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LAW/RWH

P.L.2011, CHAPTER 224, *approved January 17, 2012*

Assembly, No. 3971 (*First Reprint*)

1 AN ACT concerning <sup>1</sup>municipal finances and<sup>1</sup> certain surplus  
2 municipal free library funds, amending R.S.40:54-15 and  
3 R.S.40:54-19 <sup>1</sup>, and supplementing chapter 4 of Title 40A of the  
4 New Jersey Statutes<sup>1</sup>.

5  
6 **BE IT ENACTED** by the Senate and General Assembly of the State  
7 of New Jersey:

- 8  
9 1. R.S.40:54-15 is amended to read as follows:  
10 40:54-15. a. The board of trustees shall make an annual report to  
11 the chief financial officer of the municipality which shall include a  
12 statement setting forth in detail all public revenues received by the  
13 library, all State aid received by the library, all expenditures made  
14 by the library and the balance of funds available. Notwithstanding  
15 the requirements of R.S.40:54-8 pertaining to the amount required  
16 to be raised and appropriated for library purposes, the annual report  
17 shall identify excess funds that the board is required to approve and  
18 transfer to the municipality as miscellaneous revenue. The excess  
19 funds transferred shall be any amount that exceeds the sum of the  
20 amount of the audited operating expenditures of the library for the  
21 most recent available year, plus an additional 20% of those  
22 operating expenditures, excluding: (1) funds restricted for capital  
23 projects and grants; and (2) any devise, bequest, or donation made  
24 to establish or maintain the free public library, to be maintained as  
25 surplus. The annual report shall also include an analysis of the state  
26 and condition of the library and shall be sent to the municipal  
27 governing body and to the State Library. The State Librarian shall  
28 prescribe by regulation the form of all such reports.  
29 b. (1) Except as limited in paragraph (2) of this subsection, the  
30 board of trustees of a municipal free library shall adopt a resolution  
31 of its intent to transfer excess funds to the municipality, as  
32 identified in its annual report pursuant to subsection a. of this  
33 section.  
34 (2) The board of trustees of a municipal free library established  
35 after the effective date of P.L.2008, c.8 shall not adopt a resolution  
36 of intent pursuant to this subsection before the eighth budget year  
37 following its establishment.  
38 c. Once the board of trustees has adopted a resolution of intent  
39 pursuant to subsection b. of this section, it shall forward the

**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.

Matter enclosed in superscript numerals has been adopted as follows:

<sup>1</sup>Senate floor amendments adopted January 9, 2012.

1 resolution to the State Librarian for approval, along with any other  
2 information required by the State Librarian and in accordance with  
3 procedures and forms promulgated by the State Librarian in  
4 consultation with the Director of the Division of Local Government  
5 Services in the Department of Community Affairs. The State  
6 Librarian shall approve any resolution upon a determination that all  
7 of the following provisions are met:

8 (1) the municipal free library will still retain a sum equal to the  
9 amount of the audited operating expenditures of the library for the  
10 most recent available year plus an additional 20% of that amount,  
11 excluding: (a) funds restricted for capital projects and grants; and  
12 (b) any devise, bequest, or donation made to establish or maintain  
13 the municipal free library, to be maintained as surplus;

14 (2) the municipality and the municipal free library are in  
15 compliance with all conditions imposed by rule or regulation  
16 promulgated by the State Librarian for per capita library aid to  
17 public libraries according to the "state library aid law,"  
18 N.J.S.18A:74-1 et seq., and pertaining to appropriations for the  
19 maintenance of a municipal free library according to R.S.40:54-8 or  
20 section 2 of P.L.1959, c.155 (C.40:54-29.4) in the case of a joint  
21 free public library;

22 (3) there are sufficient funds remaining in the municipal free  
23 library's operating budget for the maintenance of the library for the  
24 balance of the fiscal year in which the transfer of funds to the  
25 municipality occurs; and

26 (4) the library board of trustees has a written plan of at least  
27 three years that reflects that the long-term funding needs of the  
28 library will be met, and that any capital expense will contribute to  
29 the provision of efficient and effective library services, and that the  
30 written plan has been approved by the State Librarian.

