STATE OF NEW YORK

1388--B

2021-2022 Regular Sessions

IN SENATE

January 11, 2021

Introduced by Sens. BROOKS, GAUGHRAN, KAMINSKY, REICHLIN-MELNICK, SKOUFIS, THOMAS -- 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 -- recommitted to the Committee on Education in accordance with Senate Rule 6, sec. 8 -- 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:

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

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

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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 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--two thousand twenty-three school year, which shall equal 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-three--two thousand twenty-four 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-four--two thousand twenty-five 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-three--two thousand twenty-four 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. "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: (i) the residential tax levy calculation is equal to or greater than fifty percent; (ii) the combined wealth ratio is less than two and five-tenths (2.5); and (iii) such district is in compliance with the tax levy limit in the manner prescribed by section three-c of the general municipal law.

(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 actual expenditures for the year commencing in the calendar year one year 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.

d. 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.

e. Definition. As used in this subdivision, "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.

§ 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~~] part; 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 part.

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-two, 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. Any payment to a school district pursuant to this section shall be made in compliance with the tax levy limit in the manner prescribed by section three-c of the general municipal law.

6. 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.

7. 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--two thousand twenty-three 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 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.

§ 7. Paragraph a of subdivision 7 of section 1716 of the education law, as amended by 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.

§ 8. This act shall take effect immediately and shall apply to school years commencing on and after July 1, 2022; provided that the provisions of this act shall expire and be deemed repealed July 1, 2025. 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.