STATE OF NEW YORK

1707

2019-2020 Regular Sessions

IN SENATE

January 15, 2019

Introduced by Sen. BROOKS -- 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 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:

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

§ 2. Legislative findings. The legislature finds that the current primary and secondary education funding system, which is based largely upon real property taxation, is antiquated and creates serious disparities in educational opportunity and inequities with regard to distribution of the system's financial burden. The quality of education that children receive varies widely by geographic region, as does the opportunity for children to participate in extracurricular activities. In addition, taxpayers throughout the state receive real property tax bills from their local school districts based on the value of their homes, which is subject to multiple factors beyond their control, rather than their financial ability to pay, creating serious regional distortions in the relative cost of living. The legislature further finds that our children should not be penalized based upon the geographic location of their home, nor should financial support for the educational system fall more heavily on those who are less able to bear the burden. The legislature therefore must take immediate action to provide relief to those areas most impacted by these disparities through the residential property tax relief aid determined through a residential property tax relief aid formula. The legislature further orders an education funding study to examine long-term funding alternatives for the state primary and

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

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secondary educational system that allows all children throughout the state to receive the same educational opportunities.

§ 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 twenty--two thousand twenty-one 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-one--two thousand twenty-two 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-two--two thousand twenty-three 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-one--two thousand twenty-two 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 twenty--two thousand twenty-one 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 twenty--two thousand twenty-one school year, for the purpose of computing aid pursuant to this subdivision, the statewide tax average effort ratio shall be two and ninety-one hundredths (2.91).

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

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

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

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

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

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

e. Wealth adjusted 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 wealth adjusted aid apportionment if: (i) the combined wealth ratio is less than two and five tenths (2.5); and (ii) the quotient arrived at when dividing total general fund expenditure by the total aidable pupil units expressed per one thousand dollars is greater than the statewide average of such calculation. For the two thousand twenty--two thousand twenty-one school year, for the purpose of computing aid pursuant to this subdivision, the statewide total general fund expenditure divided by total aidable pupil units expressed per one thousand dollars shall be twenty dollars and fifty-nine cents.

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

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

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

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

g. Method of payment. Notwithstanding any other provision of law to the contrary, the New York state residential property tax relief act for

public education aid shall be paid pursuant to section thirty-six hundred nine-i of this part.

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 seventeen 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 [~~or~~], 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 twenty, 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.

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

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

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

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

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

§ 6. Paragraph a of subdivision 7 of section 1608 of the education law, as amended by section 1 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 district's tax levy limit determined pursuant to section two thousand twenty-three-a of this title, and the estimated school tax levy, excluding any levy necessary to support the expenditures pursuant to subparagraphs (i) through (iv) of paragraph i of subdivision two of section two thousand twenty-three-a of this title, that would result from adoption of the proposed budget; and (iii) 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 (iv) the percentage increase in the consumer price index, as defined in paragraph c of this subdivision; and (v) 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 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 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 tax levy limit determined pursuant to section two thousand twenty-three-a of this title, and the estimated school tax levy, excluding any levy necessary to support the expenditures pursuant to subparagraphs (i) through (iv) of paragraph i of subdivision two of section two thousand twenty-three-a of this title, that would result from adoption of the proposed budget; and (iii) 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 (iv) the percentage increase in the consumer price index, as defined in paragraph c of this subdivision; and (v) 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[~~, 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 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 (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.

§ 7-a. Paragraph a of subdivision 7 of section 1716 of the education law, as amended by section 2-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 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 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[~~, 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 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, 2020; 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, 2023.

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 to be made and completed on or before such effective date.