31 d. Upon approval of its resolution of intent by the State  
32 Librarian pursuant to subsection c. of this section, the board of  
33 trustees shall cause the amount of the excess funds identified in its  
34 resolution to be transferred to the municipality.

35 (cf: P.L.2010, c.83, s.1)

36

37 2. R.S.40:54-19 is amended to read as follows:

38 40:54-19. The board of trustees may receive, hold and manage  
39 any devise, bequest or donation heretofore made or hereafter to be  
40 made and given for the establishment, increase or maintenance of a  
41 free public library within the municipality. Any devise, bequest, or  
42 donation made pursuant to this section shall not be deemed surplus  
43 or transferred by the board of trustees, pursuant to the provisions of  
44 R.S.40:54-15, to the municipality.

45 (cf: R.S.40:54-19)

46

47 <sup>1</sup>3. (New section) Any municipality that has ended the previous  
48 budget year with a deficit in operations caused, whether in whole or

1 in part, by obligations created from tax appeals, may issue notes  
2 with the approval of the Local Finance Board on such conditions as  
3 the Local Finance Board deems appropriate. The amount of notes  
4 authorized pursuant to this provision shall not exceed the cash  
5 payments or tax credits due to tax appeals and shall be authorized  
6 by a bond ordinance approved by the Local Finance Board.<sup>1</sup>

7

8 <sup>1</sup>~~[3.]~~ 4.<sup>1</sup> This act shall take effect immediately and <sup>1</sup>sections 1  
9 and 2 shall<sup>1</sup> be retroactive to October 27, 2010.

10

11

12

13

14 Prohibits municipal library trustees from transferring donated  
15 funds to municipality and permits municipality to finance deficits  
16 caused by payment of tax appeal refunds with notes approved by  
17 Local Finance Board.

# ASSEMBLY, No. 3971

## STATE OF NEW JERSEY 214th LEGISLATURE

INTRODUCED MAY 9, 2011

**Sponsored by:**

**Assemblyman CRAIG J. COUGHLIN**

**District 19 (Middlesex)**

**Assemblyman DANIEL R. BENSON**

**District 14 (Mercer and Middlesex)**

**Co-Sponsored by:**

**Assemblyman Chivukula, Senators Vitale, Gill, Allen and Greenstein**

**SYNOPSIS**

Prohibits municipal library trustees from transferring donated funds to municipality.

**CURRENT VERSION OF TEXT**

As introduced.



**(Sponsorship Updated As Of: 1/10/2012)**

A3971 COUGHLIN, BENSON

2

1 AN ACT concerning certain surplus municipal free library funds,  
2 amending R.S.40:54-15 and R.S.40:54-19.

3

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

6

7 1. R.S.40:54-15 is amended to read as follows:

8 40:54-15. a. The board of trustees shall make an annual report to  
9 the chief financial officer of the municipality which shall include a  
10 statement setting forth in detail all public revenues received by the  
11 library, all State aid received by the library, all expenditures made  
12 by the library and the balance of funds available. Notwithstanding  
13 the requirements of R.S.40:54-8 pertaining to the amount required  
14 to be raised and appropriated for library purposes, the annual report  
15 shall identify excess funds that the board is required to approve and  
16 transfer to the municipality as miscellaneous revenue. The excess  
17 funds transferred shall be any amount that exceeds the sum of the  
18 amount of the audited operating expenditures of the library for the  
19 most recent available year, plus an additional 20% of those  
20 operating expenditures, excluding: (1) funds restricted for capital  
21 projects and grants; and (2) any devise, bequest, or donation made  
22 to establish or maintain the free public library, to be maintained as  
23 surplus. The annual report shall also include an analysis of the state  
24 and condition of the library and shall be sent to the municipal  
25 governing body and to the State Library. The State Librarian shall  
26 prescribe by regulation the form of all such reports.

