

40A:4-45.30 and 40A:4-45.31

6/9/86

LEGISLATIVE HISTORY CHECKLIST

**NJSA:** 40A:4-45.30 and 40A:4-45.31 ("CAP" Law--local--temporary exemption for certain insurance coverage)

**LAWS OF:** 1986 **CHAPTER:** 3

**BILL NO:** A1797

**Sponsor(s):** Zimmer and others

**Date Introduced:** January 27, 1986

**Committee: Assembly:** Municipal Government  
**Senate:** County and Municipal Government

**Amended during passage:** Yes Substituted for S1739 (not attached since identical to A1797) Amendments during passage denoted by asterisks.

**Date of Passage: Assembly:** February 13, 1986  
**Senate:** March 10, 1986

**Date of Approval:** March 24, 1986

**Following statements are attached if available:**

**Sponsor statement:** Yes Attached: Assembly amendments, adopted 2-10-86 (with statement)

**Committee statement: Assembly** Yes  
**Senate** Yes

**Fiscal Note:** No

**Veto Message:** No

**Message on Signing:** No

**Following were printed:**

**Reports:** No

**Hearings:** No

3 86  
3-24-86  
[SECOND OFFICIAL COPY REPRINT]

ASSEMBLY, No. 1797

STATE OF NEW JERSEY

INTRODUCED JANUARY 27, 1986

By Assemblymen ZIMMER, HAYTAIAN, FRANKS, MARTIN,  
Assemblywoman COOPER, Assemblymen BENNETT, SINGER,  
MORAN, RAFFERTY, ROCCO, DiGAETANO, ZECKER, COL-  
LINS, STUHLTRAGER, AZZOLINA, Assemblywoman SMITH,  
Assemblyman KELLY and Assemblywoman DONOVAN

AN ACT concerning certain appropriations by municipalities and  
counties, supplementing P. L. 1976, c. 68 (C. 40A:4-45.1 et seq.)  
and repealing P. L. 1985, c. 522 (C. ~~40A:4-45.29~~).

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

1 1. Notwithstanding any provisions of P. L. 1976, c. 68 (C.  
2 40A:4-45.1 et seq.) to the contrary, the amounts a municipality is  
3 required to appropriate in **the 1986** *any* local budget  
4 year to fund the cost of providing insurance coverage for the  
5 municipality, its departments, boards, agencies, commissions,  
6 officers and employees, which exceeds the amounts so appropriated  
7 by the municipality for those purposes in the 1985 local budget  
8 **year** *adopted pursuant to N. J. S. 40A:4-10* shall be an  
9 exception to the limitations imposed upon increases in the munici-  
10 pal budget under the provisions of P. L. 1976, c. 68 (C. 40A:4-45.1  
11 et seq.).

1 2. Notwithstanding any provisions of P. L. 1976, c. 68 (C.  
2 40A:4-45.1 et seq.) to the contrary, the amounts a county is re-  
3 quired to appropriate in **the 1986** *any* local budget  
4 **year** *adopted pursuant to N. J. S. 40A:4-10* **year**  
5 to fund the cost of providing insurance coverage for the county,

**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 printed in italics *thus* is new matter.

Matter enclosed in asterisks or stars has been adopted as follows:

\*—Assembly amendments adopted February 10, 1986.

\*\*—Senate committee amendments adopted March 6, 1986.

6 its departments, boards, agencies, commissions, officers and em-  
 7 ployees, which exceeds the amounts so appropriated by the county  
 8 for those purposes in the 1985 local budget **\*\*[year]\*\*** *\*\*adopted*  
 9 *pursuant to N. J. S. 40A:4-10\*\** shall be an exemption to the  
 10 limitations imposed on increases in the county tax levy under  
 11 the provisions of P. L. 1976, c. 68 (C. 40A:4-45.1 et seq.).

