

# STATE OF NEW YORK

1636

2025-2026 Regular Sessions

## IN SENATE

January 13, 2025

Introduced by Sen. BORRELLO -- read twice and ordered printed, and when printed to be committed to the Committee on Education

AN ACT to authorize the board of education of the Salamanca city school district to establish a federal impact aid reserve fund in the event federal impact aid is reduced

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

1 Section 1. Legislative findings. The legislature hereby finds that  
2 since certain lands are designated as exempt from taxation, specifically  
3 the Allegany Territory of the Seneca Nation of Indians which is within  
4 the Salamanca city school district, the Salamanca city school district  
5 receives federal impact aid for support of services to students.  
6 Responsible fiscal planning requires establishment of a federal impact  
7 reserve fund for the purpose of stabilizing the tax levy while maintain-  
8 ing educational programming and services, in the event that such aid is  
9 no longer provided to such district.

10 § 2. Definitions. As used in this act:

11 (a) "Board of education" or "board" means the board of education of  
12 the district.

13 (b) "Federal impact aid reserve fund" or "fund" means the district  
14 federal impact aid reserve fund established pursuant to this act in the  
15 event of reduction or loss of federal impact aid.

16 (c) "School district" or "district" means the Salamanca city school  
17 district.

18 § 3. The board of education is hereby authorized to establish a feder-  
19 al impact aid reserve fund for the purpose of tax stabilization in the  
20 event federal impact aid is reduced provided that the amount of such  
21 reserve shall not exceed five million dollars (\$5,000,000); provided,  
22 however, that no such fund shall be established unless approved by a  
23 majority vote of the voters of the district present and voting on a  
24 separate ballot proposition therefor at either a special district meet-

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

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1 ing which the board of education may call for such purpose or at the  
2 annual district meeting and election, to be noticed and conducted in  
3 either case in accordance with article 41 of the education law. Such  
4 separate proposition shall set forth the maximum allowable balance to be  
5 deposited and held in the federal impact aid reserve fund. Moneys shall  
6 be paid into and withdrawn from the fund and the fund shall be adminis-  
7 tered as follows:

8 (a) the board of education is hereby authorized to make payments into  
9 the federal impact aid reserve fund with funds from any unassigned fund  
10 balance which accrued prior to the establishment of the federal impact  
11 aid reserve fund in an amount not to exceed the balance over any maximum  
12 allowable balance in such unassigned fund balance and from any reserve  
13 funds authorized or required by law in amounts which the board of educa-  
14 tion shall determine are not reasonably necessary for the purpose of  
15 such fund or funds and which accrued prior to the federal impact aid  
16 reserve fund provided that no such payment from any unassigned fund  
17 balance or any reserve fund shall cause the balance of the fund to  
18 exceed the amount approved in the ballot proposal described in this  
19 section;

20 (b) the board of education shall determine that the original purpose  
21 for which a reserve fund has been established is no longer desirable,  
22 the school authorities may liquidate such fund by applying the balance  
23 thereof to the annual tax levy, regardless of the tax rate for school  
24 purposes, without authorization of the voters. Withdrawals from the  
25 fund shall be disclosed in a manner consistent with the required disclo-  
26 sures of similar reserve funds held by the district, including disclo-  
27 sures required by the property tax report card prepared by the district  
28 pursuant to the provisions of subdivision 7 of section 1716 of the  
29 education law; and deposits and withdrawals made in each fiscal year  
30 shall be subject to the district's annual budget approval process; and

31 (c) the moneys in the federal impact aid reserve fund shall be depos-  
32 ited, invested and accounted for in the manner provided for in subdivi-  
33 sions 2 and 6 of section 3651 and section 3652 of the education law.

34 § 4. This act shall take effect immediately.