



<b>TECHNICAL REVIEW OF BILL:</b>	No	
<b>COMMITTEE STATEMENT:</b>	<b>ASSEMBLY:</b>	Yes State & Local Government Appropriations
	<b>SENATE:</b>	No

(Audio archived recordings of the committee meetings, corresponding to the date of the committee statement, *may possibly* be found at [www.njleg.state.nj.us](http://www.njleg.state.nj.us))

<b>FLOOR AMENDMENT STATEMENT:</b>	No
<b>LEGISLATIVE FISCAL ESTIMATE:</b>	Yes
<b>VETO MESSAGE:</b>	No
<b>GOVERNOR'S PRESS RELEASE ON SIGNING:</b>	Yes

**FOLLOWING WERE PRINTED:**

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<b>REPORTS:</b>	No
<b>HEARINGS:</b>	No
<b>NEWSPAPER ARTICLES:</b>	No

CL/MM

P.L. 2024, CHAPTER 8, *approved April 11, 2024*  
Senate, No. 2969 (*Second Reprint*)

1 AN ACT concerning the effects of the debt service exclusion from  
2 the county property tax levy and amending P.L.1976, c.68 <sup>2</sup>,  
3 P.L.1994, c.100, and P.L.2007, c.62<sup>2</sup>.  
4

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

8 1. Section 4 of P.L.1976, c.68 (C.40A:4-45.4) is amended to  
9 read as follows:

10 4. In the preparation of its budget, a county may not increase  
11 the county tax levy to be apportioned among its constituent  
12 municipalities in excess of 2.5% or the cost-of-living adjustment,  
13 whichever is less, of the previous year's county tax levy, subject to  
14 the following exceptions:

15 a. The amount of revenue generated by the increase in  
16 valuations within the county, based solely on applying the  
17 preceding year's county tax rate to the apportionment valuation of  
18 new construction or improvements within the county, and such  
19 increase shall be levied in direct proportion to said valuation;

20 b. Capital expenditures, including appropriations for current  
21 capital expenditures, whether in the capital improvement fund or as  
22 a component of a line item elsewhere in the budget, provided that  
23 any such current capital expenditures would be otherwise bondable  
24 under the requirements of N.J.S.40A:2-21 and 40A:2-22;

25 c. (1) An increase based upon emergency temporary  
26 appropriations made pursuant to N.J.S.40A:4-20 to meet an urgent  
27 situation or event which immediately endangers the health, safety or  
28 property of the residents of the county, and over which the  
29 governing body had no control and for which it could not plan and  
30 emergency appropriations made pursuant to N.J.S.40A:4-46.  
31 Emergency temporary appropriations and emergency appropriations  
32 shall be approved by at least two-thirds of the governing body and  
33 by the Director of the Division of Local Government Services, and  
34 shall not exceed in the aggregate 3% of the previous year's final  
35 current operating appropriations.

36 (2) (Deleted by amendment, P.L.1990, c.89.)

37 The approval procedure in this subsection shall not apply to  
38 appropriations adopted for a purpose referred to in subsection d. or  
39 f. below;

**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 SBA committee amendments adopted March 11, 2024.

<sup>2</sup>Assembly floor amendments adopted March 18, 2024.

- 1 d. All debt service, except as otherwise provided in this  
2 section;
- 3 e. (Deleted by amendment, P.L.1990, c.89.)
- 4 f. Amounts required to be paid pursuant to (1) any contract  
5 with respect to use, service or provision of any project, facility or  
6 public improvement for water, sewerage, parking, senior citizen  
7 housing or any similar purpose, or payments on account of debt  
8 service therefor, between a county and any other county,  
9 municipality, school or other district, agency, authority,  
10 commission, instrumentality, public corporation, body corporate  
11 and politic or political subdivision of this State; and (2) any lease of  
12 a facility owned by a county improvement authority when the lease  
13 payment represents the proportionate amount necessary to amortize  
14 the debt incurred by the authority in providing the facility which is  
15 leased, in whole or in part;
- 16 g. That portion of the county tax levy which represents funding  
17 to participate in any federal or State aid program and amounts  
18 received or to be received from federal, State or other funds in  
19 reimbursement for local expenditures. If a county provides  
20 matching funds in order to receive the federal or State or other  
21 funds, only the amount of the match which is required by law or  
22 agreement to be provided by the county shall be excepted;
- 23 h. (Deleted by amendment, P.L.1987, c.74.)
- 24 i. (Deleted by amendment, P.L.1990, c.89.)
- 25 j. (Deleted by amendment, P.L.1990, c.89.)
- 26 k. (Deleted by amendment, P.L.1990, c.89.)
- 27 l. (Deleted by amendment, P.L.2004, c.74.)
- 28 m. (Deleted by amendment, P.L.1990, c.89.)
- 29 n. (Deleted by amendment, P.L.1990, c.89.)
- 30 o. (Deleted by amendment, P.L.1990, c.89.)
- 31 p. Extraordinary expenses, approved by the Local Finance  
32 Board, required for the implementation of an interlocal services  
33 agreement;
- 34 q. Any expenditure mandated as a result of a natural disaster,  
35 civil disturbance or other emergency that is specifically authorized  
36 pursuant to a declaration of an emergency by the President of the  
37 United States or by the Governor;
- 38 r. Expenditures for the cost of services mandated by any order  
39 of court, by any federal or State statute, or by administrative rule,  
40 directive, order, or other legally binding device issued by a State  
41 agency which has identified such cost as mandated expenditures on  
42 certification to the Local Finance Board by the State agency;
- 43 s. That portion of the county tax levy which represents funding  
44 to a county college in excess of the county tax levy required to fund  
45 the county college in local budget year 1992;
- 46 t. (Deleted by amendment, P.L.2004, c.74.)
- 47 u. Expenditures for the administration of general public  
48 assistance pursuant to P.L.1995, c.259 (C.40A:4-6.1 et al.);

1 v. Amounts in a separate line item of a county budget that are  
2 expended on tick-borne disease vector management activities  
3 undertaken pursuant to P.L.1997, c.52 (C.26:2P-7 et al.);

4 w. Amounts expended by a county under an interlocal services  
5 agreement entered into pursuant to the "Interlocal Services Act,"  
6 P.L.1973, c.208 (C.40:8A-1 et al.) entered into after the effective  
7 date of P.L.2000, c.126 (C.52:13H-21 et al.) or amounts expended  
8 under a joint contract pursuant to the "Consolidated Municipal  
9 Service Act," P.L.1952, c.72 (C.40:48B-1 et seq.) entered into after  
10 the effective date of P.L.2000, c.126 (C.52:13H-21 et al.);

11 x. Amounts appropriated in the first three years after the  
12 effective date of P.L.2003, c.92 (C.18A:7F-5b et al.) for liability  
13 insurance, workers' compensation insurance and employee group  
14 insurance;

15 y. Amounts appropriated in the first three years after the  
16 effective date of P.L.2003, c.92 (C.18A:7F-5b et al.) for costs of  
17 domestic security preparedness and responses to incidents and  
18 threats to domestic security;

19 z. Expenditures of amounts received pursuant to section 5 of  
20 P.L.1981, c.278 (C.13:1E-96).

21 In the first full year where an existing appropriation or  
22 expenditure that is subject to budget limitations is made an  
23 exception to budget limitations, a county shall deduct from its final  
24 appropriations upon which its permissible expenditures are  
25 calculated pursuant to section 2 of P.L.1976, c.68 (C.40A:4-45.2)  
26 the amount which the county expended for that purpose during the  
27 last full budget year, or portion thereof, in which the purpose so  
28 excepted was funded from appropriations in the county budget.

29 In the first full year where an existing appropriation or  
30 expenditure that is not subject to budget limitations is made subject  
31 to budget limitations, a county shall add to its final appropriations  
32 upon which its permissible expenditures are calculated pursuant to  
33 section 2 of P.L.1976, c.68 (C.40A:4-45.2) the amount which the  
34 county expended for that purpose during the last full budget year, or  
35 portion thereof, in which the purpose so excepted was funded from  
36 appropriations in the county budget.

37 <sup>1</sup>[In] Notwithstanding the provisions of section 10 of P.L.2007,  
38 c.62 (C.40A:4-45.45) to the contrary, after a county has made the  
39 determination to prepare its budget under the property taxation  
40 limitations of section 4 of P.L.1976, c.68 (C.40A:4-45.4), pursuant  
41 to paragraph (1) of subsection a. of section 10 of P.L.2007, c.62  
42 (C.40A:4-45.45), then in<sup>1</sup> any <sup>1</sup>such<sup>1</sup> local budget year <sup>1</sup>[in which]  
43 , if<sup>1</sup> a county's appropriations for debt service are less than the prior  
44 year's appropriations for debt service, which amounts are  
45 exceptions to the 2.5% county tax levy increase limitation pursuant  
46 to this section, <sup>1</sup>then<sup>1</sup> the county's maximum permissible tax levy  
47 <sup>1</sup>for that local budget year<sup>1</sup> shall <sup>2</sup>not<sup>2</sup> be <sup>2</sup>[increased] reduced<sup>2</sup> by

1 the amount of the difference in appropriations for debt service  
2 between the two local budget years <sup>2</sup>], plus that amount multiplied  
3 by the average predominant prime rate, as determined by the Board  
4 of Governors of the Federal Reserve System, quoted by commercial  
5 banks to large businesses as of the first business day of the calendar  
6 quarter within which the local budget is finalized, which amount  
7 may be designated for other purposes <sup>2</sup>.

8 (cf: P.L.2007, c.311, s.18)

9  
10 <sup>2</sup>2. Section 2 of P.L.1994, c.100 (C.40A:4-45.15b) is amended  
11 to read as follows:

12 2. a. (Deleted by amendment, P.L.2004, c.74.)

13 b. Notwithstanding any provisions of P.L.1976, c.68 (C.40A:4-  
14 45.1 et seq.) to the contrary, a county, which, for any local budget  
15 year beginning on or after January 1, 2005 for which the cost-of-  
16 living adjustment is equal to or less than 2.5%, increases its final  
17 appropriations or county tax levy in an amount less than 3.5%, shall  
18 be permitted, after adoption of a resolution by the governing body,  
19 to appropriate the difference between the amount of its actual final  
20 appropriations or county tax levy and the 3.5% percentage rate, as  
21 an exception to its final appropriations or county tax levy in either  
22 of the next two succeeding years. In the year immediately  
23 following the year in which the amount of difference is so  
24 appropriated, the amount of difference shall be added to the final  
25 appropriations or county tax levy of the preceding year for the  
26 purposes of section 2 of P.L.1976, c.68 (C.40A:4-45.2).