27 b. (1) Except as limited in paragraph (2) of this subsection, the  
28 board of trustees of a municipal free library shall adopt a resolution  
29 of its intent to transfer excess funds to the municipality, as  
30 identified in its annual report pursuant to subsection a. of this  
31 section.

32 (2) The board of trustees of a municipal free library established  
33 after the effective date of P.L.2008, c.8 shall not adopt a resolution  
34 of intent pursuant to this subsection before the eighth budget year  
35 following its establishment.

36 c. Once the board of trustees has adopted a resolution of intent  
37 pursuant to subsection b. of this section, it shall forward the  
38 resolution to the State Librarian for approval, along with any other  
39 information required by the State Librarian and in accordance with  
40 procedures and forms promulgated by the State Librarian in  
41 consultation with the Director of the Division of Local Government  
42 Services in the Department of Community Affairs. The State  
43 Librarian shall approve any resolution upon a determination that all  
44 of the following provisions are met:

**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.**

1 (1) the municipal free library will still retain a sum equal to the  
2 amount of the audited operating expenditures of the library for the  
3 most recent available year plus an additional 20% of that amount,  
4 excluding: (a) funds restricted for capital projects and grants; and  
5 (b) any devise, bequest, or donation made to establish or maintain  
6 the municipal free library, to be maintained as surplus;

7 (2) the municipality and the municipal free library are in  
8 compliance with all conditions imposed by rule or regulation  
9 promulgated by the State Librarian for per capita library aid to  
10 public libraries according to the "state library aid law,"  
11 N.J.S.18A:74-1 et seq., and pertaining to appropriations for the  
12 maintenance of a municipal free library according to R.S.40:54-8 or  
13 section 2 of P.L.1959, c.155 (C.40:54-29.4) in the case of a joint  
14 free public library;

15 (3) there are sufficient funds remaining in the municipal free  
16 library's operating budget for the maintenance of the library for the  
17 balance of the fiscal year in which the transfer of funds to the  
18 municipality occurs; and

19 (4) the library board of trustees has a written plan of at least  
20 three years that reflects that the long-term funding needs of the  
21 library will be met, and that any capital expense will contribute to  
22 the provision of efficient and effective library services, and that the  
23 written plan has been approved by the State Librarian.

24 d. Upon approval of its resolution of intent by the State  
25 Librarian pursuant to subsection c. of this section, the board of  
26 trustees shall cause the amount of the excess funds identified in its  
27 resolution to be transferred to the municipality.

28 (cf: P.L.2010, c.83, s.1)

29

30 2. R.S.40:54-19 is amended to read as follows:

31 40:54-19. The board of trustees may receive, hold and manage  
32 any devise, bequest or donation heretofore made or hereafter to be  
33 made and given for the establishment, increase or maintenance of a  
34 free public library within the municipality. Any devise, bequest, or  
35 donation made pursuant to this section shall not be deemed surplus  
36 or transferred by the board of trustees, pursuant to the provisions of  
37 R.S.40:54-15, to the municipality.

38 (cf: R.S.40:54-19)

39

40 3. This act shall take effect immediately and be retroactive to  
41 October 27, 2010.

42

43

44

STATEMENT

45

46 This bill would prohibit the board of trustees of a municipal free  
47 library from transferring funds donated to the library to the  
48 municipality served by the library. P.L.2010, c.83 admirably



**A3971 COUGHLIN, BENSON**

4

1 sought to provide property tax relief to the overburdened New  
2 Jersey property taxpayer by requiring a municipal free library to  
3 turn over any excess funds to the municipality for use by the  
4 municipality for municipal purposes. Excess funds are currently  
5 defined as any funds in excess of 120% of the funds necessary to  
6 meet the library's operating expenses, excluding funds restricted for  
7 capital projects.

