STATE OF NEW YORK

7270

IN SENATE

January 5, 2018

Introduced by Sen. BONACIC -- 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 school property tax reduction (Part A); and to amend the education law, in relation to the submission to school district voters of a proposition relating to the imposition of a limitation on the tax levy (Part B)

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

Section 1. This act enacts into law major components of legislation which are necessary to enact this chapter of the laws of 2018. Each component is wholly contained within a Part identified as Parts A and B. The effective date for each particular provision contained within such Part is set forth in the last section of such Part. Any provision in any section contained within a Part, including the effective date of the Part, which makes a reference to a section "of this act", when used in connection with that particular component, shall be deemed to mean and refer to the corresponding section of the Part in which it is found. Section three of this act sets forth the general effective date of this act.

PART A

Section 1. Section 2022 of the education law is amended by adding a new subdivision 8 to read as follows:

8. a. Notwithstanding any other provision of law, rule or regulation to the contrary, in a common, union free, central, central high school district or school district located in a city with greater than one hundred twenty-five thousand inhabitants, upon the filing of a petition pursuant to paragraph b of this subdivision, with the trustees, the board of education or the chancellor of a city school district located in a city with greater than one million inhabitants shall submit a proposition for the purpose of voting on the question "shall the school district enter into the optional system of state funding for school district expenses" to the qualified voters of a school

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

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district. Such vote shall be held on the third Tuesday in May, provided, however, that such vote shall be held on the second Tuesday in May if the commissioner at the request of a local school board or the chancellor in the city of New York certifies no later than March first that such election would conflict with religious observances. If a district votes to join the optional system that vote is binding and may not be altered by the district or its residents.

b. Such petition relating to the optional system for state funding of school district expenses shall be submitted no later than April first of the school year in which such question described in paragraph a of this subdivision shall be considered by the voters and must be signed by twenty-five percent of the number of qualified voters who voted in the previous annual district meeting or in a city school district located in a city with greater than one hundred twenty-five thousand inhabitants, twenty-five percent of the qualified voters in the last general election. Such number shall be determined by the number of persons recorded on the poll list as having voted at such district meeting in the prior year or in a city with greater than one hundred twenty-five thousand inhabitants in the previous general election. Any valid petition containing a sufficient number of valid signatures to place the question described in paragraph a of this subdivision on the ballot submitted after April first and before July first shall be voted on the third Tuesday in May of the following school year, provided, however, that such vote shall be held on the second Tuesday in May of the following school year if the commissioner at the request of a local school board certifies no later than March first that such election would conflict with religious observances.

§ 2. Section 3602 of the education law is amended by adding a new subdivision 40 to read as follows:

40. Optional system for state funding of school district expenses. In addition to other apportionments of aid made to districts pursuant to this section, additional apportionments shall be made to districts which elect to receive aid pursuant to this subdivision.

a. Definitions. As used in this subdivision: (1) "primary residential real property tax levy" shall be defined as the aggregate property taxes levied by a school district on a school district's STAR eligible properties as defined by section four hundred twenty-five of the real property tax law.

(2) "base year primary residential real property tax levy" shall be defined as the primary residential real property tax levy in the school year immediately following the year in which the school district votes to enter into the optional system for state funding of school district expenses pursuant to subdivision eight of section two thousand twenty-two of this chapter.

b. Transition period. (1) A school district shall certify to the commissioner within thirty days of the date at which the vote was taken pursuant to subdivision eight of section two thousand twenty-two of this chapter whether or not the qualified voters of the district have elected to enter into the optional system for state funding of school district expenses. Once the commissioner determines that a district has opted into the optional system for state funding of school district expenses the district shall begin receiving aid pursuant to this subdivision in the school year which begins on July first in the subsequent calendar year.

(2) School districts which receive aid pursuant to this subdivision shall receive aid pursuant to the schedule contained in this paragraph.

School districts shall continue to receive aid pursuant to this paragraph after the phase in period equal to one hundred percent of the base year primary residential real property tax levy.

(3) During the first year of the transition period, school districts shall receive an additional apportionment equal to twenty per centum of the base year primary residential real property tax levy. In all subsequent years of the transition period, school districts shall receive an additional apportionment equal to the following schedule:

Year	Percent of Base Year Primary Residential Real Property Tax Levy
2	40%
3	60%
4	80%
5	100%

In every year after year five such additional apportionment shall be increased annually by a cost of living increase. The cost of living increase shall be added to the additional apportionment provided in the prior year. The cost of living increase shall be calculated as the percentage increase in the consumer price index for the previous twelve months as determined by the commissioner. Such percentage increase shall be multiplied by the previous year's additional apportionment and the product shall be added to the previous year's additional apportionment to calculate the current year's additional apportionment.

(4) (i) A participating district shall reduce the primary residential real property tax levy pursuant to the schedule contained in this paragraph. School districts opting into the optional system for state funding of school district expenses may not levy taxes in excess of the remainder of the base year primary residential real property tax levy less the aid provided in paragraph three of this subdivision except to fund the difference between a district's current year capital expenses less the state aid apportioned for such purpose.