27 c. Notwithstanding any provision to the contrary, a county may  
28 add to its adjusted tax levy the greater of the amount authorized  
29 pursuant to subsection b. of this section or the amount of the  
30 difference between the maximum allowable amount to be raised by  
31 the county purposes tax and the actual amount to be raised by the  
32 county purposes tax accumulated pursuant to paragraph (2) of  
33 subsection a. of section 10 of P.L.2007, c.62 (C.40A:4-45.45). <sup>2</sup>

34 (cf: P.L.2004, c.74, s.10)

35  
36 <sup>2</sup>3. Section 10 of P.L.2007, c.62 (C.40A:4-45.45) is amended to  
37 read as follows:

38 10. a. (1) In the preparation of its budget the amount to be  
39 raised by taxation by a local unit shall not exceed, except as  
40 provided in paragraph (2) of this subsection, the sum of new  
41 ratables, the adjusted tax levy, and the total of waivers approved  
42 pursuant to section 11 of P.L.2007, c.62 (C.40A:4-45.46); provided,  
43 however, that in the case of a county, the amount to be raised by  
44 taxation shall not exceed the amount permitted by section 4 of  
45 P.L.1976, c.68 (C.40A:4-45.4).

46 (2) A local unit that has not been granted approval for a waiver  
47 pursuant to section 11 of P.L.2007, c.62 (C.40A:4-45.46), may add

1 to its adjusted tax levy in any one of the next three succeeding  
2 years, the amount of the difference between the maximum  
3 allowable amount to be raised by taxation or county purposes tax,  
4 as applicable, for the current local budget year pursuant to  
5 paragraph (1) of this subsection and the actual amount to be raised  
6 by taxation or county purposes tax, as applicable, for the current  
7 local budget year.

8 (3) Notwithstanding any provision to the contrary, a county may  
9 add to its adjusted tax levy the greater of the amount authorized  
10 pursuant to paragraph (2) of subsection a. of this section or the  
11 amount of the difference between the amount of its county tax levy  
12 and the 3.5% percentage rate accumulated pursuant to subsection b.  
13 of section 2 of P.L.1994, c.100 (C.40A:4-45.15b).

14 b. The following exclusions shall be added to the calculation of  
15 the adjusted tax levy:

16 increases in amounts required to be raised by taxation for capital  
17 expenditures, including debt service as defined by law; increases in  
18 pension contributions and accrued liability for pension  
19 contributions in excess of 2.0%; increases in health care costs equal  
20 to that portion of the actual increase in total health care costs for the  
21 budget year that is in excess of 2.0% of the total health care costs in  
22 the prior year, but is not in excess of the product of the total health  
23 care costs in the prior year and the average percentage increase of  
24 the State Health Benefits Program, P.L.1961, c.49 (C.52:14-17.25 et  
25 seq.), as annually determined by the Division of Pensions and  
26 Benefits in the Department of the Treasury; and extraordinary costs  
27 incurred by a local unit directly related to a declared emergency, as  
28 defined by regulation promulgated by the Commissioner of the  
29 Department of Community Affairs, in consultation with the  
30 Commissioner of Education, as appropriate.

31 If there are no exclusions, then the amount of the difference shall  
32 reduce the adjusted tax levy by that amount. Any cancelled or  
33 unexpended appropriation for any exclusion pursuant to this  
34 subsection or waiver pursuant to section 11 of P.L.2007, c.62  
35 (C.40A:4-45.46), also shall be deducted from the sum of the  
36 exclusions listed in this subsection or directly reduce the adjusted  
37 tax levy if there are no exclusions.<sup>2</sup>

38 (cf: P.L.2010, c.44, s.9)

39

40 <sup>2</sup>**[2.] 4.**<sup>2</sup> This act shall take effect immediately and shall apply  
41 to any local budget year beginning on or after January 1, 2024.

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46 Provides counties discretion related to retirement of county debt  
47 service and amount that can be raised under property tax levy cap.

## CHAPTER 8

**AN ACT** concerning the effects of the debt service exclusion from the county property tax levy and amending P.L.1976, c.68, P.L.1994, c.100, and P.L.2007, c.62.

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

1. Section 4 of P.L.1976, c.68 (C.40A:4-45.4) is amended to read as follows:

C.40A:4-45.4 Limitation on increase in county tax levies over previous year; exceptions.

4. In the preparation of its budget, a county may not increase the county tax levy to be apportioned among its constituent municipalities in excess of 2.5% or the cost-of-living adjustment, whichever is less, of the previous year's county tax levy, subject to the following exceptions:

a. The amount of revenue generated by the increase in valuations within the county, based solely on applying the preceding year's county tax rate to the apportionment valuation of new construction or improvements within the county, and such increase shall be levied in direct proportion to said valuation;

b. Capital expenditures, including appropriations for current capital expenditures, whether in the capital improvement fund or as a component of a line item elsewhere in the budget, provided that any such current capital expenditures would be otherwise bondable under the requirements of N.J.S.40A:2-21 and 40A:2-22;

c. (1) An increase based upon emergency temporary appropriations made pursuant to N.J.S.40A:4-20 to meet an urgent situation or event which immediately endangers the health, safety or property of the residents of the county, and over which the governing body had no control and for which it could not plan and emergency appropriations made pursuant to N.J.S.40A:4-46. Emergency temporary appropriations and emergency appropriations shall be approved by at least two-thirds of the governing body and by the Director of the Division of Local Government Services, and shall not exceed in the aggregate 3% of the previous year's final current operating appropriations.

(2) (Deleted by amendment, P.L.1990, c.89.)

The approval procedure in this subsection shall not apply to appropriations adopted for a purpose referred to in subsection d. or f. below;

d. All debt service, except as otherwise provided in this section;

e. (Deleted by amendment, P.L.1990, c.89.)

f. Amounts required to be paid pursuant to (1) any contract with respect to use, service or provision of any project, facility or public improvement for water, sewerage, parking, senior citizen housing or any similar purpose, or payments on account of debt service therefor, between a county and any other county, municipality, school or other district, agency, authority, commission, instrumentality, public corporation, body corporate and politic or political subdivision of this State; and (2) any lease of a facility owned by a county improvement authority when the lease payment represents the proportionate amount necessary to amortize the debt incurred by the authority in providing the facility which is leased, in whole or in part;

g. That portion of the county tax levy which represents funding to participate in any federal or State aid program and amounts received or to be received from federal, State or other funds in reimbursement for local expenditures. If a county provides matching funds in order to receive the federal or State or other funds, only the amount of the match which is required by law or agreement to be provided by the county shall be excepted;

h. (Deleted by amendment, P.L.1987, c.74.)

- i. (Deleted by amendment, P.L.1990, c.89.)
- j. (Deleted by amendment, P.L.1990, c.89.)
- k. (Deleted by amendment, P.L.1990, c.89.)
- l. (Deleted by amendment, P.L.2004, c.74.)
- m. (Deleted by amendment, P.L.1990, c.89.)
- n. (Deleted by amendment, P.L.1990, c.89.)
- o. (Deleted by amendment, P.L.1990, c.89.)
- p. Extraordinary expenses, approved by the Local Finance Board, required for the implementation of an interlocal services agreement;
- q. Any expenditure mandated as a result of a natural disaster, civil disturbance or other emergency that is specifically authorized pursuant to a declaration of an emergency by the President of the United States or by the Governor;
- r. Expenditures for the cost of services mandated by any order of court, by any federal or State statute, or by administrative rule, directive, order, or other legally binding device issued by a State agency which has identified such cost as mandated expenditures on certification to the Local Finance Board by the State agency;
- s. That portion of the county tax levy which represents funding to a county college in excess of the county tax levy required to fund the county college in local budget year 1992;
- t. (Deleted by amendment, P.L.2004, c.74.)
- u. Expenditures for the administration of general public assistance pursuant to P.L.1995, c.259 (C.40A:4-6.1 et al.);
- v. Amounts in a separate line item of a county budget that are expended on tick-borne disease vector management activities undertaken pursuant to P.L.1997, c.52 (C.26:2P-7 et al.);
- w. Amounts expended by a county under an interlocal services agreement entered into pursuant to the "Interlocal Services Act," P.L.1973, c.208 (C.40:8A-1 et al.) entered into after the effective date of P.L.2000, c.126 (C.52:13H-21 et al.) or amounts expended under a joint contract pursuant to the "Consolidated Municipal Service Act," P.L.1952, c.72 (C.40:48B-1 et seq.) entered into after the effective date of P.L.2000, c.126 (C.52:13H-21 et al.);
- x. Amounts appropriated in the first three years after the effective date of P.L.2003, c.92 (C.18A:7F-5b et al.) for liability insurance, workers' compensation insurance and employee group insurance;
- y. Amounts appropriated in the first three years after the effective date of P.L.2003, c.92 (C.18A:7F-5b et al.) for costs of domestic security preparedness and responses to incidents and threats to domestic security;
- z. Expenditures of amounts received pursuant to section 5 of P.L.1981, c.278 (C.13:1E-96).  
In the first full year where an existing appropriation or expenditure that is subject to budget limitations is made an exception to budget limitations, a county shall deduct from its final appropriations upon which its permissible expenditures are calculated pursuant to section 2 of P.L.1976, c.68 (C.40A:4-45.2) the amount which the county expended for that purpose during the last full budget year, or portion thereof, in which the purpose so excepted was funded from appropriations in the county budget.  
In the first full year where an existing appropriation or expenditure that is not subject to budget limitations is made subject to budget limitations, a county shall add to its final appropriations upon which its permissible expenditures are calculated pursuant to section 2 of P.L.1976, c.68 (C.40A:4-45.2) the amount which the county expended for that purpose during the last full budget year, or portion thereof, in which the purpose so excepted was funded from appropriations in the county budget.

Notwithstanding the provisions of section 10 of P.L.2007, c.62 (C.40A:4-45.45) to the contrary, after a county has made the determination to prepare its budget under the property taxation limitations of section 4 of P.L.1976, c.68 (C.40A:4-45.4), pursuant to paragraph (1) of subsection a. of section 10 of P.L.2007, c.62 (C.40A:4-45.45), then in any such local budget year, if a county's appropriations for debt service are less than the prior year's appropriations for debt service, which amounts are exceptions to the 2.5% county tax levy increase limitation pursuant to this section, then the county's maximum permissible tax levy for that local budget year shall not be reduced by the amount of the difference in appropriations for debt service between the two local budget years.

2. Section 2 of P.L.1994, c.100 (C.40A:4-45.15b) is amended to read as follows:

C.40A:4-45.15b County permitted certain final appropriations, county tax levy.