1 *\*\*3. a. In the case of a municipality which expended less in*  
 2 *the 1985 local budget year to fund the cost of providing insurance*  
 3 *coverage for the municipality, its departments, boards, agencies,*  
 4 *commissions, officers and employees, that it had appropriated*  
 5 *for that purpose in its 1985 local budget adopted pursuant to*  
 6 *N. J. S. 40A:4-10, the difference between the greater amount it is*  
 7 *required to appropriate in its 1986 budget to fund the cost of pro-*  
 8 *viding such insurance coverage and the lesser amount if expended*  
 9 *for those purposes in the 1985 local budget year shall be an excep-*  
 10 *tion to the limitations imposed upon increases in the municipal*  
 11 *budget under the provisions of P. L. 1976, c. 68 (C. 40A:4-45.1*  
 11A *et seq.).*

12 *b. In the case of a county which expended less in the 1985*  
 13 *local budget year to fund the cost of providing insurance cover-*  
 14 *age for the county, its departments, boards, agencies, commissions,*  
 15 *officers and employees, than it had appropriated for that purpose*  
 16 *in its 1985 local budget adopted pursuant to N. J. S. 40A:4-10,*  
 17 *the difference between the greater amount it is required to appro-*  
 18 *priate in its 1986 budget to fund the cost of providing such*  
 19 *insurance coverage and the lesser amount it expended for those*  
 20 *purposes in the 1985 local budget year shall be an exception to*  
 21 *the limitations imposed on increases in the county tax levy under*  
 22 *the provisions of P. L. 1976, c. 68 (C. 40A:4-45.1 et seq.).\*\**

1 *\*\*[3.]\*\** *\*\*4.\*\** P. L. 1985, c. 522 (C. *\*\*40A:4-45.29\*\**) is re-  
 2 pealed.

1 *\*\*[4.]\*\** *\*\*5.\*\** This act shall take effect immediately, shall be  
 2 retroactive to January 1, 1986 and shall expire *\*\*[December 31,*  
 3 *1986]\*\** *\*\*on the date P. L. 1976, c. 68 (C. 40A:4-45.1 et seq.)*  
 4 *expires\*\*.*

---

#### LOCAL BUDGET AND FINANCE

Provides a temporary "cap" exception for the difference between the amount any county or municipality appropriated in the 1985 local budget year for insurance coverage and the amount it appropriates for that coverage in 1986.

---

**ASSEMBLY, No. 1797**

---

**STATE OF NEW JERSEY**

---

INTRODUCED JANUARY 27, 1986

By Assemblymen ZIMMER, HAYTAIAN, FRANKS, MARTIN,  
Assemblywoman COOPER, Assemblymen BENNETT, SINGER,  
MORAN, RAFFERTY, ROCCO, DiGAETANO, ZECKER, COL-  
LINS, STUHLTRAGER, AZZOLINA, Assemblywoman SMITH,  
Assemblyman KELLY and Assemblywoman DONOVAN

AN ACT concerning certain appropriations by municipalities and  
counties, supplementing P. L. 1976, c. 68 (C. 40A:4-45.1 et seq.)  
and repealing P. L. 1985, c. 522 (C.           ).

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

1    1. Notwithstanding any provisions of P. L. 1976, c. 68 (C.  
2 40A:4-45.1 et seq.) to the contrary, the amounts a municipality is  
3 required to appropriate in the 1986 local budget year to fund the  
4 cost of providing insurance coverage for the municipality, its de-  
5 partments, boards, agencies, commissions, officers and employees,  
6 which exceeds the amounts so appropriated by the municipality  
7 for those purposes in the 1985 local budget year shall be an  
8 exception to the limitations imposed upon increases in the muni-  
9 cipal budget under the provisions of P. L. 1976, c. 68 (C. 40A:4-45.1  
10 et seq.).

1    2. Notwithstanding any provisions of P. L. 1976, c. 68 (C.  
2 40A:4-45.1 et seq.) to the contrary, the amounts a county is re-  
3 quired to appropriate in the 1986 local budget year to fund the cost  
4 of providing insurance coverage for the county, its departments,  
5 boards, agencies, commissions, officers and employees, which exceeds  
6 the amounts so appropriated by the county for those purposes in  
7 the 1985 local budget year shall be an exception to the limitations

8 imposed on increases in the county tax levy under the provisions  
9 of P. L. 1976, c. 68 (C. 40A:4-45.1 et seq.).

1 3. P. L. 1985, c. 522 (C. ) is repealed.

1 4. This act shall take effect immediately, shall be retroactive to  
2 January 1, 1986 and shall expire December 31, 1986.

---

#### STATEMENT

This bill would grant counties and municipalities a temporary one year "cap" exception for the difference between the amounts the local governmental unit appropriated in the 1985 local budget year for insurance coverage and the amounts it is required to appropriate in the 1986 local budget year for insurance coverage.