8 Many residents of New Jersey have had their lives touched by  
9 libraries and the hard work of the dedicated librarians who serve the  
10 people of this State. Some of these residents generously choose to  
11 donate or bequeath money to a library as thanks for the multitude of  
12 services the library provides. These funds should be dedicated  
13 solely for the use by which they were intended by the donor, the  
14 support and maintenance of the municipal free library. This bill  
15 would ensure that the benevolent intentions of the donor are  
16 respected and the funds they donate continue to be used exclusively  
17 for library purposes.

18 The provisions of this bill are retroactive to October 27, 2010,  
19 the effective date of P.L.2010, c.83.

ASSEMBLY HOUSING AND LOCAL GOVERNMENT  
COMMITTEE

STATEMENT TO

**ASSEMBLY, No. 3971**

**STATE OF NEW JERSEY**

DATED: JUNE 13, 2011

The Assembly Housing and Local Government Committee reports favorably Assembly Bill No. 3971.

This bill would prohibit the board of trustees of a municipal free library from transferring funds donated to the library to the municipality served by the library. P.L.2010, c.83 admirably sought to provide property tax relief to the overburdened New Jersey property taxpayer by requiring a municipal free library to turn over any excess funds to the municipality for use by the municipality for municipal purposes. Excess funds are currently defined as any funds in excess of 120% of the funds necessary to meet the library's operating expenses, excluding funds restricted for capital projects.

Many residents of New Jersey have had their lives touched by libraries and the hard work of the dedicated librarians who serve the people of this State. Some of these residents generously choose to donate or bequeath money to a library as thanks for the multitude of services the library provides. These funds should be dedicated solely for the use by which they were intended by the donor, the support and maintenance of the municipal free library. This bill would ensure that the benevolent intentions of the donor are respected and the funds they donate continue to be used exclusively for library purposes.

The provisions of this bill are retroactive to October 27, 2010, the effective date of P.L.2010, c.83.

STATEMENT TO  
**ASSEMBLY, No. 3971**

with Senate Floor Amendments  
(Proposed by Senator VITALE)

ADOPTED: JANUARY 9, 2012

These floor amendments would permit a municipality that has ended its budget year with a deficit, caused in whole or in part by the over-expenditure of funds due to the payment of tax appeal refunds, to issue notes in the following budget year to fund that deficit. Under current law, the deficit has to be budgeted as a non-spending appropriation in the following budget year, and is not excluded from the 2% levy cap.

# SENATE, No. 3110

## STATE OF NEW JERSEY 214th LEGISLATURE

INTRODUCED NOVEMBER 21, 2011

**Sponsored by:**

**Senator JOSEPH F. VITALE**

**District 19 (Middlesex)**

**Senator NIA H. GILL**

**District 34 (Essex and Passaic)**

**Co-Sponsored by:**

**Senators Allen and Greenstein**

**SYNOPSIS**

Prohibits municipal library trustees from transferring donated funds to municipality.

**CURRENT VERSION OF TEXT**

As introduced.



**(Sponsorship Updated As Of: 1/10/2012)**

1 AN ACT concerning certain surplus municipal free library funds,  
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4 **BE IT ENACTED** by the Senate and General Assembly of the State  
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19 most recent available year, plus an additional 20% of those  
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22 to establish or maintain the free public library, to be maintained as  
23 surplus. The annual report shall also include an analysis of the state  
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25 governing body and to the State Library. The State Librarian shall  
26 prescribe by regulation the form of all such reports.

27 b. (1) Except as limited in paragraph (2) of this subsection, the  
28 board of trustees of a municipal free library shall adopt a resolution  
29 of its intent to transfer excess funds to the municipality, as  
30 identified in its annual report pursuant to subsection a. of this  
31 section.

32 (2) The board of trustees of a municipal free library established  
33 after the effective date of P.L.2008, c.8 shall not adopt a resolution  
34 of intent pursuant to this subsection before the eighth budget year  
35 following its establishment.