2. a. (Deleted by amendment, P.L.2004, c.74.)

b. Notwithstanding any provisions of P.L.1976, c.68 (C.40A:4-45.1 et seq.) to the contrary, a county, which, for any local budget year beginning on or after January 1, 2005 for which the cost-of-living adjustment is equal to or less than 2.5%, increases its final appropriations or county tax levy in an amount less than 3.5%, shall be permitted, after adoption of a resolution by the governing body, to appropriate the difference between the amount of its actual final appropriations or county tax levy and the 3.5% percentage rate, as an exception to its final appropriations or county tax levy in either of the next two succeeding years. In the year immediately following the year in which the amount of difference is so appropriated, the amount of difference shall be added to the final appropriations or county tax levy of the preceding year for the purposes of section 2 of P.L.1976, c.68 (C.40A:4-45.2).

c. Notwithstanding any provision to the contrary, a county may add to its adjusted tax levy the greater of the amount authorized pursuant to subsection b. of this section or the amount of the difference between the maximum allowable amount to be raised by the county purposes tax and the actual amount to be raised by the county purposes tax accumulated pursuant to paragraph (2) of subsection a. of section 10 of P.L.2007, c.62 (C.40A:4-45.45).

3. Section 10 of P.L.2007, c.62 (C.40A:4-45.45) is amended to read as follows:

C.40A:4-45.45 Cap on calculation of adjusted tax levy by local unit; exclusions.

10. a. (1) In the preparation of its budget the amount to be raised by taxation by a local unit shall not exceed, except as provided in paragraph (2) of this subsection, the sum of new ratables, the adjusted tax levy, and the total of waivers approved pursuant to section 11 of P.L.2007, c.62 (C.40A:4-45.46); provided, however, that in the case of a county, the amount to be raised by taxation shall not exceed the amount permitted by section 4 of P.L.1976, c.68 (C.40A:4-45.4).

(2) A local unit that has not been granted approval for a waiver pursuant to section 11 of P.L.2007, c.62 (C.40A:4-45.46), may add to its adjusted tax levy in any one of the next three succeeding years, the amount of the difference between the maximum allowable amount to be raised by taxation or county purposes tax, as applicable, for the current local budget year pursuant to paragraph (1) of this subsection and the actual amount to be raised by taxation or county purposes tax, as applicable, for the current local budget year.

(3) Notwithstanding any provision to the contrary, a county may add to its adjusted tax levy the greater of the amount authorized pursuant to paragraph (2) of subsection a. of this section or the amount of the difference between the amount of its county tax levy and the 3.5%

percentage rate accumulated pursuant to subsection b. of section 2 of P.L.1994, c.100 (C.40A:4-45.15b).

b. The following exclusions shall be added to the calculation of the adjusted tax levy:

increases in amounts required to be raised by taxation for capital expenditures, including debt service as defined by law; increases in pension contributions and accrued liability for pension contributions in excess of 2.0%; increases in health care costs equal to that portion of the actual increase in total health care costs for the budget year that is in excess of 2.0% of the total health care costs in the prior year, but is not in excess of the product of the total health care costs in the prior year and the average percentage increase of the State Health Benefits Program, P.L.1961, c.49 (C.52:14-17.25 et seq.), as annually determined by the Division of Pensions and Benefits in the Department of the Treasury; and extraordinary costs incurred by a local unit directly related to a declared emergency, as defined by regulation promulgated by the Commissioner of the Department of Community Affairs, in consultation with the Commissioner of Education, as appropriate.

If there are no exclusions, then the amount of the difference shall reduce the adjusted tax levy by that amount. Any cancelled or unexpended appropriation for any exclusion pursuant to this subsection or waiver pursuant to section 11 of P.L.2007, c.62 (C.40A:4-45.46), also shall be deducted from the sum of the exclusions listed in this subsection or directly reduce the adjusted tax levy if there are no exclusions.

4. This act shall take effect immediately and shall apply to any local budget year beginning on or after January 1, 2024.

Approved April 11, 2024.

**SENATE, No. 2969**

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**STATE OF NEW JERSEY**

**221st LEGISLATURE**

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INTRODUCED MARCH 4, 2024

**Sponsored by:**

**Senator PAUL A. SARLO**

**District 36 (Bergen and Passaic)**

**Senator M. TERESA RUIZ**

**District 29 (Essex and Hudson)**

**SYNOPSIS**

Provides counties discretion related to retirement of county debt service and amount that can be raised under property tax levy cap.

**CURRENT VERSION OF TEXT**

As introduced.



1 AN ACT concerning the effects of the debt service exclusion from  
2 the county property tax levy and amending P.L.1976, c.68.

3

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

6

7 1. Section 4 of P.L.1976, c.68 (C.40A:4-45.4) is amended to  
8 read as follows:

9 4. In the preparation of its budget, a county may not increase  
10 the county tax levy to be apportioned among its constituent  
11 municipalities in excess of 2.5% or the cost-of-living adjustment,  
12 whichever is less, of the previous year's county tax levy, subject to  
13 the following exceptions:

14 a. The amount of revenue generated by the increase in  
15 valuations within the county, based solely on applying the  
16 preceding year's county tax rate to the apportionment valuation of  
17 new construction or improvements within the county, and such  
18 increase shall be levied in direct proportion to said valuation;

19 b. Capital expenditures, including appropriations for current  
20 capital expenditures, whether in the capital improvement fund or as  
21 a component of a line item elsewhere in the budget, provided that  
22 any such current capital expenditures would be otherwise bondable  
23 under the requirements of N.J.S.40A:2-21 and 40A:2-22;

24 c. (1) An increase based upon emergency temporary  
25 appropriations made pursuant to N.J.S.40A:4-20 to meet an urgent  
26 situation or event which immediately endangers the health, safety or  
27 property of the residents of the county, and over which the  
28 governing body had no control and for which it could not plan and  
29 emergency appropriations made pursuant to N.J.S.40A:4-46.  
30 Emergency temporary appropriations and emergency appropriations  
31 shall be approved by at least two-thirds of the governing body and  
32 by the Director of the Division of Local Government Services, and  
33 shall not exceed in the aggregate 3% of the previous year's final  
34 current operating appropriations.

35 (2) (Deleted by amendment, P.L.1990, c.89.)

36 The approval procedure in this subsection shall not apply to  
37 appropriations adopted for a purpose referred to in subsection d. or  
38 f. below;

39 d. All debt service, except as otherwise provided in this  
40 section;

41 e. (Deleted by amendment, P.L.1990, c.89.)

42 f. Amounts required to be paid pursuant to (1) any contract  
43 with respect to use, service or provision of any project, facility or  
44 public improvement for water, sewerage, parking, senior citizen  
45 housing or any similar purpose, or payments on account of debt

**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 service therefor, between a county and any other county,  
2 municipality, school or other district, agency, authority,  
3 commission, instrumentality, public corporation, body corporate  
4 and politic or political subdivision of this State; and (2) any lease of  
5 a facility owned by a county improvement authority when the lease  
6 payment represents the proportionate amount necessary to amortize  
7 the debt incurred by the authority in providing the facility which is  
8 leased, in whole or in part;
- 9 g. That portion of the county tax levy which represents funding  
10 to participate in any federal or State aid program and amounts  
11 received or to be received from federal, State or other funds in  
12 reimbursement for local expenditures. If a county provides  
13 matching funds in order to receive the federal or State or other  
14 funds, only the amount of the match which is required by law or  
15 agreement to be provided by the county shall be excepted;
- 16 h. (Deleted by amendment, P.L.1987, c.74.)
- 17 i. (Deleted by amendment, P.L.1990, c.89.)
- 18 j. (Deleted by amendment, P.L.1990, c.89.)
- 19 k. (Deleted by amendment, P.L.1990, c.89.)
- 20 l. (Deleted by amendment, P.L.2004, c.74.)
- 21 m. (Deleted by amendment, P.L.1990, c.89.)
- 22 n. (Deleted by amendment, P.L.1990, c.89.)
- 23 o. (Deleted by amendment, P.L.1990, c.89.)
- 24 p. Extraordinary expenses, approved by the Local Finance  
25 Board, required for the implementation of an interlocal services  
26 agreement;
- 27 q. Any expenditure mandated as a result of a natural disaster,  
28 civil disturbance or other emergency that is specifically authorized  
29 pursuant to a declaration of an emergency by the President of the  
30 United States or by the Governor;
- 31 r. Expenditures for the cost of services mandated by any order  
32 of court, by any federal or State statute, or by administrative rule,  
33 directive, order, or other legally binding device issued by a State  
34 agency which has identified such cost as mandated expenditures on  
35 certification to the Local Finance Board by the State agency;
- 36 s. That portion of the county tax levy which represents funding  
37 to a county college in excess of the county tax levy required to fund  
38 the county college in local budget year 1992;
- 39 t. (Deleted by amendment, P.L.2004, c.74.)
- 40 u. Expenditures for the administration of general public  
41 assistance pursuant to P.L.1995, c.259 (C.40A:4-6.1 et al.);
- 42 v. Amounts in a separate line item of a county budget that are  
43 expended on tick-borne disease vector management activities  
44 undertaken pursuant to P.L.1997, c.52 (C.26:2P-7 et al.);
- 45 w. Amounts expended by a county under an interlocal services  
46 agreement entered into pursuant to the "Interlocal Services Act,"

1 P.L.1973, c.208 (C.40:8A-1 et al.) entered into after the effective  
2 date of P.L.2000, c.126 (C.52:13H-21 et al.) or amounts expended  
3 under a joint contract pursuant to the "Consolidated Municipal  
4 Service Act," P.L.1952, c.72 (C.40:48B-1 et seq.) entered into after  
5 the effective date of P.L.2000, c.126 (C.52:13H-21 et al.);

6 x. Amounts appropriated in the first three years after the  
7 effective date of P.L.2003, c.92 (C.18A:7F-5b et al.) for liability  
8 insurance, workers' compensation insurance and employee group  
9 insurance;

10 y. Amounts appropriated in the first three years after the  
11 effective date of P.L.2003, c.92 (C.18A:7F-5b et al.) for costs of  
12 domestic security preparedness and responses to incidents and  
13 threats to domestic security;

14 z. Expenditures of amounts received pursuant to section 5 of  
15 P.L.1981, c.278 (C.13:1E-96).

16 In the first full year where an existing appropriation or  
17 expenditure that is subject to budget limitations is made an  
18 exception to budget limitations, a county shall deduct from its final  
19 appropriations upon which its permissible expenditures are  
20 calculated pursuant to section 2 of P.L.1976, c.68 (C.40A:4-45.2)  
21 the amount which the county expended for that purpose during the  
22 last full budget year, or portion thereof, in which the purpose so  
23 excepted was funded from appropriations in the county budget.

24 In the first full year where an existing appropriation or  
25 expenditure that is not subject to budget limitations is made subject  
26 to budget limitations, a county shall add to its final appropriations  
27 upon which its permissible expenditures are calculated pursuant to  
28 section 2 of P.L.1976, c.68 (C.40A:4-45.2) the amount which the  
29 county expended for that purpose during the last full budget year, or  
30 portion thereof, in which the purpose so excepted was funded from  
31 appropriations in the county budget.