(ii) Notwithstanding any other provision of law, rule or regulation to the contrary, a school district which receives aid pursuant to this subdivision shall be authorized to set separate tax warrants and tax rates for the primary residential real property tax levy and other taxable properties.

(5) The apportionment hereunder shall not be made until the electing school district has certified to the commissioner that the district's primary residential real property tax levy for the school year in which aid has been accepted pursuant to this paragraph, does not exceed the base year primary residential real property tax levy as defined in this subdivision less the aid apportioned pursuant to this paragraph.

c. Local funding share. In each city having a population of one hundred twenty-five thousand or more inhabitants for purposes of calculating the local share of expenditures, the amount of the reduction in the primary residential real property tax levy made pursuant to subparagraph four of paragraph b of this subdivision shall be deemed to be incorporated in the city share of expenditures for the city school district.

d. State funding of program. The legislature shall annually appropriate an amount sufficient to support all aid payments incurred pursuant to this subdivision.

e. Payment schedule. The commissioner shall develop a payment schedule for aid payments due and payable pursuant to this subdivision and such schedule shall be approved by the director of the budget before such payment schedule takes effect.

§ 3. This act shall take effect immediately, provided, however, that the amendments to section 2022 of the education law made by section one of this act shall survive the expiration and reversion of such section as provided in section 13 of part A of chapter 97 of the laws of 2011, as amended.

PART B

Section 1. Section 2022 of the education law is amended by adding a new subdivision 9 to read as follows:

9. a. Notwithstanding any other provision of law, rule or regulation to the contrary, in a common, union free, central, central high school district or city school district to which this article applies, upon the filing with the trustees or board of education of a petition pursuant to paragraph b of this subdivision requesting such officers to submit a proposition for the purpose of imposing a limitation on the tax levy to the qualified voters at the annual district meeting signed by twenty-five percent of the number of qualified voters who voted in the previous annual district meeting, said number to be determined by the number of persons recorded on the poll list as having voted at such district meeting, the trustees or board of education shall submit such proposition to the qualified voters.

b. Such petition relating to imposition of a limitation on the tax levy shall be submitted at least thirty days prior to the annual district meeting and shall specify the proposed maximum percentage change in the estimated tax levy, as defined by the commissioner from the actual tax levy that resulted from the levying of school taxes in the prior school year that the trustees or board of education must apply in developing or adopting a budget for the school year commencing with the budget to be submitted at the next annual district meeting following voter approval of such proposition. The proposition presented to the qualified voters for approval must specify the limit on the percentage change in the estimated tax levy that the petition proposes to impose.

c. Notwithstanding the provisions of section two thousand twenty-three of this part or any other provision of law, rule or regulation to the contrary, upon approval by the voters of a proposition imposing a limitation on tax levy changes pursuant to this subdivision, for the school years in which the limitation is in effect the trustees or board of education shall not develop and submit a proposed budget to the voters at the annual district meeting or a budget revote that in combination with any separate propositions involving the expenditure of money proposed by the trustees or board of education at such annual district meeting or budget revote, would result in an estimated tax levy, determined at the time the property tax report card is prepared, that is in excess of the maximum percentage change in such estimated tax levy that has been approved by the voters, and the trustees or board of education shall not adopt a contingency budget for such school years, in combination with any such separate propositions proposed by the trustees or board of education that have been approved by the voters, would result in an estimated tax levy in excess of such limitation.

§ 2. 1. Notwithstanding any other provision of law, rule or regulation to the contrary, in a village, town, city, or county upon the filing of a petition pursuant to subdivision two of this section with the county board of elections in which the political subdivision which is the subject of the petition is located, a proposition for the purpose of imposing a limitation on the tax levy to the qualified voters at the

next general election or village general election, if the proposition relates to a village tax levy, signed by twenty-five percent of the number of qualified voters who voted in the previous general election or village general election if the proposition relates to a village tax levy, said number to be determined by respective board of elections such proposition shall be submitted to the qualified voters.

2. Such petition relating to the imposition of a limitation on the tax levy shall be submitted at least thirty days prior to the general election or village general election if the proposition relates to a village tax levy and shall specify the proposed maximum percentage change in the estimated tax levy from the actual tax levy that resulted from the levying of property taxes in the prior year, for the year commencing with the budget in the year following voter approval of such proposition. The proposition presented to the qualified voters for approval must specify the limit on the percentage change in the estimated tax levy that the petition proposes to impose.

§ 3. This act shall take effect immediately, provided, however, that the amendments to section 2022 of the education law made by section one of this act shall survive the expiration and reversion of such section as provided in section 13 of part A of chapter 97 of the laws of 2011, as amended.

§ 2. Severability clause. If any clause, sentence, paragraph, subdivision, section or part of this act shall be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder thereof, but shall be confined in its operation to the clause, sentence, paragraph, subdivision, section or part thereof directly involved in the controversy in which such judgment shall have been rendered. It is hereby declared to be the intent of the legislature that this act would have been enacted even if such invalid provisions had not been included herein.

§ 3. This act shall take effect immediately provided, however, that the applicable effective date of Parts A and B of this act shall be as specifically set forth in the last section of such Parts.