

AN ACT concerning State school aid and supplementing Title 18A of the New Jersey Statutes.

WHEREAS, Paragraph 1 of Article III states, "The powers of the government shall be divided among the three distinct branches, the legislative, executive, and judicial. No person or persons belonging to or constituting one branch shall exercise any of the powers properly belonging to either of the others, except as expressly provided in this Constitution;" and

WHEREAS, Paragraph 1 of Section IV of Article VIII states, "The Legislature shall provide for the maintenance and support of a thorough and efficient system of free public schools for the instruction of all children in the State between the ages of five and eighteen years;" and

WHEREAS, Paragraph 2 of Section IV of Article VIII states, "The fund for the support of free public schools...shall be annually appropriated to the support of free public schools, and for the equal benefit of all people of this State;" and

WHEREAS, Paragraph 7 of Section I of Article VIII states that the income tax is to be, "...annually appropriated...exclusively for the purpose of reducing or offsetting property taxes;" now, therefore,

**BE IT ENACTED** by the Senate and General Assembly of the State of New Jersey:

1. Notwithstanding the provisions of P.L.2007, c.260 (C.18A:7F-43 et al.) or any other law to the contrary, State school aid for the first school year beginning after the effective date of P.L. , c. (C. ) (pending before the Legislature as this bill) and for each subsequent school year shall be provided to school districts as follows:

a. The Department of Education shall determine each public school district's projected resident enrollment for the budget year and the total Statewide public school resident enrollment.

b. The State Treasurer shall determine the total projected revenue from the State income tax for the budget year.

c. State aid for each school district for the budget year shall be determined pursuant to the following formula:

$$TDSA = (TITR/TSE) * TDE$$

where

TDSA is School District State Aid;

TITR is Total Projected Income Tax Revenue;

TSE is Total Projected Resident Enrollment; and

TDE is District Projected Resident Enrollment.

2. This act shall take effect immediately.

STATEMENT

Whereas, paragraph 1 of Article III states, "The powers of the government shall be divided among the three distinct branches, the legislative, executive, and judicial. No person or persons belonging to or constituting one branch shall exercise any of the powers properly belonging to either of the others, except as expressly provided in this Constitution."

Whereas, paragraph 1 of Section IV of Article VIII states, "The Legislature shall provide for the maintenance and support of a thorough and efficient system of free public schools for the instruction of all children in the State between the ages of five and eighteen years."

Whereas, paragraph 2 of Section IV of Article VIII states, "The fund for the support of free public schools...shall be annually appropriated to the support of free public schools, and for the equal benefit of all people of this State."

Whereas, paragraph 7 of Section I of Article VIII states that the income tax is to be, "...annually appropriated...exclusively for the purpose of reducing or offsetting property taxes."

This bill establishes a new formula for the allocation of State aid to school districts to satisfy the Legislature's constitutional responsibility to provide for a system of free public schools. The bill provides State aid by determining a per pupil amount of State aid and multiplying that amount by the school district's projected resident enrollment for the budget year. The per pupil State aid amount is determined after the State Treasurer projects the total revenue amount from the State income tax for the budget year. Following the determination of the projected total State income tax, the Department of Education is to divide that amount by the total projected resident enrollment of the school districts. The department determines each school district's State aid by multiplying this per pupil State aid amount by the district's projected resident enrollment.

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Establishes a formula for the distribution of State aid to school districts.

A CONCURRENT RESOLUTION proposing to amend Article VIII of the New Jersey Constitution.

BE IT RESOLVED by the Senate of the State of New Jersey (the General Assembly concurring):

1. The following proposed amendment to the Constitution of the State of New Jersey is agreed to:

PROPOSED AMENDMENT

a. Amend Article VIII, Section I, paragraph 7, to read as follows:

7. a. No tax shall be levied on personal incomes of individuals, estates and trusts of this State unless the entire net receipts therefrom shall be received into the treasury, placed in a perpetual fund designated the Property Tax Relief Fund and be annually appropriated **[**, pursuant to formulas established from time to time by the Legislature,**]** to the several **[**counties, municipalities and**]** school districts of this State exclusively for the purpose of reducing or offsetting property taxes. In no event, however, shall a tax so levied on personal incomes be levied on payments received under the federal Social Security Act, the federal Railroad Retirement Act, or any federal law which substantially reenacts the provisions of either of those laws.

b. There shall be annually credited from the General Fund and placed in a special account in the perpetual Property Tax Relief Fund established pursuant to this paragraph, which account shall be designated the Property Tax Reform Account, an amount equal to the annual revenue derived from a tax rate of 0.5% imposed under the "Sales and Use Tax Act," P.L.1966, c.30 (C.54:32B-1 et seq.), as amended and supplemented, or any other subsequent law of similar effect, which amount shall be appropriated annually by the Legislature exclusively for the purpose of property tax reform.