32 In any local budget year in which a county's appropriations for  
33 debt service are less than the prior year's appropriations for debt  
34 service, which amounts are exceptions to the 2.5% county tax levy  
35 increase limitation pursuant to this section, the county's maximum  
36 permissible tax levy shall be increased by the amount of the  
37 difference in appropriations for debt service between the two local  
38 budget years, plus that amount multiplied by the average  
39 predominant prime rate, as determined by the Board of Governors  
40 of the Federal Reserve System, quoted by commercial banks to  
41 large businesses as of the first business day of the calendar quarter  
42 within which the local budget is finalized, which amount may be  
43 designated for other purposes.

44  
45 2. This act shall take effect immediately and shall apply to any  
46 local budget year beginning on or after January 1, 2024.

STATEMENT

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This bill amends the 1977 local budget cap law, P.L.1976, c.68 (C.40A:4-45 et seq.) to stipulate that, under the county property tax levy cap, the retirement of debt by a county would not result in a decrease in the amount that could be raised through property taxes in a local budget year.

Debt service is an exception to the 2.5 percent property tax levy cap. Under current law, upon retiring debts, a county loses taxing authority that was previously available for debt service. The bill would make those amounts and additional amounts available for other uses by raising the maximum permissible county tax levy by the amount of the difference in debt service appropriations over the prior year multiplied by the average predominant prime rate, as determined by the Board of Governors of the Federal Reserve System, quoted by commercial banks to large businesses as of the first business day of the calendar quarter within which the local budget is finalized. The bill would thereby encourage counties to responsibly pay off existing debt, by removing the incentive under current law to maintain current debt levels, by either acquiring more debt or avoiding paying off existing debts.

[First Reprint]

**SENATE, No. 2969**

**STATE OF NEW JERSEY**  
**221st LEGISLATURE**

INTRODUCED MARCH 4, 2024

**Sponsored by:**

**Senator PAUL A. SARLO**

**District 36 (Bergen and Passaic)**

**Senator M. TERESA RUIZ**

**District 29 (Essex and Hudson)**

**Assemblywoman ELIANA PINTOR MARIN**

**District 29 (Essex and Hudson)**

**Co-Sponsored by:**

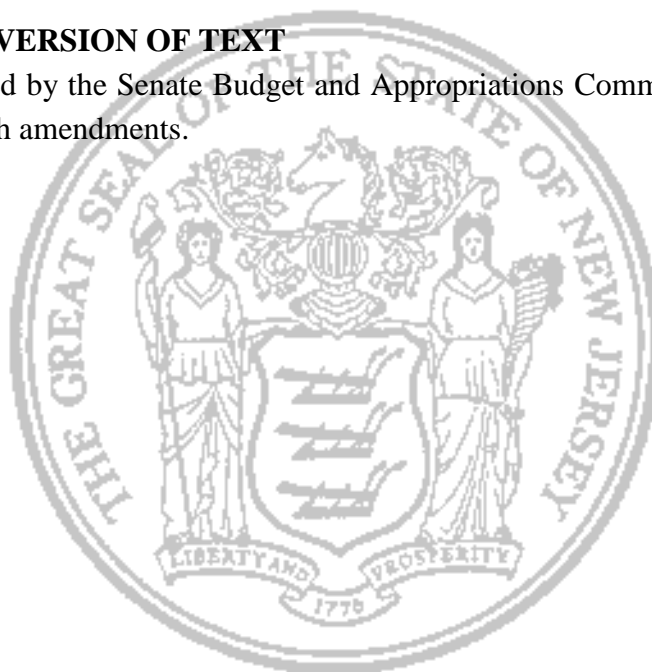
**Assemblywoman Reynolds-Jackson**

**SYNOPSIS**

Provides counties discretion related to retirement of county debt service and amount that can be raised under property tax levy cap.

**CURRENT VERSION OF TEXT**

As reported by the Senate Budget and Appropriations Committee on March 11, 2024, with amendments.



**(Sponsorship Updated As Of: 3/18/2024)**

1 AN ACT concerning the effects of the debt service exclusion from  
2 the county property tax levy and amending P.L.1976, c.68.

3

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

6

7 1. Section 4 of P.L.1976, c.68 (C.40A:4-45.4) is amended to  
8 read as follows:

9 4. In the preparation of its budget, a county may not increase  
10 the county tax levy to be apportioned among its constituent  
11 municipalities in excess of 2.5% or the cost-of-living adjustment,  
12 whichever is less, of the previous year's county tax levy, subject to  
13 the following exceptions:

14 a. The amount of revenue generated by the increase in  
15 valuations within the county, based solely on applying the  
16 preceding year's county tax rate to the apportionment valuation of  
17 new construction or improvements within the county, and such  
18 increase shall be levied in direct proportion to said valuation;

19 b. Capital expenditures, including appropriations for current  
20 capital expenditures, whether in the capital improvement fund or as  
21 a component of a line item elsewhere in the budget, provided that  
22 any such current capital expenditures would be otherwise bondable  
23 under the requirements of N.J.S.40A:2-21 and 40A:2-22;

24 c. (1) An increase based upon emergency temporary  
25 appropriations made pursuant to N.J.S.40A:4-20 to meet an urgent  
26 situation or event which immediately endangers the health, safety or  
27 property of the residents of the county, and over which the  
28 governing body had no control and for which it could not plan and  
29 emergency appropriations made pursuant to N.J.S.40A:4-46.  
30 Emergency temporary appropriations and emergency appropriations  
31 shall be approved by at least two-thirds of the governing body and  
32 by the Director of the Division of Local Government Services, and  
33 shall not exceed in the aggregate 3% of the previous year's final  
34 current operating appropriations.

35 (2) (Deleted by amendment, P.L.1990, c.89.)

36 The approval procedure in this subsection shall not apply to  
37 appropriations adopted for a purpose referred to in subsection d. or  
38 f. below;

39 d. All debt service, except as otherwise provided in this  
40 section;

41 e. (Deleted by amendment, P.L.1990, c.89.)

42 f. Amounts required to be paid pursuant to (1) any contract  
43 with respect to use, service or provision of any project, facility or  
44 public improvement for water, sewerage, parking, senior citizen  
45 housing or any similar purpose, or payments on account of debt  
46 service therefor, between a county and any other 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 underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

<sup>1</sup>Senate SBA committee amendments adopted March 11, 2024.

1 municipality, school or other district, agency, authority,  
2 commission, instrumentality, public corporation, body corporate  
3 and politic or political subdivision of this State; and (2) any lease of  
4 a facility owned by a county improvement authority when the lease  
5 payment represents the proportionate amount necessary to amortize  
6 the debt incurred by the authority in providing the facility which is  
7 leased, in whole or in part;

8 g. That portion of the county tax levy which represents funding  
9 to participate in any federal or State aid program and amounts  
10 received or to be received from federal, State or other funds in  
11 reimbursement for local expenditures. If a county provides  
12 matching funds in order to receive the federal or State or other  
13 funds, only the amount of the match which is required by law or  
14 agreement to be provided by the county shall be excepted;

15 h. (Deleted by amendment, P.L.1987, c.74.)

16 i. (Deleted by amendment, P.L.1990, c.89.)

17 j. (Deleted by amendment, P.L.1990, c.89.)

18 k. (Deleted by amendment, P.L.1990, c.89.)

19 l. (Deleted by amendment, P.L.2004, c.74.)

20 m. (Deleted by amendment, P.L.1990, c.89.)

21 n. (Deleted by amendment, P.L.1990, c.89.)

22 o. (Deleted by amendment, P.L.1990, c.89.)

23 p. Extraordinary expenses, approved by the Local Finance  
24 Board, required for the implementation of an interlocal services  
25 agreement;

26 q. Any expenditure mandated as a result of a natural disaster,  
27 civil disturbance or other emergency that is specifically authorized  
28 pursuant to a declaration of an emergency by the President of the  
29 United States or by the Governor;

30 r. Expenditures for the cost of services mandated by any order  
31 of court, by any federal or State statute, or by administrative rule,  
32 directive, order, or other legally binding device issued by a State  
33 agency which has identified such cost as mandated expenditures on  
34 certification to the Local Finance Board by the State agency;

35 s. That portion of the county tax levy which represents funding  
36 to a county college in excess of the county tax levy required to fund  
37 the county college in local budget year 1992;

38 t. (Deleted by amendment, P.L.2004, c.74.)

39 u. Expenditures for the administration of general public  
40 assistance pursuant to P.L.1995, c.259 (C.40A:4-6.1 et al.);

41 v. Amounts in a separate line item of a county budget that are  
42 expended on tick-borne disease vector management activities  
43 undertaken pursuant to P.L.1997, c.52 (C.26:2P-7 et al.);

44 w. Amounts expended by a county under an interlocal services  
45 agreement entered into pursuant to the "Interlocal Services Act,"  
46 P.L.1973, c.208 (C.40:8A-1 et al.) entered into after the effective  
47 date of P.L.2000, c.126 (C.52:13H-21 et al.) or amounts expended  
48 under a joint contract pursuant to the "Consolidated Municipal

1 Service Act," P.L.1952, c.72 (C.40:48B-1 et seq.) entered into after  
2 the effective date of P.L.2000, c.126 (C.52:13H-21 et al.);

3 x. Amounts appropriated in the first three years after the  
4 effective date of P.L.2003, c.92 (C.18A:7F-5b et al.) for liability  
5 insurance, workers' compensation insurance and employee group  
6 insurance;

7 y. Amounts appropriated in the first three years after the  
8 effective date of P.L.2003, c.92 (C.18A:7F-5b et al.) for costs of  
9 domestic security preparedness and responses to incidents and  
10 threats to domestic security;

11 z. Expenditures of amounts received pursuant to section 5 of  
12 P.L.1981, c.278 (C.13:1E-96).

13 In the first full year where an existing appropriation or  
14 expenditure that is subject to budget limitations is made an  
15 exception to budget limitations, a county shall deduct from its final  
16 appropriations upon which its permissible expenditures are  
17 calculated pursuant to section 2 of P.L.1976, c.68 (C.40A:4-45.2)  
18 the amount which the county expended for that purpose during the  
19 last full budget year, or portion thereof, in which the purpose so  
20 excepted was funded from appropriations in the county budget.

21 In the first full year where an existing appropriation or  
22 expenditure that is not subject to budget limitations is made subject  
23 to budget limitations, a county shall add to its final appropriations  
24 upon which its permissible expenditures are calculated pursuant to  
25 section 2 of P.L.1976, c.68 (C.40A:4-45.2) the amount which the  
26 county expended for that purpose during the last full budget year, or  
27 portion thereof, in which the purpose so excepted was funded from  
28 appropriations in the county budget.

