

STATE OF NEW YORK

11236

IN ASSEMBLY

June 15, 2018

Introduced by COMMITTEE ON RULES -- (at request of M. of A. Pellegrino)
-- read once and referred to the Committee on Education

AN ACT to amend the education law, in relation to providing a New York state residential property tax relief act for public education aid apportionment for certain school years; and providing for the repeal of such provisions upon the expiration thereof

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

1 Section 1. This act shall be known and may be cited as the "New York
2 state residential real property tax relief act for public education."

3 § 2. Legislative findings. The legislature finds that the current
4 primary and secondary education funding system, which is based largely
5 upon real property taxation, is antiquated and creates serious dispari-
6 ties in educational opportunity and inequities with regard to distrib-
7 ution of the system's financial burden. The quality of education that
8 children receive varies widely by geographic region, as does the oppor-
9 tunity for children to participate in extracurricular activities. In
10 addition, taxpayers throughout the state receive real property tax bills
11 from their local school districts based on the value of their homes,
12 which is subject to multiple factors beyond their control, rather than
13 their financial ability to pay, creating serious regional distortions in
14 the relative cost of living. The legislature further finds that our
15 children should not be penalized based upon the geographic location of
16 their home, nor should financial support for the educational system fall
17 more heavily on those who are less able to bear the burden. The legisla-
18 ture therefore must take immediate action to provide relief to those
19 areas most impacted by these disparities through the residential proper-
20 ty tax relief aid determined through a residential property tax relief
21 aid formula. The legislature further orders an education funding study
22 to examine long-term funding alternatives for the state primary and
23 secondary educational system that allows all children throughout the
24 state to receive the same educational opportunities.

25 § 3. Section 3602 of the education law is amended by adding a new
26 subdivision 42 to read as follows:

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

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1 42. New York state residential property tax relief act for public
2 education. a. Eligibility. (1) Each school district shall be eligible to
3 receive a New York state residential property tax relief act for public
4 education aid apportionment in the two thousand nineteen--two thousand
5 twenty school year, which shall equal the greater of: (i) the sum of the
6 tax equalization aid apportionment, the tax limitation ceiling aid
7 apportionment, and the wealth adjusted tax rate aid apportionment; or
8 (ii) the residential property tax levy reduction apportionment.

9 (2) Each school district shall be eligible to receive a New York state
10 residential property tax relief act for public education aid apportion-
11 ment in the two thousand twenty--two thousand twenty-one school year in
12 the same amount as in the base year.

13 (3) Each school district shall be eligible to receive a New York state
14 residential property tax relief act for public education aid apportion-
15 ment in the two thousand twenty-one--two thousand twenty-two school year
16 in an amount equal to the New York state residential property tax relief
17 act for public education aid apportionment in the two thousand twenty--
18 two thousand twenty-one school year multiplied by one and seven hundred
19 sixty-nine ten-thousandths (1.0769).

20 b. Purpose. Funds allocated under this subdivision shall be solely
21 used for the purpose of reducing the residential tax levy defined in
22 subparagraph one of paragraph a of subdivision sixteen of this section.

23 c. Tax equalization aid apportionment. (1) School districts other than
24 districts within a city with a population of one hundred twenty-five
25 thousand or more shall be eligible for a tax equalization aid apportion-
26 ment if: (i) the combined wealth ratio computed pursuant to paragraph c
27 of subdivision three of this section is less than one; and (ii) the
28 expense per pupil defined pursuant to paragraph f of subdivision one of
29 this section is greater than the statewide average expense per pupil.
30 For the two thousand nineteen--two thousand twenty school year, for the
31 purpose of computing aid pursuant to this subdivision, the statewide
32 average expense per pupil shall be fourteen thousand seven hundred fifty
33 dollars.

34 (2) The tax equalization formula factor shall be equal to the positive
35 difference of the approved operating expense defined pursuant to para-
36 graph t of subdivision one of this section minus the quotient arrived at
37 when dividing the total real property tax levy by total aidable pupil
38 units defined pursuant to paragraph e of subdivision one of this
39 section.

40 (3) For eligible school districts, the tax equalization formula aid
41 apportionment shall be equal to the product of: (i) the tax equalization
42 formula factor multiplied by (ii) the approved operating expense multi-
43 plied by (iii) the regional cost index defined pursuant to paragraph a
44 of subdivision four of this section multiplied by (iv) twenty five
45 hundredths (.25).

