

STATE OF NEW YORK

8828--A

IN SENATE

May 23, 2018

Introduced by Sen. BROOKS -- read twice and ordered printed, and when printed to be committed to the Committee on Education -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

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.

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

LBD15894-04-8

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

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

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

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

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

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

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

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

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

1 of computing aid pursuant to this subdivision, the statewide tax average
2 effort ratio shall be two and ninety-one hundredths (2.91).

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

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

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

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

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

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

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

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

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

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

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

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

1 h. Definitions. As used in this subdivision:

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

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

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

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

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

41 § 3609-i. Moneys apportioned to school districts for reimbursement of
42 apportionments pursuant to the New York state residential property tax
43 relief act for public education. 1. As used in this section, "school
44 district" shall mean a public school district eligible for an apporportion-
45 ment of aid under subdivision four of section thirty-six hundred two of
46 this article.

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

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

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

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

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

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

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

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

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

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

1 school district budget for the preceding school year, and the percentage
2 of the school district budget for the preceding school year that the
3 actual unappropriated unreserved fund balance represents[~~, and a sched-~~
4 ~~ule of reserve funds, setting forth the name of each reserve fund, a~~
5 ~~description of its purpose, the balance as of the close of the third~~
6 ~~quarter of the current school district fiscal year and a brief statement~~
7 ~~explaining any plans for the use of each such reserve fund for the ensu-~~
8 ~~ing fiscal year]; and (vi) the amount of the New York state residential
9 property tax relief act for public education amount used to reduce the
10 residential tax levy for the ensuing fiscal year.~~

11 § 6-a. Paragraph a of subdivision 7 of section 1608 of the education
12 law, as amended by section 1-a of chapter 514 of the laws of 2016, is
13 amended to read as follows:

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

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

48 a. Each year, commencing with the proposed budget for the two thou-
49 sand--two thousand one school year, the board of education shall prepare
50 a property tax report card, pursuant to regulations of the commissioner,
51 and shall make it publicly available by transmitting it to local newspa-
52 pers of general circulation, appending it to copies of the proposed
53 budget made publicly available as required by law, making it available
54 for distribution at the annual meeting, and otherwise disseminating it
55 as required by the commissioner. Such report card shall include: (i) the
56 amount of total spending and total estimated school tax levy that would

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

29 § 7-a. Paragraph a of subdivision 7 of section 1716 of the education
30 law, as amended by section 2-a of chapter 514 of the laws of 2016, is
31 amended to read as follows:

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