29 <sup>1</sup>【In】 Notwithstanding the provisions of section 10 of P.L.2007,  
30 c.62 (C.40A:4-45.45) to the contrary, after a county has made the  
31 determination to prepare its budget under the property taxation  
32 limitations of section 4 of P.L.1976, c.68 (C.40A:4-45.4), pursuant to  
33 paragraph (1) of subsection a. of section 10 of P.L.2007, c.62  
34 (C.40A:4-45.45), then in<sup>1</sup> any<sup>1</sup> such<sup>1</sup> local budget year<sup>1</sup> 【in which】 ,  
35 if<sup>1</sup> a county's appropriations for debt service are less than the prior  
36 year's appropriations for debt service, which amounts are  
37 exceptions to the 2.5% county tax levy increase limitation pursuant  
38 to this section, <sup>1</sup>then<sup>1</sup> the county's maximum permissible tax levy  
39 <sup>1</sup>for that local budget year<sup>1</sup> shall be increased by the amount of the  
40 difference in appropriations for debt service between the two local  
41 budget years, plus that amount multiplied by the average  
42 predominant prime rate, as determined by the Board of Governors  
43 of the Federal Reserve System, quoted by commercial banks to  
44 large businesses as of the first business day of the calendar quarter  
45 within which the local budget is finalized, which amount may be  
46 designated for other purposes.

47 (cf: P.L.2007, c.311, s.18)

**S2969 [1R] SARLO, RUIZ**

5

- 1       2. This act shall take effect immediately and shall apply to any
- 2 local budget year beginning on or after January 1, 2024.

[Second Reprint]

**SENATE, No. 2969**

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**STATE OF NEW JERSEY**

**221st LEGISLATURE**

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INTRODUCED MARCH 4, 2024

**Sponsored by:**

**Senator PAUL A. SARLO**

**District 36 (Bergen and Passaic)**

**Senator M. TERESA RUIZ**

**District 29 (Essex and Hudson)**

**Assemblywoman ELIANA PINTOR MARIN**

**District 29 (Essex and Hudson)**

**Co-Sponsored by:**

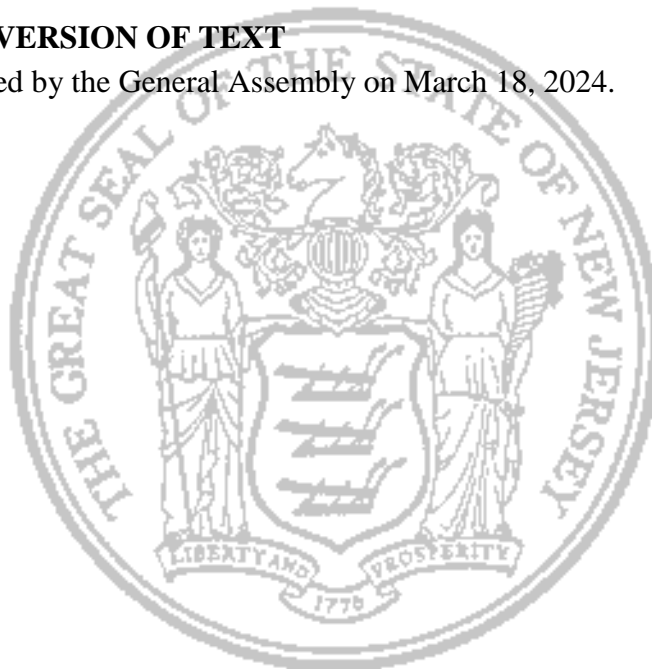
**Assemblywoman Reynolds-Jackson**

**SYNOPSIS**

Provides counties discretion related to retirement of county debt service and amount that can be raised under property tax levy cap.

**CURRENT VERSION OF TEXT**

As amended by the General Assembly on March 18, 2024.



(Sponsorship Updated As Of: 3/18/2024)

1 AN ACT concerning the effects of the debt service exclusion from  
2 the county property tax levy and amending P.L.1976, c.68 <sup>2</sup>,  
3 P.L.1994, c.100, and P.L.2007, c.62<sup>2</sup>.  
4

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

8 1. Section 4 of P.L.1976, c.68 (C.40A:4-45.4) is amended to  
9 read as follows:

10 4. In the preparation of its budget, a county may not increase  
11 the county tax levy to be apportioned among its constituent  
12 municipalities in excess of 2.5% or the cost-of-living adjustment,  
13 whichever is less, of the previous year's county tax levy, subject to  
14 the following exceptions:

15 a. The amount of revenue generated by the increase in  
16 valuations within the county, based solely on applying the  
17 preceding year's county tax rate to the apportionment valuation of  
18 new construction or improvements within the county, and such  
19 increase shall be levied in direct proportion to said valuation;

20 b. Capital expenditures, including appropriations for current  
21 capital expenditures, whether in the capital improvement fund or as  
22 a component of a line item elsewhere in the budget, provided that  
23 any such current capital expenditures would be otherwise bondable  
24 under the requirements of N.J.S.40A:2-21 and 40A:2-22;

25 c. (1) An increase based upon emergency temporary  
26 appropriations made pursuant to N.J.S.40A:4-20 to meet an urgent  
27 situation or event which immediately endangers the health, safety or  
28 property of the residents of the county, and over which the  
29 governing body had no control and for which it could not plan and  
30 emergency appropriations made pursuant to N.J.S.40A:4-46.  
31 Emergency temporary appropriations and emergency appropriations  
32 shall be approved by at least two-thirds of the governing body and  
33 by the Director of the Division of Local Government Services, and  
34 shall not exceed in the aggregate 3% of the previous year's final  
35 current operating appropriations.

36 (2) (Deleted by amendment, P.L.1990, c.89.)

37 The approval procedure in this subsection shall not apply to  
38 appropriations adopted for a purpose referred to in subsection d. or  
39 f. below;

40 d. All debt service, except as otherwise provided in this  
41 section;

42 e. (Deleted by amendment, P.L.1990, c.89.)

43 f. Amounts required to be paid pursuant to (1) any contract  
44 with respect to use, service or provision of any project, facility or

**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 SBA committee amendments adopted March 11, 2024.

<sup>2</sup>Assembly floor amendments adopted March 18, 2024.

1 public improvement for water, sewerage, parking, senior citizen  
2 housing or any similar purpose, or payments on account of debt  
3 service therefor, between a county and any other county,  
4 municipality, school or other district, agency, authority,  
5 commission, instrumentality, public corporation, body corporate  
6 and politic or political subdivision of this State; and (2) any lease of  
7 a facility owned by a county improvement authority when the lease  
8 payment represents the proportionate amount necessary to amortize  
9 the debt incurred by the authority in providing the facility which is  
10 leased, in whole or in part;

11 g. That portion of the county tax levy which represents funding  
12 to participate in any federal or State aid program and amounts  
13 received or to be received from federal, State or other funds in  
14 reimbursement for local expenditures. If a county provides  
15 matching funds in order to receive the federal or State or other  
16 funds, only the amount of the match which is required by law or  
17 agreement to be provided by the county shall be excepted;

18 h. (Deleted by amendment, P.L.1987, c.74.)

19 i. (Deleted by amendment, P.L.1990, c.89.)

20 j. (Deleted by amendment, P.L.1990, c.89.)

21 k. (Deleted by amendment, P.L.1990, c.89.)

22 l. (Deleted by amendment, P.L.2004, c.74.)

23 m. (Deleted by amendment, P.L.1990, c.89.)

24 n. (Deleted by amendment, P.L.1990, c.89.)

25 o. (Deleted by amendment, P.L.1990, c.89.)

26 p. Extraordinary expenses, approved by the Local Finance  
27 Board, required for the implementation of an interlocal services  
28 agreement;

29 q. Any expenditure mandated as a result of a natural disaster,  
30 civil disturbance or other emergency that is specifically authorized  
31 pursuant to a declaration of an emergency by the President of the  
32 United States or by the Governor;

33 r. Expenditures for the cost of services mandated by any order  
34 of court, by any federal or State statute, or by administrative rule,  
35 directive, order, or other legally binding device issued by a State  
36 agency which has identified such cost as mandated expenditures on  
37 certification to the Local Finance Board by the State agency;

38 s. That portion of the county tax levy which represents funding  
39 to a county college in excess of the county tax levy required to fund  
40 the county college in local budget year 1992;

41 t. (Deleted by amendment, P.L.2004, c.74.)

42 u. Expenditures for the administration of general public  
43 assistance pursuant to P.L.1995, c.259 (C.40A:4-6.1 et al.);

44 v. Amounts in a separate line item of a county budget that are  
45 expended on tick-borne disease vector management activities  
46 undertaken pursuant to P.L.1997, c.52 (C.26:2P-7 et al.);

47 w. Amounts expended by a county under an interlocal services  
48 agreement entered into pursuant to the "Interlocal Services Act,"

1 P.L.1973, c.208 (C.40:8A-1 et al.) entered into after the effective  
2 date of P.L.2000, c.126 (C.52:13H-21 et al.) or amounts expended  
3 under a joint contract pursuant to the "Consolidated Municipal  
4 Service Act," P.L.1952, c.72 (C.40:48B-1 et seq.) entered into after  
5 the effective date of P.L.2000, c.126 (C.52:13H-21 et al.);

6 x. Amounts appropriated in the first three years after the  
7 effective date of P.L.2003, c.92 (C.18A:7F-5b et al.) for liability  
8 insurance, workers' compensation insurance and employee group  
9 insurance;

10 y. Amounts appropriated in the first three years after the  
11 effective date of P.L.2003, c.92 (C.18A:7F-5b et al.) for costs of  
12 domestic security preparedness and responses to incidents and  
13 threats to domestic security;

14 z. Expenditures of amounts received pursuant to section 5 of  
15 P.L.1981, c.278 (C.13:1E-96).

16 In the first full year where an existing appropriation or  
17 expenditure that is subject to budget limitations is made an  
18 exception to budget limitations, a county shall deduct from its final  
19 appropriations upon which its permissible expenditures are  
20 calculated pursuant to section 2 of P.L.1976, c.68 (C.40A:4-45.2)  
21 the amount which the county expended for that purpose during the  
22 last full budget year, or portion thereof, in which the purpose so  
23 excepted was funded from appropriations in the county budget.

24 In the first full year where an existing appropriation or  
25 expenditure that is not subject to budget limitations is made subject  
26 to budget limitations, a county shall add to its final appropriations  
27 upon which its permissible expenditures are calculated pursuant to  
28 section 2 of P.L.1976, c.68 (C.40A:4-45.2) the amount which the  
29 county expended for that purpose during the last full budget year, or  
30 portion thereof, in which the purpose so excepted was funded from  
31 appropriations in the county budget.