46 (d) Tax limitation ceiling aid apportionment. (1) School districts
47 other than districts within a city with a population of one hundred
48 twenty-five thousand or more shall be eligible for a tax limitation
49 ceiling aid apportionment if: (i) the combined wealth ratio is less than
50 two and five-tenths (2.5); and (ii) the tax effort ratio defined pursu-
51 ant to subparagraph three of paragraph a of subdivision sixteen of this
52 section is greater than the statewide average tax effort ratio. For the
53 two thousand nineteen--two thousand twenty school year, for the purpose
54 of computing aid pursuant to this subdivision, the statewide tax average
55 effort ratio shall be two and ninety-one hundredths (2.91).

1 (2) For purposes of this subdivision, the tax ceiling shall be equal
2 to the product of (i) twenty-five dollars (\$25) multiplied by (ii) the
3 quotient arrived at when dividing the tax effort ratio by the state
4 average tax effort ratio.

5 (3) The ceiling formula factor shall be equal to:

6 (i) thirty-three dollars and eleven cents (\$33.11) for any school
7 district with a tax ceiling greater than or equal to twenty-five dollars
8 but less than forty dollars;

9 (ii) forty-five dollars and sixty cents (\$45.60) for any school
10 district with a tax ceiling greater than or equal to forty dollars but
11 less than sixty dollars; and

12 (iii) forty-seven dollars and fifty-two cents (\$47.52) for any school
13 district with a tax ceiling greater than or equal to sixty dollars.

14 (4) For eligible school districts, tax limitation ceiling aid appor-
15 tionment shall be equal to the product of: (i) the ceiling formula
16 factor, multiplied by (ii) the regional cost index, multiplied by (iii)
17 total aidable pupil units.

18 e. Wealth adjusted aid apportionment. (1) School districts other than
19 districts within a city with a population of one hundred twenty-five
20 thousand or more shall be eligible for a wealth adjusted aid appor-
21 tionment if: (i) the combined wealth ratio is less than two and five tenths
22 (2.5); and (ii) the quotient arrived at when dividing total general fund
23 expenditure by the total aidable pupil units expressed per one thousand
24 dollars is greater than the statewide average of such calculation. For
25 the two thousand nineteen--two thousand twenty school year, for the
26 purpose of computing aid pursuant to this subdivision, the statewide
27 total general fund expenditure divided by total aidable pupil units
28 expressed per one thousand dollars shall be twenty dollars and fifty-
29 nine cents.

30 (2) For eligible school districts, the wealth adjusted tax rate aid
31 apportionment shall be equal to the product of: (i) seven hundred
32 dollars (\$700) multiplied by (ii) total aidable pupils units multiplied
33 by (iii) the state sharing ratio computed pursuant to paragraph g of
34 subdivision three of this section.

35 f. "Residential real property tax levy reduction apportionment." (1)
36 School districts other than districts with a city with a population of
37 one hundred twenty-five thousand or more, shall be eligible for residen-
38 tial real property tax levy if the residential tax levy calculation is
39 equal to or greater than fifty percent.

40 (2) "Residential tax levy calculation" shall equal the quotient
41 arrived at when dividing the residential real property tax levy defined
42 pursuant to subparagraph one of paragraph a of subdivision sixteen of
43 this section divided by the total proposed spending for the year
44 commencing in the calendar year two years prior to the calendar year in
45 which the base year began.

46 (3) For eligible school districts, the "residential real property tax
47 levy reduction apportionment" shall mean the product of: (i) the posi-
48 tive difference, if any, between the residential tax levy calculation
49 defined pursuant to this subparagraph minus fifty percent multiplied by
50 (ii) the residential real property tax levy.

51 g. Method of payment. Notwithstanding any other provision of law to
52 the contrary, the New York state residential property tax relief act for
53 public education aid shall be paid pursuant to section thirty-six
54 hundred nine-i of this part.

55 h. Definitions. As used in this subdivision:

(1) "Total real property tax levy" shall mean the total real property tax levy specified in the school district budget for the year commencing in the calendar year two years prior to the calendar year in which the base year began. The final update of such data shall be reported by the commissioner of taxation and finance to the commissioner by February fifteenth of the base year. The commissioner of taxation and finance shall adopt regulations as appropriate to assure the appropriate collection, classification and reporting of such data for the purposes of paying state aid to the schools.