During the 1985 local budget year, a significant number of New Jersey's counties and municipalities experienced dramatic increases in their insurance costs. In virtually every instance, the increases came after the local unit had adopted its budget. Some local units were able to meet the crisis through emergency appropriations; others were forced to reduce their coverage. There were other local units, however, which were simply unable to pay the increases and, therefore, were forced to cancel their insurance coverage.

To address the crisis, P. L. 1985, c. 522 (C. ) was enacted. That statute granted municipalities a "cap" exception for the difference between the amounts the municipality spent for insurance coverage in the 1985 local budget year and the amount it would have to appropriate in the 1986 local budget year for insurance coverage. Since the dramatic increase in costs occurred during the 1985 local budget year, P. L. 1985, c. 522 provided, at best, minimal relief. Section 3 of this bill, therefore, repeals P. L. 1985, c. 522 (C. ).

---

#### LOCAL BUDGET AND FINANCE

Provides a temporary "cap" exception for the difference between the amount any county or municipality appropriated in the 1985 local budget year for insurance coverage and the amount it appropriates for that coverage in 1986.

---

ASSEMBLY MUNICIPAL GOVERNMENT COMMITTEE  
STATEMENT TO  
**ASSEMBLY, No. 1797**  

---

**STATE OF NEW JERSEY**  

---

DATED: FEBRUARY 3, 1986

The committee reports favorably Assembly Bill No. 1797.

This bill provides a one year "cap" exception to counties and municipalities for the 1986 local budget year in an amount equal to the difference between the amount appropriated for insurance coverage in 1985 and the amount to be appropriated in 1986. In addition, P. L. 1985, c. 522 is repealed.

This bill is being proposed in response to the dramatic increase in insurance costs that occurred in a significant number of New Jersey counties and municipalities in 1985, and the problems that were created because municipalities and counties were only notified of the premium increases after budgets had been adopted.

SENATE COUNTY AND MUNICIPAL GOVERNMENT  
COMMITTEE

STATEMENT TO

**ASSEMBLY, No. 1797**

[OFFICIAL COPY REPRINT]

with Senate committee amendments

---

**STATE OF NEW JERSEY**

---

DATED: MARCH 6, 1986

The Senate County and Municipal Government Committee reports favorably and with amendments Assembly Bill No. 1797 OCR.

Assembly Bill No. 1797 OCR Sea provides a cap exception for amounts appropriated by counties and municipalities for insurance coverage and repeals the provisions of P. L. 1985, c. 522 (C. 40A:4-45.29).

Currently, the provisions of P. L. 1985, c. 522 permit a municipality to except the amount expended to cover an increase in insurance premiums over the preceding year. Any amount excepted is then "added-on" to the appropriations base for the following year prior to the determination of the allowable increase of the appropriations base.

This amended bill permits counties and municipalities to take a cap exception for the difference between the amount appropriated for insurance coverage in any local budget year and the amount appropriated in 1985. In addition, P. L. 1985, c. 522 is repealed.

The amended bill further provides that the cap exception would expire when the "cap" law expires. Currently, the law will expire on December 31, 1986. However, if the law is extended, this cap exception would expire on December 31, 1986. With the amendments, the cap exception would expire with the expiration of the cap law.

Finally, the amended bill permits a county or municipality which expended less for insurance costs in 1985 than was appropriated in 1985 to take a cap exception for the difference between the amount appropriated in 1986 for insurance costs and the amount expended in 1985.

The amended bill is identical to Senate Bill No. 1739 Sca.

ADOPTED  
Feb 10, 1986

FEB

ASSEMBLY Bill No. 1797 (typed version)  
to  
(Sponsored by Assemblyman Zimmer)

Amend:

Page	Sec.	Line	
1	1	7	Omit "year" insert "adopted pursuant to N.J.S. 40A:4-10"
1	2	7	Omit "year" insert "adopted pursuant to N.J.S. 40A:4-10"

STATEMENT

The purpose of these Assembly Amendments is to clarify that the appropriations referred to in the bill mean the amounts appropriated by the local unit in its annual budget, not any amounts subsequently appropriated by the local unit for insurance costs by the adoption of "emergency appropriations" pursuant to N.J.S. 40A:4-46.