32 <sup>1</sup>[In] Notwithstanding the provisions of section 10 of P.L.2007,  
33 c.62 (C.40A:4-45.45) to the contrary, after a county has made the  
34 determination to prepare its budget under the property taxation  
35 limitations of section 4 of P.L.1976, c.68 (C.40A:4-45.4), pursuant  
36 to paragraph (1) of subsection a. of section 10 of P.L.2007, c.62  
37 (C.40A:4-45.45), then in<sup>1</sup> any <sup>1</sup>such<sup>1</sup> local budget year <sup>1</sup>[in which]  
38 , if<sup>1</sup> a county's appropriations for debt service are less than the prior  
39 year's appropriations for debt service, which amounts are  
40 exceptions to the 2.5% county tax levy increase limitation pursuant  
41 to this section, <sup>1</sup>then<sup>1</sup> the county's maximum permissible tax levy  
42 <sup>1</sup>for that local budget year<sup>1</sup> shall <sup>2</sup>not<sup>2</sup> be <sup>2</sup>[increased] reduced<sup>2</sup> by  
43 the amount of the difference in appropriations for debt service  
44 between the two local budget years <sup>2</sup>[, plus that amount multiplied  
45 by the average predominant prime rate, as determined by the Board  
46 of Governors of the Federal Reserve System, quoted by commercial  
47 banks to large businesses as of the first business day of the calendar

1 quarter within which the local budget is finalized, which amount  
2 may be designated for other purposes】<sup>2</sup>.

3 (cf: P.L.2007, c.311, s.18)

4

5 <sup>2</sup>2. Section 2 of P.L.1994, c.100 (C.40A:4-45.15b) is amended  
6 to read as follows:

7 2. a. (Deleted by amendment, P.L.2004, c.74.)

8 b. Notwithstanding any provisions of P.L.1976, c.68 (C.40A:4-  
9 45.1 et seq.) to the contrary, a county, which, for any local budget  
10 year beginning on or after January 1, 2005 for which the cost-of-  
11 living adjustment is equal to or less than 2.5%, increases its final  
12 appropriations or county tax levy in an amount less than 3.5%, shall  
13 be permitted, after adoption of a resolution by the governing body,  
14 to appropriate the difference between the amount of its actual final  
15 appropriations or county tax levy and the 3.5% percentage rate, as  
16 an exception to its final appropriations or county tax levy in either  
17 of the next two succeeding years. In the year immediately  
18 following the year in which the amount of difference is so  
19 appropriated, the amount of difference shall be added to the final  
20 appropriations or county tax levy of the preceding year for the  
21 purposes of section 2 of P.L.1976, c.68 (C.40A:4-45.2).

22 c. Notwithstanding any provision to the contrary, a county may  
23 add to its adjusted tax levy the greater of the amount authorized  
24 pursuant to subsection b. of this section or the amount of the  
25 difference between the maximum allowable amount to be raised by  
26 the county purposes tax and the actual amount to be raised by the  
27 county purposes tax accumulated pursuant to paragraph (2) of  
28 subsection a. of section 10 of P.L.2007, c.62 (C.40A:4-45.45).<sup>2</sup>

29 (cf: P.L.2004, c.74, s.10)

30

31 <sup>2</sup>3. Section 10 of P.L.2007, c.62 (C.40A:4-45.45) is amended to  
32 read as follows:

33 10. a. (1) In the preparation of its budget the amount to be  
34 raised by taxation by a local unit shall not exceed, except as  
35 provided in paragraph (2) of this subsection, the sum of new  
36 ratables, the adjusted tax levy, and the total of waivers approved  
37 pursuant to section 11 of P.L.2007, c.62 (C.40A:4-45.46); provided,  
38 however, that in the case of a county, the amount to be raised by  
39 taxation shall not exceed the amount permitted by section 4 of  
40 P.L.1976, c.68 (C.40A:4-45.4).

41 (2) A local unit that has not been granted approval for a waiver  
42 pursuant to section 11 of P.L.2007, c.62 (C.40A:4-45.46), may add  
43 to its adjusted tax levy in any one of the next three succeeding  
44 years, the amount of the difference between the maximum  
45 allowable amount to be raised by taxation or county purposes tax,  
46 as applicable, for the current local budget year pursuant to  
47 paragraph (1) of this subsection and the actual amount to be raised

1 by taxation or county purposes tax, as applicable, for the current  
2 local budget year.

3 (3) Notwithstanding any provision to the contrary, a county may  
4 add to its adjusted tax levy the greater of the amount authorized  
5 pursuant to paragraph (2) of subsection a. of this section or the  
6 amount of the difference between the amount of its county tax levy  
7 and the 3.5% percentage rate accumulated pursuant to subsection b.  
8 of section 2 of P.L.1994, c.100 (C.40A:4-45.15b).

9 b. The following exclusions shall be added to the calculation of  
10 the adjusted tax levy:

11 increases in amounts required to be raised by taxation for capital  
12 expenditures, including debt service as defined by law; increases in  
13 pension contributions and accrued liability for pension  
14 contributions in excess of 2.0%; increases in health care costs equal  
15 to that portion of the actual increase in total health care costs for the  
16 budget year that is in excess of 2.0% of the total health care costs in  
17 the prior year, but is not in excess of the product of the total health  
18 care costs in the prior year and the average percentage increase of  
19 the State Health Benefits Program, P.L.1961, c.49 (C.52:14-17.25 et  
20 seq.), as annually determined by the Division of Pensions and  
21 Benefits in the Department of the Treasury; and extraordinary costs  
22 incurred by a local unit directly related to a declared emergency, as  
23 defined by regulation promulgated by the Commissioner of the  
24 Department of Community Affairs, in consultation with the  
25 Commissioner of Education, as appropriate.

26 If there are no exclusions, then the amount of the difference shall  
27 reduce the adjusted tax levy by that amount. Any cancelled or  
28 unexpended appropriation for any exclusion pursuant to this  
29 subsection or waiver pursuant to section 11 of P.L.2007, c.62  
30 (C.40A:4-45.46), also shall be deducted from the sum of the  
31 exclusions listed in this subsection or directly reduce the adjusted  
32 tax levy if there are no exclusions.<sup>2</sup>

33 (cf: P.L.2010, c.44, s.9)

34

35 <sup>2</sup>[2.] 4.<sup>2</sup> This act shall take effect immediately and shall apply  
36 to any local budget year beginning on or after January 1, 2024.

# SENATE BUDGET AND APPROPRIATIONS COMMITTEE

## STATEMENT TO

### **SENATE, No. 2969**

with committee amendments

# **STATE OF NEW JERSEY**

DATED: MARCH 11, 2024

The Senate Budget and Appropriations Committee reports favorably and with committee amendments Senate Bill No. 2969.

As amended, this bill amends the 1977 local budget cap law, P.L.1976, c.68 (C.40A:4-45 et seq.) to stipulate that, under the county property tax levy cap, the retirement of debt by a county would not result in a decrease in the amount that could be raised through property taxes in a local budget year.

Debt service is an exception to the 2.5 percent property tax levy cap. Under current law, upon retiring debts, a county loses taxing authority that was previously available for debt service. The bill would make those amounts and additional amounts available for other uses by raising the maximum permissible county tax levy by the amount of the difference in debt service appropriations over the prior year multiplied by the average predominant prime rate, as determined by the Board of Governors of the Federal Reserve System, quoted by commercial banks to large businesses as of the first business day of the calendar quarter within which the local budget is finalized. The bill would thereby encourage counties to responsibly pay off existing debt, by removing the incentive under current law to maintain current debt levels, by either acquiring more debt or avoiding paying off existing debts.

#### COMMITTEE AMENDMENTS:

The committee amendments to the bill provide that the required calculation and addition are to be made only after a county has made the determination to prepare its budget under the property taxation limitations of the 1977 local budget cap law.

#### FISCAL IMPACT:

The Office of Legislative Services concludes that the bill will result in increased property tax levy authority for certain counties in any year in which county debt service obligations are less than the prior year. To the extent that a county increases its levy under this authority, this would result in the county receiving increased property tax revenues and, therefore, increased expenditures.

STATEMENT TO  
[First Reprint]  
**SENATE, No. 2969**

with Assembly Floor Amendments  
(Proposed by Assemblywoman PINTOR MARIN)

ADOPTED: MARCH 18, 2024

The floor amendments remove a provision which factored the current prime interest rate into the bill's increase in county property taxing authority. The amendments instead provide that a county preparing its budget under either of the local budget cap laws may add to its adjusted tax levy the greater of the banked property taxing authority under the two local budget cap laws.

# LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

## SENATE, No. 2969 STATE OF NEW JERSEY 221st LEGISLATURE

DATED: MARCH 21, 2024

### SUMMARY

- Synopsis:** Provides counties discretion related to retirement of county debt service and amount that can be raised under property tax levy cap.
- Type of Impact:** Potential County Revenue and Expenditure Increases.
- Agencies Affected:** Counties.

#### Office of Legislative Services Estimate

<b>Fiscal Impact</b>	<b><u>Annually</u></b>
<b>Potential County Revenue Increase</b>	Varies by County
<b>Potential County Expenditure Increase</b>	Varies by County

- The Office of Legislative Services (OLS) concludes that the bill will result in increased property tax levy authority for certain counties in any year in which county debt service obligations are decreased over the prior year, which could result in increased property tax revenues and, therefore, expenditures for those counties.

### BILL DESCRIPTION

This bill amends the 1977 local budget cap law, P.L.1976, c.68 to stipulate that, under the county property tax levy cap, the retirement of debt by a county would not result in a decrease in the amount that could be raised through property taxes in a local budget year.

Debt service is an exception to the 2.5 percent property tax levy cap. Under current law, upon retiring debts, a county loses taxing authority that was previously available for debt service. The bill would make those amounts and additional amounts available for other uses by raising the maximum permissible county tax levy by the amount of the difference in debt service appropriations over the prior year multiplied by the average predominant prime rate, as determined by the Board of Governors of the Federal Reserve System, quoted by commercial banks to large businesses as of the first business day of the calendar quarter within which the local budget is finalized.

## FISCAL ANALYSIS

### *EXECUTIVE BRANCH*

None received.

### *OFFICE OF LEGISLATIVE SERVICES*

The OLS concludes that the bill will result in increased property tax levy authority for counties in any year in which county debt service obligations are decreased over the prior year, which could result in increased property tax revenues and, therefore, expenditures for those counties.

The bill provides that, instead of losing the amount of the difference in debt service obligations over the prior year in taxing authority as would occur under current law, the amount of the difference in debt service obligations over the prior year multiplied by the average predominant prime rate as of the first business day of the calendar quarter (CQ) within which the local budget is finalized would be added to the county's permissible property tax levy. The bill would apply only in years and only to counties in which debt service obligations are decreased over the prior year.

If the bill's provisions were applied in Calendar Year (CY) 2023, the following counties would have had increased property tax levy authority over their CY 2022 permissible property tax levy: Atlantic County, Burlington County, Gloucester County, Middlesex County, Passaic County, and Warren County. The table below displays how the bill's provisions would have applied to each of the affected counties in CY 2023.