(2) "Total proposed spending" shall mean for all school districts other than districts within a city with a population of one hundred twenty-five thousand or more, the amount reported by the common school district, a union free school district, a central school district or a city school district as required by the property tax report card prepared by the district pursuant to the provisions of subdivision seven of section sixteen hundred eight and subdivision seven of section seven-teen hundred sixteen of this chapter.

§ 4. The opening paragraph of subdivision 1 of section 3609-a of the education law, as amended by section 32 of part B of chapter 57 of the laws of 2007, is amended to read as follows:

The GSPS appropriation shall be used to support payments made pursuant to this section, plus apportionments made pursuant to section seven hundred one, seven hundred eleven, seven hundred fifty-one, seven hundred fifty-three, thirty-two hundred two, thirty-six hundred nine-b, thirty-six hundred forty-one and forty-four hundred five of this chapter, any other applicable allocations made pursuant to this chapter, but not paid pursuant to the schedule prescribed by this section or sections thirty-six hundred nine-b, thirty-six hundred nine-d ~~[e]~~, thirty-six hundred nine-f or thirty-six hundred nine-i of this article; plus any unconsolidated law provisions which apply to programs funded from such appropriation; plus any sums paid out upon audit of the state comptroller as final adjustments of apportionments originally claimed and payable pursuant to this subdivision in prior school years; plus sums paid out as prior year adjustments, to the extent an allowance was included in such appropriation for such purpose. Any apportionments provided by this chapter shall be paid in accordance with this section unless specifically exempted.

§ 5. The education law is amended by adding a new section 3609-i to read as follows:

§ 3609-i. Moneys apportioned to school districts for reimbursement of apportionments pursuant to the New York state residential property tax relief act for public education. 1. As used in this section, "school district" shall mean a public school district eligible for an apportionment of aid under subdivision four of section thirty-six hundred two of this article.

2. Moneys apportioned to school districts for reimbursement of apportionments pursuant to the New York state residential property tax relief act for public education pursuant to subdivision forty-two of section thirty-six hundred two of this part shall be disbursed as follows:

a. On or after the first business day of July of each school year, commencing July first, two thousand nineteen, a school district shall be paid an amount equal to fifty percent of the payments on October first of the current school year.

b. The remaining balance shall be paid after February first, provided that the amounts paid on or before February first shall not be subject to recalculation.

1 c. No payment may be made pursuant to this subdivision until the
2 amount for each school district is certified by the commissioner of
3 taxation and finance and transmitted to the commissioner. Such certif-
4 ication shall be made on or before January first so as to facilitate
5 payments to be made pursuant to this section.

6 3. Moneys paid pursuant to this section shall be payable to the treas-
7 urer of each city school district, and the treasurer of each union free
8 school district and of each central school district and of each other
9 school district, if there be a treasurer, otherwise to the collector or
10 other disbursing officer of such district, who shall apply for and
11 receive the same as soon as payable.

12 4. Any payment to a school district pursuant to this section shall be
13 general receipts of the district and shall be used solely for the
14 reduction of the residential tax levy.

15 5. Notwithstanding any other provision of law to the contrary,
16 payments made to school districts under this section shall be considered
17 general aid payments made pursuant to section thirty-six hundred nine-a
18 of this part.

19 6. It is the intent of the governor to submit and of the legislature
20 to enact for each fiscal year after the two thousand nineteen--two thou-
21 sand twenty fiscal year in an annual budget bill an appropriation in the
22 amount to be paid to school districts pursuant to subdivision forty-two
23 of section thirty-six hundred two of this part.

24 § 6. Paragraph a of subdivision 7 of section 1608 of the education
25 law, as amended by section 1 of chapter 514 of the laws of 2016, is
26 amended to read as follows:

27 a. Each year, commencing with the proposed budget for the two thou-
28 sand--two thousand one school year, the trustee or board of trustees
29 shall prepare a property tax report card, pursuant to regulations of the
30 commissioner, and shall make it publicly available by transmitting it to
31 local newspapers of general circulation, appending it to copies of the
32 proposed budget made publicly available as required by law, making it
33 available for distribution at the annual meeting, and otherwise dissem-
34 inating it as required by the commissioner. Such report card shall
35 include: (i) the amount of total spending and total estimated school tax
36 levy that would result from adoption of the proposed budget and the
37 percentage increase or decrease in total spending and total school tax
38 levy from the school district budget for the preceding school year; and
39 (ii) the district's tax levy limit determined pursuant to section two
40 thousand twenty-three-a of this title, and the estimated school tax
41 levy, excluding any levy necessary to support the expenditures pursuant
42 to subparagraphs (i) through (iv) of paragraph i of subdivision two of
43 section two thousand twenty-three-a of this title, that would result
44 from adoption of the proposed budget; and (iii) the projected enrollment
45 growth for the school year for which the budget is prepared, and the
46 percentage change in enrollment from the previous year; and (iv) the
47 percentage increase in the consumer price index, as defined in paragraph
48 c of this subdivision; and (v) the projected amount of the unappropri-
49 ated unreserved fund balance that will be retained if the proposed budg-
50 et is adopted, the projected amount of the reserved fund balance, the
51 projected amount of the appropriated fund balance, the percentage of the
52 proposed budget that the unappropriated unreserved fund balance repres-
53 ents, the actual unappropriated unreserved fund balance retained in the
54 school district budget for the preceding school year, and the percentage
55 of the school district budget for the preceding school year that the
56 actual unappropriated unreserved fund balance represents[~~7-and-a-sched-~~

~~ule of reserve funds, setting forth the name of each reserve fund, a description of its purpose, the balance as of the close of the third quarter of the current school district fiscal year and a brief statement explaining any plans for the use of each such reserve fund for the ensuing fiscal year]; and (vi) the amount of the New York state residential property tax relief act for public education amount used to reduce the residential tax levy for the ensuing fiscal year.~~

§ 6-a. Paragraph a of subdivision 7 of section 1608 of the education law, as amended by section 1-a of chapter 514 of the laws of 2016, is amended to read as follows:

a. Each year, commencing with the proposed budget for the two thousand--two thousand one school year, the trustee or board of trustees shall prepare a property tax report card, pursuant to regulations of the commissioner, and shall make it publicly available by transmitting it to local newspapers of general circulation, appending it to copies of the proposed budget made publicly available as required by law, making it available for distribution at the annual meeting, and otherwise disseminating it as required by the commissioner. Such report card shall include: (i) the amount of total spending and total estimated school tax levy that would result from adoption of the proposed budget and the percentage increase or decrease in total spending and total school tax levy from the school district budget for the preceding school year; and (ii) the projected enrollment growth for the school year for which the budget is prepared, and the percentage change in enrollment from the previous year; and (iii) the percentage increase in the consumer price index, as defined in paragraph c of this subdivision; and (iv) the projected amount of the unappropriated unreserved fund balance that will be retained if the proposed budget is adopted, the projected amount of the reserved fund balance, the projected amount of the appropriated fund balance, the percentage of the proposed budget that the unappropriated unreserved fund balance represents, the actual unappropriated unreserved fund balance retained in the school district budget for the preceding school year, and the percentage of the school district budget for the preceding school year that the actual unappropriated unreserved fund balance represents; and (v) ~~[a schedule of reserve funds, setting forth the name of each reserve fund, a description of its purpose, the balance as of the close of the third quarter of the current school district fiscal year and a brief statement explaining any plans for the use of each such reserve fund]~~ the amount of the New York state residential property tax relief act for public education amount used to reduce the residential tax levy for the ensuing fiscal year.

§ 7. Paragraph a of subdivision 7 of section 1716 of the education law, as amended by section 2 of chapter 514 of the laws of 2016, is amended to read as follows:

a. Each year, commencing with the proposed budget for the two thousand--two thousand one school year, the board of education shall prepare a property tax report card, pursuant to regulations of the commissioner, and shall make it publicly available by transmitting it to local newspapers of general circulation, appending it to copies of the proposed budget made publicly available as required by law, making it available for distribution at the annual meeting, and otherwise disseminating it as required by the commissioner. Such report card shall include: (i) the amount of total spending and total estimated school tax levy that would result from adoption of the proposed budget and the percentage increase or decrease in total spending and total school tax levy from the school district budget for the preceding school year; and (ii) the district's