(cf: Art. VIII, Sec. I, par.7; amended effective December 7, 2006)

b. Amend Article VIII, Section IV, paragraph 1, to read as follows:

1. The Legislature shall provide for the maintenance and support of a thorough and efficient system of free public schools for the instruction of all the children in the State between the ages of five and eighteen years through the allocation of the entire net receipts from any tax levied on the personal incomes of individuals, estates, and trusts of this State based on an equal allotment per student. Nothing contained herein shall restrict, limit, or otherwise affect the right of the Legislature to regulate additional funding for the maintenance and support of a thorough and efficient system of

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

free public schools in the manner and to the extent the Legislature determines to be appropriate.

(cf: Art. VIII, Sec. IV, par.1)

2. When this proposed amendment to the Constitution is finally agreed to pursuant to Article IX, paragraph 1 of the Constitution, it shall be submitted to the people at the next general election occurring more than three months after the final agreement and shall be published at least once in at least one newspaper of each county designated by the President of the Senate, the Speaker of the General Assembly and the Secretary of State, not less than three months prior to the general election.

3. This proposed amendment to the Constitution shall be submitted to the people at that election in the following manner and form:

There shall be printed on each official ballot to be used at the general election, the following:

a. In every municipality in which voting machines are not used, a legend which shall immediately precede the question as follows:

If you favor the proposition printed below make a cross (X), plus (+), or check (✓) in the square opposite the word "Yes." If you are opposed thereto make a cross (X), plus (+) or check (✓) in the square opposite the word "No."

b. In every municipality the following question:

	<p>YES</p>	<p style="text-align: center;">CONSTITUTIONAL AMENDMENT SPECIFYING METHOD OF FUNDING PUBLIC SCHOOLS</p> <p>Do you approve the amendment to Article VIII of the New Jersey Constitution establishing a method for funding public schools? The amendment specifies that the Legislature will provide for the maintenance and support of a thorough and efficient system of free public schools by allocating the net receipts of the gross income tax to school districts on a per pupil basis. The amendment also clarifies that nothing in the constitutional provision would limit, restrict, or otherwise affect the Legislature's right to regulate additional funding for the maintenance and support of a thorough and efficient system of free public schools. The proposed amendment also modifies the constitutional provision that authorizes the gross income tax by specifying that all such receipts will be appropriated to school</p>
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		districts.
		INTERPRETIVE STATEMENT
		This proposed constitutional amendment adds language to the existing constitutional provision requiring the Legislature to maintain and support a thorough and efficient system of free public schools. The new language states that the Legislature will satisfy this obligation by allocating the net receipts from the gross income tax to school districts on a per pupil basis. The proposed amendment also changes the current constitutional provision authorizing the gross income tax to require that all revenue generated by the gross income tax will be appropriated to school districts. The current provision allows the revenue to be appropriated to counties and municipalities, as well as school districts.
	NO	

STATEMENT

Whereas, paragraph 1 of Article III states, “The powers of the government shall be divided among the three distinct branches, the legislative, executive, and judicial. No person or persons belonging to or constituting one branch shall exercise any of the powers properly belonging to either of the others, except as expressly provided in this Constitution.”

Whereas, paragraph 1 of Section IV of Article VIII states, “The Legislature shall provide for the maintenance and support of a thorough and efficient system of free public schools for the instruction of all children in the State between the ages of five and eighteen years.”

Whereas, paragraph 2 of Section IV of Article VIII states, “The fund for the support of free public schools...shall be annually appropriated to the support of free public schools, and for the equal benefit of all people of this State.”

Whereas, paragraph 7 of Section I of Article VIII states that the income tax is to be, “...annually appropriated...exclusively for the purpose of reducing or offsetting property taxes.”

This proposed constitutional amendment provides that the Legislature will provide for the maintenance and support of a thorough and efficient system of free public schools by appropriating the net receipts from the gross income tax to school districts on a per pupil basis. The amendment also clarifies that nothing in the constitutional provision would restrict, limit, or otherwise affect the right of the Legislature to regulate additional

funding to districts. Last, it amends the constitutional provision that authorizes the gross income tax to specify that all of the revenue will be appropriated to school districts, as opposed to school districts, counties and municipalities.

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Proposes an amendment to Constitution specifying a method of providing for the maintenance and support of a thorough and efficient system of free public schools and allocating all income tax receipts to school districts.