<b>County</b>	<b>Difference in Debt Service Obligations Over CY 2022</b>	<b>Prime Rate on First Day of CQ in which County Budget was Finalized</b>	<b>Increase in Permissible 2023 County Property Tax Levy</b>
<b>Atlantic</b>	\$1,560,430	8.00%	\$1,685,264
<b>Burlington</b>	\$2,871,621	8.00%	\$3,101,351
<b>Gloucester</b>	\$2,867,876	7.50%	\$3,082,967
<b>Middlesex</b>	\$1,885,111	7.50%	\$2,026,494
<b>Passaic</b>	\$1,336,136	7.50%	\$1,436,346
<b>Warren</b>	\$234,000	7.50%	\$251,550

The OLS is unable to predict the specific impact of this legislation on each county in CY 2024 and beyond, as the bill's potential impacts are based upon each county's change in debt service obligation in a given year. The OLS notes that the prime rate on January 1, 2024 was 8.50 percent.

*Section:* Local Government

*Analyst:* Abigail Stoyer  
Associate Fiscal Analyst

*Approved:* Thomas Koenig  
Legislative Budget and Finance Officer

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

**ASSEMBLY, No. 4044**

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**STATE OF NEW JERSEY**

**221st LEGISLATURE**

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INTRODUCED MARCH 7, 2024

**Sponsored by:**

**Assemblywoman ELIANA PINTOR MARIN**

**District 29 (Essex and Hudson)**

**SYNOPSIS**

Provides counties discretion related to retirement of county debt service and amount that can be raised under property tax levy cap.

**CURRENT VERSION OF TEXT**

As introduced.



1 AN ACT concerning the effects of the debt service exclusion from  
2 the county property tax levy and amending P.L.1976, c.68.

3

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

6

7 1. Section 4 of P.L.1976, c.68 (C.40A:4-45.4) is amended to  
8 read as follows:

9 4. In the preparation of its budget, a county may not increase  
10 the county tax levy to be apportioned among its constituent  
11 municipalities in excess of 2.5% or the cost-of-living adjustment,  
12 whichever is less, of the previous year's county tax levy, subject to  
13 the following exceptions:

14 a. The amount of revenue generated by the increase in  
15 valuations within the county, based solely on applying the  
16 preceding year's county tax rate to the apportionment valuation of  
17 new construction or improvements within the county, and such  
18 increase shall be levied in direct proportion to said valuation;

19 b. Capital expenditures, including appropriations for current  
20 capital expenditures, whether in the capital improvement fund or as  
21 a component of a line item elsewhere in the budget, provided that  
22 any such current capital expenditures would be otherwise bondable  
23 under the requirements of N.J.S.40A:2-21 and 40A:2-22;

24 c. (1) An increase based upon emergency temporary  
25 appropriations made pursuant to N.J.S.40A:4-20 to meet an urgent  
26 situation or event which immediately endangers the health, safety or  
27 property of the residents of the county, and over which the  
28 governing body had no control and for which it could not plan and  
29 emergency appropriations made pursuant to N.J.S.40A:4-46.  
30 Emergency temporary appropriations and emergency appropriations  
31 shall be approved by at least two-thirds of the governing body and  
32 by the Director of the Division of Local Government Services, and  
33 shall not exceed in the aggregate 3% of the previous year's final  
34 current operating appropriations.

35 (2) (Deleted by amendment, P.L.1990, c.89.)

36 The approval procedure in this subsection shall not apply to  
37 appropriations adopted for a purpose referred to in subsection d. or  
38 f. below;

39 d. All debt service, except as otherwise provided in this  
40 section;

41 e. (Deleted by amendment, P.L.1990, c.89.)

42 f. Amounts required to be paid pursuant to (1) any contract  
43 with respect to use, service or provision of any project, facility or  
44 public improvement for water, sewerage, parking, senior citizen  
45 housing or any similar purpose, or payments on account of debt

**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 service therefor, between a county and any other county,  
2 municipality, school or other district, agency, authority,  
3 commission, instrumentality, public corporation, body corporate  
4 and politic or political subdivision of this State; and (2) any lease of  
5 a facility owned by a county improvement authority when the lease  
6 payment represents the proportionate amount necessary to amortize  
7 the debt incurred by the authority in providing the facility which is  
8 leased, in whole or in part;

9 g. That portion of the county tax levy which represents funding  
10 to participate in any federal or State aid program and amounts  
11 received or to be received from federal, State or other funds in  
12 reimbursement for local expenditures. If a county provides  
13 matching funds in order to receive the federal or State or other  
14 funds, only the amount of the match which is required by law or  
15 agreement to be provided by the county shall be excepted;

16 h. (Deleted by amendment, P.L.1987, c.74.)

17 i. (Deleted by amendment, P.L.1990, c.89.)

18 j. (Deleted by amendment, P.L.1990, c.89.)

19 k. (Deleted by amendment, P.L.1990, c.89.)

20 l. (Deleted by amendment, P.L.2004, c.74.)

21 m. (Deleted by amendment, P.L.1990, c.89.)

22 n. (Deleted by amendment, P.L.1990, c.89.)

23 o. (Deleted by amendment, P.L.1990, c.89.)

24 p. Extraordinary expenses, approved by the Local Finance  
25 Board, required for the implementation of an interlocal services  
26 agreement;

27 q. Any expenditure mandated as a result of a natural disaster,  
28 civil disturbance or other emergency that is specifically authorized  
29 pursuant to a declaration of an emergency by the President of the  
30 United States or by the Governor;

31 r. Expenditures for the cost of services mandated by any order  
32 of court, by any federal or State statute, or by administrative rule,  
33 directive, order, or other legally binding device issued by a State  
34 agency which has identified such cost as mandated expenditures on  
35 certification to the Local Finance Board by the State agency;

36 s. That portion of the county tax levy which represents funding  
37 to a county college in excess of the county tax levy required to fund  
38 the county college in local budget year 1992;

39 t. (Deleted by amendment, P.L.2004, c.74.)

40 u. Expenditures for the administration of general public  
41 assistance pursuant to P.L.1995, c.259 (C.40A:4-6.1 et al.);

42 v. Amounts in a separate line item of a county budget that are  
43 expended on tick-borne disease vector management activities  
44 undertaken pursuant to P.L.1997, c.52 (C.26:2P-7 et al.);

45 w. Amounts expended by a county under an interlocal services  
46 agreement entered into pursuant to the "Interlocal Services Act,"  
47 P.L.1973, c.208 (C.40:8A-1 et al.) entered into after the effective  
48 date of P.L.2000, c.126 (C.52:13H-21 et al.) or amounts expended

A4044 PINTOR MARIN

1 under a joint contract pursuant to the "Consolidated Municipal  
2 Service Act," P.L.1952, c.72 (C.40:48B-1 et seq.) entered into after  
3 the effective date of P.L.2000, c.126 (C.52:13H-21 et al.);

4 x. Amounts appropriated in the first three years after the  
5 effective date of P.L.2003, c.92 (C.18A:7F-5b et al.) for liability  
6 insurance, workers' compensation insurance and employee group  
7 insurance;

8 y. Amounts appropriated in the first three years after the  
9 effective date of P.L.2003, c.92 (C.18A:7F-5b et al.) for costs of  
10 domestic security preparedness and responses to incidents and  
11 threats to domestic security;

12 z. Expenditures of amounts received pursuant to section 5 of  
13 P.L.1981, c.278 (C.13:1E-96).

14 In the first full year where an existing appropriation or  
15 expenditure that is subject to budget limitations is made an  
16 exception to budget limitations, a county shall deduct from its final  
17 appropriations upon which its permissible expenditures are  
18 calculated pursuant to section 2 of P.L.1976, c.68 (C.40A:4-45.2)  
19 the amount which the county expended for that purpose during the  
20 last full budget year, or portion thereof, in which the purpose so  
21 excepted was funded from appropriations in the county budget.

22 In the first full year where an existing appropriation or  
23 expenditure that is not subject to budget limitations is made subject  
24 to budget limitations, a county shall add to its final appropriations  
25 upon which its permissible expenditures are calculated pursuant to  
26 section 2 of P.L.1976, c.68 (C.40A:4-45.2) the amount which the  
27 county expended for that purpose during the last full budget year, or  
28 portion thereof, in which the purpose so excepted was funded from  
29 appropriations in the county budget.

30 In any local budget year in which a county's appropriations for  
31 debt service are less than the prior year's appropriations for debt  
32 service, which amounts are exceptions to the 2.5% county tax levy  
33 increase limitation pursuant to this section, the county's maximum  
34 permissible tax levy shall be increased by the amount of the  
35 difference in appropriations for debt service between the two local  
36 budget years, plus that amount multiplied by the average  
37 predominant prime rate, as determined by the Board of Governors  
38 of the Federal Reserve System, quoted by commercial banks to  
39 large businesses as of the first business day of the calendar quarter  
40 within which the local budget is finalized, which amount may be  
41 designated for other purposes.

42  
43 2. This act shall take effect immediately and shall apply to any  
44 local budget year beginning on or after January 1, 2024.

1 STATEMENT

2

3 This bill amends the 1977 local budget cap law, P.L.1976, c.68  
4 (C.40A:4-45 et seq.) to stipulate that, under the county property tax  
5 levy cap, the retirement of debt by a county would not result in a  
6 decrease in the amount that could be raised through property taxes  
7 in a local budget year.

8 Debt service is an exception to the 2.5 percent property tax levy  
9 cap. Under current law, upon retiring debts, a county loses taxing  
10 authority that was previously available for debt service. The bill  
11 would make those amounts and additional amounts available for  
12 other uses by raising the maximum permissible county tax levy by  
13 the amount of the difference in debt service appropriations over the  
14 prior year multiplied by the average predominant prime rate, as  
15 determined by the Board of Governors of the Federal Reserve  
16 System, quoted by commercial banks to large businesses as of the  
17 first business day of the calendar quarter within which the local  
18 budget is finalized. The bill would thereby encourage counties to  
19 responsibly pay off existing debt, by removing the incentive under  
20 current law to maintain current debt levels, by either acquiring more  
21 debt or avoiding paying off existing debts.

[First Reprint]

**ASSEMBLY, No. 4044**

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**STATE OF NEW JERSEY**  
**221st LEGISLATURE**

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INTRODUCED MARCH 7, 2024

**Sponsored by:**

**Assemblywoman ELIANA PINTOR MARIN**

**District 29 (Essex and Hudson)**

**SYNOPSIS**

Provides counties discretion related to retirement of county debt service and amount that can be raised under property tax levy cap.

**CURRENT VERSION OF TEXT**

As reported by the Assembly State and Local Government Committee on March 11, 2024, with amendments.