1 tax levy limit determined pursuant to section two thousand
2 twenty-three-a of this title, and the estimated school tax levy, exclud-
3 ing any levy necessary to support the expenditures pursuant to subpara-
4 graphs (i) through (iv) of paragraph i of subdivision two of section two
5 thousand twenty-three-a of this title, that would result from adoption
6 of the proposed budget; and (iii) the projected enrollment growth for
7 the school year for which the budget is prepared, and the percentage
8 change in enrollment from the previous year; and (iv) the percentage
9 increase in the consumer price index, as defined in paragraph c of this
10 subdivision; and (v) the projected amount of the unappropriated unre-
11 served fund balance that will be retained if the proposed budget is
12 adopted, the projected amount of the reserved fund balance, the project-
13 ed amount of the appropriated fund balance, the percentage of the
14 proposed budget that the unappropriated unreserved fund balance repres-
15 ents, the actual unappropriated unreserved fund balance retained in the
16 school district budget for the preceding school year[~~, a schedule of~~
17 ~~reserve funds, setting forth the name of each reserve fund, a~~
18 ~~description of its purpose, the balance as of the close of the third~~
19 ~~quarter of the current school district fiscal year and a brief statement~~
20 ~~explaining any plans for the use of each such reserve fund for the ensu-~~
21 ~~ing fiscal year and the percentage of the school district budget for the~~
22 ~~preceding school year that the actual unappropriated unreserved fund~~
23 ~~balance represents]; and (vi) the amount of the New York state residen-
24 tial property tax relief act for public education amount used to reduce
25 the residential tax levy for the ensuing fiscal year.~~

26 § 7-a. Paragraph a of subdivision 7 of section 1716 of the education
27 law, as amended by section 2-a of chapter 514 of the laws of 2016, is
28 amended to read as follows:

29 a. Each year, commencing with the proposed budget for the two thou-
30 sand--two thousand one school year, the board of education shall prepare
31 a property tax report card, pursuant to regulations of the commissioner,
32 and shall make it publicly available by transmitting it to local newspa-
33 pers of general circulation, appending it to copies of the proposed
34 budget made publicly available as required by law, making it available
35 for distribution at the annual meeting, and otherwise disseminating it
36 as required by the commissioner. Such report card shall include: (i) the
37 amount of total spending and total estimated school tax levy that would
38 result from adoption of the proposed budget and the percentage increase
39 or decrease in total spending and total school tax levy from the school
40 district budget for the preceding school year; and (ii) the projected
41 enrollment growth for the school year for which the budget is prepared,
42 and the percentage change in enrollment from the previous year; and
43 (iii) the percentage increase in the consumer price index, as defined in
44 paragraph c of this subdivision; and (iv) the projected amount of the
45 unappropriated unreserved fund balance that will be retained if the
46 proposed budget is adopted, the projected amount of the reserved fund
47 balance, the projected amount of the appropriated fund balance, the
48 percentage of the proposed budget that the unappropriated unreserved
49 fund balance represents, the actual unappropriated unreserved fund
50 balance retained in the school district budget for the preceding school
51 year[~~, a schedule of reserve funds, setting forth the name of each~~
52 ~~reserve fund, a description of its purpose, the balance as of the close~~
53 ~~of the third quarter of the current school district fiscal year and a~~
54 ~~brief statement explaining any plans for the use of each such reserve~~
55 ~~fund for the ensuing fiscal year and the percentage of the school~~
56 ~~district budget for the preceding school year that the actual unappro-~~

~~priated unreserved fund balance represents~~]; and (v) the amount of the New York state residential property tax relief act for public education amount used to reduce the residential tax levy for the ensuing fiscal year.

§ 8. This act shall take effect immediately and shall apply to school years commencing on and after July 1, 2019; provided that:

a. the amendments to paragraph a of subdivision 7 of section 1608 of the education law made by section six of this act shall be subject to the expiration and reversion of such paragraph pursuant to section 13 of part A of chapter 97 of the laws of 2011, as amended, when upon such date the provisions of section six-a of this act shall take effect;

b. the amendments to paragraph a of subdivision 7 of section 1716 of the education law made by section seven of this act shall be subject to the expiration and reversion of such paragraph pursuant to section 13 of part A of chapter 97 of the laws of 2011, as amended, when upon such date the provisions of section seven-a of this act shall take effect; and

c. the provisions of this act shall expire and be deemed repealed on July 1, 2022.

Effective immediately, the addition, amendment and/or repeal of any rule or regulation necessary for the implementation of this act on its effective date are authorized and directed to be made and completed on or before such effective date.