36 c. Once the board of trustees has adopted a resolution of intent  
37 pursuant to subsection b. of this section, it shall forward the  
38 resolution to the State Librarian for approval, along with any other  
39 information required by the State Librarian and in accordance with  
40 procedures and forms promulgated by the State Librarian in  
41 consultation with the Director of the Division of Local Government  
42 Services in the Department of Community Affairs. The State  
43 Librarian shall approve any resolution upon a determination that all  
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13 section 2 of P.L.1959, c.155 (C.40:54-29.4) in the case of a joint  
14 free public library;

15 (3) there are sufficient funds remaining in the municipal free  
16 library's operating budget for the maintenance of the library for the  
17 balance of the fiscal year in which the transfer of funds to the  
18 municipality occurs; and

19 (4) the library board of trustees has a written plan of at least  
20 three years that reflects that the long-term funding needs of the  
21 library will be met, and that any capital expense will contribute to  
22 the provision of efficient and effective library services, and that the  
23 written plan has been approved by the State Librarian.

24 d. Upon approval of its resolution of intent by the State  
25 Librarian pursuant to subsection c. of this section, the board of  
26 trustees shall cause the amount of the excess funds identified in its  
27 resolution to be transferred to the municipality.

28 (cf: P.L.2010, c.83, s.1)

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30 2. R.S.40:54-19 is amended to read as follows:

31 40:54-19. The board of trustees may receive, hold and manage  
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33 made and given for the establishment, increase or maintenance of a  
34 free public library within the municipality. Any devise, bequest, or  
35 donation made pursuant to this section shall not be deemed surplus  
36 or transferred by the board of trustees, pursuant to the provisions of  
37 R.S.40:54-15, to the municipality.

38 (cf: R.S.40:54-19)

39

40 3. This act shall take effect immediately and be retroactive to  
41 October 27, 2010.

42

43

44

#### STATEMENT

45

46 This bill would prohibit the board of trustees of a municipal free  
47 library from transferring funds donated to the library to the  
48 municipality served by the library. P.L.2010, c.83 admirably

**S3110 VITALE, GILL**

4

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2 Jersey property taxpayer by requiring a municipal free library to  
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4 municipality for municipal purposes. Excess funds are currently  
5 defined as any funds in excess of 120% of the funds necessary to  
6 meet the library's operating expenses, excluding funds restricted for  
7 capital projects.

8 Many residents of New Jersey have had their lives touched by  
9 libraries and the hard work of the dedicated librarians who serve the  
10 people of this State. Some of these residents generously choose to  
11 donate or bequeath money to a library as thanks for the multitude of  
12 services the library provides. These funds should be dedicated  
13 solely for the use by which they were intended by the donor, the  
14 support and maintenance of the municipal free library. This bill  
15 would ensure that the benevolent intentions of the donor are  
16 respected and the funds they donate continue to be used exclusively  
17 for library purposes.

18 The provisions of this bill are retroactive to October 27, 2010,  
19 the effective date of P.L.2010, c.83.

# SENATE COMMUNITY AND URBAN AFFAIRS COMMITTEE

## STATEMENT TO

### SENATE, No. 3110

# STATE OF NEW JERSEY

DATED: DECEMBER 8, 2011

The Senate Community and Urban Affairs Committee reports favorably Senate Bill No. 3110.

This bill would prohibit the board of trustees of a municipal free library from transferring funds donated to the library to the municipality served by the library. P.L.2010, c.83 admirably sought to provide property tax relief to the overburdened New Jersey property taxpayer by requiring a municipal free library to turn over any excess funds to the municipality for use by the municipality for municipal purposes. Excess funds are currently defined as any funds in excess of 120% of the funds necessary to meet the library's operating expenses, excluding funds restricted for capital projects.

Many residents of New Jersey have had their lives touched by libraries and the hard work of the dedicated librarians who serve the people of this State. Some of these residents generously choose to donate or bequeath money to a library as thanks for the multitude of services the library provides. These funds should be dedicated solely for the use by which they were intended by the donor, the support and maintenance of the municipal free library. This bill would ensure that the benevolent intentions of the donor are respected and the funds they donate continue to be used exclusively for library purposes.

The provisions of this bill are retroactive to October 27, 2010, the effective date of P.L.2010, c.83.