

Voter Approval of School Districts, Municipal, and County Budgets

- A. **The NJSBA believes** that local property tax increases are attributable to a combination of increases in county, municipal and educational budgets and that school districts' budgets should not be the only local expenditures that are subjected to voters' review and approval.
- B. **The NJSBA believes** that, until such time as there is no requirement in Type II districts to submit to the voters the Department of Education-approved annual school budget, municipal and county governments should be required to submit their budgets for annual voter approval [*Authority: DA 6/91-4, DA 6/93-10, DA 5/01-SR, DA 11/01-SR, DA 11/06-SR, DA 11/11-SR, DA 12/16-SR, DA 11/21-SR*]

Tax Replacement Funds

The NJSBA believes that a municipality's ratable base has a direct impact on the local school tax rate and that the local school district should receive a proportionate share of tax replacement monies paid for tax-exempt properties that would otherwise be collected by property taxes. [*Authority: DA 5/61-8, DA 6/77-CR Property Tax, DA 11/98-3, DA 5/97-1, DA 11/98-3, DA 11/01-SR, DA 11/06-SR, DA 11/11-SR, DA 12/16-SR, DA 11/21-SR*]

Municipal Assessment and Property Tax Collection Procedures

- A. **The NJSBA believes** that municipal property assessment and tax collection procedures have a direct impact on the local school tax rate and that local school districts should receive the full share of school taxes collected by municipalities. [*Authority: DA 11/96-5, DA 6/79-17, DA 12/92-SR*]
- B. **The NJSBA believes** that all governing bodies should employ the school calendar tax year, (July 1 – June 30). Until that is accomplished, municipalities that operate under a “calendar year method” should be required to pay over to school districts, by January 15, the balance of that amount which is assessed and collected for school taxes in the calendar year. [*Authority: DA 6/88-13, DA 11/99-2*]
- C. **The NJSBA believes** that municipalities should make the first payment of school taxes that are assessed in any municipality, on the same date that taxes are due to other taxing entities. Notwithstanding state statute, a local Board of Education should be able to negotiate with the municipality for any other mutually agreeable payment schedule. [*Authority: DA 12/70-18, DA 12/91-Unfinished business – 8, DA 11/01-SR, DA 11/06-SR, DA 11/11-SR, DA 12/16-SR, DA 11/21-SR*]

Property Tax “Circuit Breakers”

The NJSBA believes that any school finance system should limit the amount of local school property taxes to a certain percentage of taxpayers' personal income. [*Authority: DA 6/83-4, DA 6/84-CR Minimum Aid, DA 12/91-CR QEA, DA 5/96-CR (School Finance), DA 11/01-SR, DA 11/06-SR, DA 11/11-SR, DA 12/16-SR, DA 11/21-SR*]

Tax-Exempt Properties

The NJSBA believes that in cases where students attend local public schools and reside in tax-exempt housing at a nonpublic school or independent institution of higher education, by way of a payment in lieu of taxes (PILOT) to the school district, the nonpublic school or independent institution of higher education should pay the out of district tuition of the per student cost of educating the students. [*Authority: DA 11/10-1, DA 11/11-SR, DA 12/16-SR, DA 11/21-SR*]

The NJSBA believes that municipalities should be required to include the board of education in the consideration and development of any payment-in-lieu of taxes (“PILOT”) agreement that has the potential to increase student enrollment. The NJSBA further believes that the board of education should be a member of the municipal negotiation committee with equal rights and decision-making authority to provide input and receive appropriate portions of community benefits. [*Authority: DA 12/24-4*]

Cross References: 1410 Local units
3100 Budget planning, preparation and adoption
3220 State funds
3230 Federal funds

Key Words: budget, property tax, voter approval, Nonpublic, independent institution, payment in lieu, PILOT