of either the maturi-
11 ty date or the next redemption date on all obligations of the dormitory
12 authority issued in relation to providing such facilities, including all
13 incidental expenses in relation thereto, and (ii) provide for an allo-
14 cation and apportionment of the cost of such acquisition among the
15 component school districts on such equitable basis as the parties there-
16 to shall determine and agree, and the proportion of the total cost to be
17 provided by each such district in accordance with such allocation and
18 apportionment. In those cases where construction of such facilities
19 shall not have been completed, the amount so certified by the dormitory
20 authority shall include the amount estimated to be necessary by the
21 dormitory authority to complete such construction by it acting for and
22 on behalf of such board of cooperative educational services; provided,
23 however, that such agreement shall provide that such board shall pay to
24 the dormitory authority any additional amounts thereafter determined and
25 certified by the dormitory authority to be necessary in order to
26 complete the construction of such facilities. Existing contracts awarded
27 by the dormitory authority for the construction of such facilities shall
28 not be modified, nor shall any work not covered thereby be authorized,
29 without the prior consent of an officer of such board authorized to so
30 act by a resolution of such board. Such agreement shall be executed by
31 all the component school districts of such board of cooperative educa-
32 tional services whose allocation of administrative expenses would
33 include a portion of the amounts required to be paid the dormitory
34 authority for the rental of such facilities; PROVIDED, HOWEVER, SUCH
35 CAPITAL COSTS SHALL NOT BE INCLUDED IN A SCHOOL DISTRICT'S TAX LEVY
36 PURSUANT TO SECTION TWO THOUSAND-THREE-A OF THIS TITLE.

37 b. The acquisition of such facilities is hereby declared and deter-
38 mined to be a school district purpose and an object or purpose for which
39 each such component school district is hereby authorized to expend money
40 and contract indebtedness. The period of probable usefulness of such
41 object or purpose is hereby determined to be thirty years. Each such
42 component school district is hereby authorized to finance its share of
43 the cost of the acquisition of such facilities together with costs inci-
44 dental to such financing, including, but not limited to legal fees,
45 printing, engraving and publication of notices, either from any current
46 funds legally available therefor, or by the issuance of obligations
47 pursuant to the local finance law; provided, however, that (i) no
48 approval of the voters of such component school district shall be
49 required, (ii) the voting of a special tax or a tax to be collected in
50 installments shall not be a condition precedent to the adoption of a
51 bond resolution for such object or purpose, (iii) a majority vote of the
52 entire voting strength of the board of education shall be sufficient for
53 adoption of such a bond resolution, which bond resolution may be adopted
54 at a regular meeting, or a special meeting of the board of education
55 called on not less than twelve hours oral or written notice, which may
56 be held either within or outside of such district, (iv) any such bond

1 resolution shall take effect immediately and shall not be subject either
2 to a mandatory or permissive referendum, and (v) no such bond resolution
3 shall be adopted prior to the execution by the board of cooperative
4 educational services and the component school districts of such board of
5 cooperative educational services of the agreement required by paragraph
6 a of this subdivision; PROVIDED, HOWEVER, SUCH CAPITAL COSTS SHALL NOT
7 BE INCLUDED IN A SCHOOL DISTRICT'S TAX LEVY PURSUANT TO SECTION TWO
8 THOUSAND TWENTY-THREE-A OF THIS TITLE.

9 S 9. Paragraphs a and b of subdivision 14 of section 1950 of the
10 education law, as added by chapter 728 of the laws of 1976, are amended
11 to read as follows:

12 a. All provisions of this subdivision shall be applicable only if any
13 agreement or agreements referred to herein shall be entered into by a
14 board of cooperative educational services and all of the component
15 school districts of the board of cooperative educational services. A
16 board of cooperative educational services and the component school
17 districts of such board of cooperative educational services may enter
18 into an agreement providing for the acquisition or construction, includ-
19 ing new construction, additions or reconstruction of facilities designed
20 to house services to be provided by such board of cooperative educa-
21 tional services and for the sharing of the cost of such acquisition or
22 construction. Such agreement in addition to providing for all other
23 matters deemed necessary and proper shall (i) set forth the cost of such
24 acquisition or construction and costs incidental thereto and (ii)
25 provide for an allocation and apportionment of the costs of such acqui-
26 sition or construction among the component school districts on such
27 equitable basis as the parties thereto shall determine and agree, and
28 the proportion of the total cost to be provided by each such district in
29 accordance with such allocation and apportionment. Such agreement shall
30 be executed by all the component school districts of such board of coop-
31 erative educational services and such board of cooperative educational
32 services. Such agreement may provide that each component school district
33 of such a board of cooperative educational services shall issue an
34 agreed upon amount of its obligations in a total amount sufficient to
35 acquire or construct such facilities, or that all component districts of
36 such board shall together issue joint obligations pledging the full
37 faith and credit for all component districts jointly and that each such
38 district shall pay a specified share of annual debt service on such
39 joint obligations in accordance with the provisions of article [five-g]
40 FIVE-G of the general municipal law and applicable provisions of the
41 local finance law; PROVIDED, HOWEVER, SUCH CAPITAL COSTS SHALL NOT BE
42 INCLUDED IN A SCHOOL DISTRICT'S TAX LEVY PURSUANT TO SECTION TWO THOU-
43 SAND TWENTY-THREE-A OF THIS TITLE.

44 b. The acquisition or construction of such facilities is hereby
45 declared and determined to be a public purpose and a school district
46 purpose and a specific object or purpose for which each such component
47 school district is hereby authorized to expend money and contract
48 indebtedness. The period of probable usefulness of such specific object
49 or purpose is hereby determined to be thirty years. Each such component
50 school district is hereby authorized to finance its share of the cost of
51 the acquisition or construction of such facilities, together with costs
52 incidental thereto, either from any current funds legally available
53 therefor or by the issuance of obligations pursuant to the local finance
54 law; provided, however, that (i) no approval of the voters of such
55 component school district shall be required, (ii) the voting of a
56 special tax or a tax to be collected in installments shall not be a

1 condition precedent to the adoption of a bond resolution for such
2 specific object or purpose, (iii) a majority vote of the entire voting
3 strength of the board of education shall be sufficient for adoption of
4 such a bond resolution, which bond resolution may be adopted at a regu-
5 lar meeting, or a special meeting of the board of education called on
6 not less than twenty-four hours oral or written notice to the members of
7 such board as provided in section sixteen hundred six of [the education
8 law] THIS TITLE, which meeting may be held either within or outside of
9 such district, (iv) any such bond resolution shall take effect imme-
10 diately and shall not be subject to either a mandatory or permissive
11 referendum, and (v) no such bond resolution shall be adopted prior to
12 the execution by the board of cooperative educational services and all
13 of the component school districts of such board of cooperative educa-
14 tional services of the agreement required by paragraph a of this subdivi-
15 sion; PROVIDED, HOWEVER, SUCH CAPITAL COSTS SHALL NOT BE INCLUDED IN A
16 SCHOOL DISTRICT'S TAX LEVY PURSUANT TO SECTION TWO THOUSAND
17 TWENTY-THREE-A OF THIS TITLE.

18 S 10. This act shall take effect immediately; provided that the amend-
19 ments to paragraph c of subdivision 2 of section 2023-a of the education
20 law made by section one of this act shall be subject to the repeal of
21 such section and shall be deemed repealed therewith; provided further,
22 that the amendments to paragraph b of subdivision 4 of section 2023 of
23 the education law made by section two of this act shall be subject to
24 the expiration of such section and shall be deemed to expire therewith;
25 and provided further, that the amendments to subparagraph (a) of para-
26 graph p of subdivision 4 of section 1950 of the education law made by
27 section four of this act shall be subject to the expiration of such
28 subparagraph and shall be deemed to expire therewith.