

## **DRAFT SPONSOR'S MEMO: Account for enrollment growth in the tax cap calculation**

**BILL NUMBER:**

**TITLE OF BILL:** AN ACT to amend the education law, in relation to limitations upon school district tax levies

**PURPOSE OR GENERAL IDEA OF BILL:** This bill would adjust a district's tax cap to account for growth in student enrollment.

**SUMMARY OF SPECIFIC PROVISIONS:**

Section 1 of the bill would amend subdivision 2 of section 2023-a of the education law by adding paragraph I, which defines the enrollment growth factor as equaling one and one-hundredth for every year-to-year growth of three percent in school district enrollment. The language states that the enrollment growth factor can never be less than one.

Section 2 of the bill would amend subdivision 3 of section 2023-a of the education law by including the enrollment growth factor as the second step in the computation of a school district's tax levy limit.

Section 3 of the bill would amend subdivision 6 of section 2023-a of the education law to account for the enrollment growth factor.

Section 4 of the bill would amend subdivision 9 of section 2023-a of the education law to account for the enrollment growth factor.

Section 5 of the bill establishes the effective date.

**JUSTIFICATION:** While public school enrollment statewide has declined over the past few decades, that has not been the case for every individual school district. In fact, more than 200 districts saw some level of enrollment growth from 2013-14 to 2014-15, many of which are in high-need/low-wealth areas. Of those districts, more than 60 experienced annual growth in excess of three percent. Despite this reality, the tax cap provides absolutely no adjustments for growth in enrollment and the cost pressures associated with providing those additional students the programs and services they deserve. In the time of a frozen Foundation Aid formula, school districts have little to no ability to generate additional revenue to help support growth in their student population.

Adding an enrollment growth factor gives school districts and their community members the option to raise the local revenue necessary to support these students.

**PRIOR LEGISLATIVE HISTORY:** None

**FISCAL IMPLICATIONS:** None

**EFFECTIVE DATE:** This act shall take effect immediately.

AN ACT to amend the education law, in relation to enrollment growth within school districts

## DRAFT LEGISLATION: Account for enrollment growth in the tax cap calculation

Section 1. Paragraph i of subdivision 2 of section 2023-a of the education law, as added by section 2 of part A of chapter 97 of the laws of 2011, is amended to read as follows:

h. "School district" means a common school district, union free school district, central school district, central high school district or a city school district in a city with less than one hundred twenty-five thousand inhabitants.

**i. "Enrollment growth factor" shall mean the estimated enrollment growth between the prior school year and coming school year. Positive growth of three percent or greater shall result in an enrollment growth factor equal to one and one-hundredth. Each additional three percent growth in estimated enrollment shall result in a one one-hundredth addition to the growth factor. In no case shall the enrollment growth factor be less than one.**

~~i.~~ **j.** "Tax levy limit" means the amount of taxes a school district is authorized to levy pursuant to this section, provided, however, that the tax levy limit shall not include the following:

(i) a tax levy necessary for expenditures resulting from court orders or judgments against the school district arising out of tort actions for any amount that exceeds five percent of the total tax levied in the prior school year;

§ 2. Paragraph a of subdivision 3 of section 2023-a of the education law, as added by section 2 of part A of chapter 97 of the laws of 2011, is amended to read as follows:

3. Computation of tax levy limits. a. Each school district shall calculate the tax levy limit for each school year which shall be determined as follows:

(1) Ascertain the total amount of taxes levied for the prior school year.

**(2) Multiply the result by the enrollment growth factor.**

~~(2)~~ **(3)** Multiply the result by the tax base growth factor, if any.

~~(3)~~ **(4)** Add any payments in lieu of taxes that were receivable in the prior school year.

~~(4)~~ **(5)** Subtract the tax levy necessary to support the expenditures pursuant to subparagraphs (i) and (iv) of paragraph ~~i~~ **j** of subdivision two of this section for the prior school year, if any.

~~(5)~~ **(6)** Multiply the result by the allowable levy growth factor.

~~(6)~~ **(7)** Subtract any payments in lieu of taxes receivable in the coming fiscal year.

~~(7)~~ **(8)** Add the available carryover, if any.

§ 3. Paragraph a of subdivision 6 of section 2023-a of the education law, as added by section 2 of part A of chapter 97 of the laws of 2011, is amended to read as follows:

6. (a) Notwithstanding any other provision of law to the contrary, in the event the trustee, trustees or board of education of a school district that is subject to the provisions of this section proposes a budget that will require a tax levy that exceeds the tax levy limit for the corresponding school year, not including any levy necessary to support the expenditures pursuant to subparagraphs (i) through (iv) of paragraph ~~i~~ **j** of subdivision two of this section, then such budget shall be approved if sixty percent of the votes cast thereon are in the affirmative.

§ 4. Subdivision 6 of section 2023-a of the education law, as added by section 2 of part A of chapter 97 of the laws of 2011, is amended to read as follows:

9. Nothing in this section shall preclude the trustee, trustees, or board of education of a school district, in their discretion, from submitting additional items of expenditures to the voters for approval as separate propositions or the voters from submitting propositions pursuant to

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sections two thousand eight and two thousand thirty-five of this part; provided however, except in the case of a proposition submitted for any expenditure contained within subparagraphs (i) through (iv) of paragraph **i j** of subdivision two of this section, if any proposition, or propositions collectively that are subject to a vote on the same date, would require an expenditure of money that would require a tax levy and would result in the tax levy limit being exceeded for the corresponding school year then such proposition shall be approved if sixty percent of the votes cast thereon are in the affirmative.

§ 5. This act shall take effect immediately, provided, however, that the amendments to section 2023-a of the education law made by section one and two of this act, respectively, shall not affect the repeal of such sections and shall be deemed repealed therewith.