1 AN ACT concerning the effects of the debt service exclusion from  
2 the county property tax levy and amending P.L.1976, c.68.

3

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

6

7 1. Section 4 of P.L.1976, c.68 (C.40A:4-45.4) is amended to  
8 read as follows:

9 4. In the preparation of its budget, a county may not increase  
10 the county tax levy to be apportioned among its constituent  
11 municipalities in excess of 2.5% or the cost-of-living adjustment,  
12 whichever is less, of the previous year's county tax levy, subject to  
13 the following exceptions:

14 a. The amount of revenue generated by the increase in  
15 valuations within the county, based solely on applying the  
16 preceding year's county tax rate to the apportionment valuation of  
17 new construction or improvements within the county, and such  
18 increase shall be levied in direct proportion to said valuation;

19 b. Capital expenditures, including appropriations for current  
20 capital expenditures, whether in the capital improvement fund or as  
21 a component of a line item elsewhere in the budget, provided that  
22 any such current capital expenditures would be otherwise bondable  
23 under the requirements of N.J.S.40A:2-21 and 40A:2-22;

24 c. (1) An increase based upon emergency temporary  
25 appropriations made pursuant to N.J.S.40A:4-20 to meet an urgent  
26 situation or event which immediately endangers the health, safety or  
27 property of the residents of the county, and over which the  
28 governing body had no control and for which it could not plan and  
29 emergency appropriations made pursuant to N.J.S.40A:4-46.  
30 Emergency temporary appropriations and emergency appropriations  
31 shall be approved by at least two-thirds of the governing body and  
32 by the Director of the Division of Local Government Services, and  
33 shall not exceed in the aggregate 3% of the previous year's final  
34 current operating appropriations.

35 (2) (Deleted by amendment, P.L.1990, c.89.)

36 The approval procedure in this subsection shall not apply to  
37 appropriations adopted for a purpose referred to in subsection d. or  
38 f. below;

39 d. All debt service, except as otherwise provided in this  
40 section;

41 e. (Deleted by amendment, P.L.1990, c.89.)

42 f. Amounts required to be paid pursuant to (1) any contract  
43 with respect to use, service or provision of any project, facility or  
44 public improvement for water, sewerage, parking, senior citizen  
45 housing or any similar purpose, or payments on account of debt

**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>Assembly ASL committee amendments adopted March 11, 2024.

1 service therefor, between a county and any other county,  
2 municipality, school or other district, agency, authority,  
3 commission, instrumentality, public corporation, body corporate  
4 and politic or political subdivision of this State; and (2) any lease of  
5 a facility owned by a county improvement authority when the lease  
6 payment represents the proportionate amount necessary to amortize  
7 the debt incurred by the authority in providing the facility which is  
8 leased, in whole or in part;

9 g. That portion of the county tax levy which represents funding  
10 to participate in any federal or State aid program and amounts  
11 received or to be received from federal, State or other funds in  
12 reimbursement for local expenditures. If a county provides  
13 matching funds in order to receive the federal or State or other  
14 funds, only the amount of the match which is required by law or  
15 agreement to be provided by the county shall be excepted;

16 h. (Deleted by amendment, P.L.1987, c.74.)

17 i. (Deleted by amendment, P.L.1990, c.89.)

18 j. (Deleted by amendment, P.L.1990, c.89.)

19 k. (Deleted by amendment, P.L.1990, c.89.)

20 l. (Deleted by amendment, P.L.2004, c.74.)

21 m. (Deleted by amendment, P.L.1990, c.89.)

22 n. (Deleted by amendment, P.L.1990, c.89.)

23 o. (Deleted by amendment, P.L.1990, c.89.)

24 p. Extraordinary expenses, approved by the Local Finance  
25 Board, required for the implementation of an interlocal services  
26 agreement;

27 q. Any expenditure mandated as a result of a natural disaster,  
28 civil disturbance or other emergency that is specifically authorized  
29 pursuant to a declaration of an emergency by the President of the  
30 United States or by the Governor;

31 r. Expenditures for the cost of services mandated by any order  
32 of court, by any federal or State statute, or by administrative rule,  
33 directive, order, or other legally binding device issued by a State  
34 agency which has identified such cost as mandated expenditures on  
35 certification to the Local Finance Board by the State agency;

36 s. That portion of the county tax levy which represents funding  
37 to a county college in excess of the county tax levy required to fund  
38 the county college in local budget year 1992;

39 t. (Deleted by amendment, P.L.2004, c.74.)

40 u. Expenditures for the administration of general public  
41 assistance pursuant to P.L.1995, c.259 (C.40A:4-6.1 et al.);

42 v. Amounts in a separate line item of a county budget that are  
43 expended on tick-borne disease vector management activities  
44 undertaken pursuant to P.L.1997, c.52 (C.26:2P-7 et al.);

45 w. Amounts expended by a county under an interlocal services  
46 agreement entered into pursuant to the "Interlocal Services Act,"  
47 P.L.1973, c.208 (C.40:8A-1 et al.) entered into after the effective  
48 date of P.L.2000, c.126 (C.52:13H-21 et al.) or amounts expended

1 under a joint contract pursuant to the "Consolidated Municipal  
2 Service Act," P.L.1952, c.72 (C.40:48B-1 et seq.) entered into after  
3 the effective date of P.L.2000, c.126 (C.52:13H-21 et al.);

4 x. Amounts appropriated in the first three years after the  
5 effective date of P.L.2003, c.92 (C.18A:7F-5b et al.) for liability  
6 insurance, workers' compensation insurance and employee group  
7 insurance;

8 y. Amounts appropriated in the first three years after the  
9 effective date of P.L.2003, c.92 (C.18A:7F-5b et al.) for costs of  
10 domestic security preparedness and responses to incidents and  
11 threats to domestic security;

12 z. Expenditures of amounts received pursuant to section 5 of  
13 P.L.1981, c.278 (C.13:1E-96).

14 In the first full year where an existing appropriation or  
15 expenditure that is subject to budget limitations is made an  
16 exception to budget limitations, a county shall deduct from its final  
17 appropriations upon which its permissible expenditures are  
18 calculated pursuant to section 2 of P.L.1976, c.68 (C.40A:4-45.2)  
19 the amount which the county expended for that purpose during the  
20 last full budget year, or portion thereof, in which the purpose so  
21 excepted was funded from appropriations in the county budget.

22 In the first full year where an existing appropriation or  
23 expenditure that is not subject to budget limitations is made subject  
24 to budget limitations, a county shall add to its final appropriations  
25 upon which its permissible expenditures are calculated pursuant to  
26 section 2 of P.L.1976, c.68 (C.40A:4-45.2) the amount which the  
27 county expended for that purpose during the last full budget year, or  
28 portion thereof, in which the purpose so excepted was funded from  
29 appropriations in the county budget.

30 <sup>1</sup>【In】 Notwithstanding the provisions of section 10 of P.L.2007,  
31 c.62 (C.40A:4-45.45) to the contrary, after a county has made the  
32 determination to prepare its budget under the property taxation  
33 limitations of section 4 of P.L.1976, c.68 (C.40A:4-45.4), pursuant to  
34 paragraph (1) of subsection a. of section 10 of P.L.2007, c.62  
35 (C.40A:4-45.45), then in<sup>1</sup> any<sup>1</sup> such<sup>1</sup> local budget year<sup>1</sup> 【in which】 ,  
36 if<sup>1</sup> a county's appropriations for debt service are less than the prior  
37 year's appropriations for debt service, which amounts are  
38 exceptions to the 2.5% county tax levy increase limitation pursuant  
39 to this section, <sup>1</sup>then<sup>1</sup> the county's maximum permissible tax levy  
40 <sup>1</sup>for that local budget year<sup>1</sup> shall be increased by the amount of the  
41 difference in appropriations for debt service between the two local  
42 budget years, plus that amount multiplied by the average  
43 predominant prime rate, as determined by the Board of Governors  
44 of the Federal Reserve System, quoted by commercial banks to  
45 large businesses as of the first business day of the calendar quarter  
46 within which the local budget is finalized, which amount may be  
47 designated for other purposes.

48 (cf: P.L.2007, c.311, s.18)

**A4044 [1R] PINTOR MARIN**

5

- 1       2. This act shall take effect immediately and shall apply to any
- 2 local budget year beginning on or after January 1, 2024.

[Second Reprint]

**ASSEMBLY, No. 4044**

**STATE OF NEW JERSEY**

**221st LEGISLATURE**

INTRODUCED MARCH 7, 2024

**Sponsored by:**

**Assemblywoman ELIANA PINTOR MARIN**

**District 29 (Essex and Hudson)**

**Co-Sponsored by:**

**Assemblywoman Reynolds-Jackson**

**SYNOPSIS**

Provides counties discretion related to retirement of county debt service and amount that can be raised under property tax levy cap.

**CURRENT VERSION OF TEXT**

As reported by the Assembly Appropriations Committee on March 14, 2024, with amendments.



**(Sponsorship Updated As Of: 3/18/2024)**

1 AN ACT concerning the effects of the debt service exclusion from  
2 the county property tax levy and amending P.L.1976, c.68 <sup>2</sup>,  
3 P.L.1994, c.100, and P.L.2007, c.62<sup>2</sup>.  
4

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

8 1. Section 4 of P.L.1976, c.68 (C.40A:4-45.4) is amended to  
9 read as follows:

10 4. In the preparation of its budget, a county may not increase  
11 the county tax levy to be apportioned among its constituent  
12 municipalities in excess of 2.5% or the cost-of-living adjustment,  
13 whichever is less, of the previous year's county tax levy, subject to  
14 the following exceptions:

15 a. The amount of revenue generated by the increase in  
16 valuations within the county, based solely on applying the  
17 preceding year's county tax rate to the apportionment valuation of  
18 new construction or improvements within the county, and such  
19 increase shall be levied in direct proportion to said valuation;

20 b. Capital expenditures, including appropriations for current  
21 capital expenditures, whether in the capital improvement fund or as  
22 a component of a line item elsewhere in the budget, provided that  
23 any such current capital expenditures would be otherwise bondable  
24 under the requirements of N.J.S.40A:2-21 and 40A:2-22;

25 c. (1) An increase based upon emergency temporary  
26 appropriations made pursuant to N.J.S.40A:4-20 to meet an urgent  
27 situation or event which immediately endangers the health, safety or  
28 property of the residents of the county, and over which the  
29 governing body had no control and for which it could not plan and  
30 emergency appropriations made pursuant to N.J.S.40A:4-46.  
31 Emergency temporary appropriations and emergency appropriations  
32 shall be approved by at least two-thirds of the governing body and  
33 by the Director of the Division of Local Government Services, and  
34 shall not exceed in the aggregate 3% of the previous year's final  
35 current operating appropriations.

36 (2) (Deleted by amendment, P.L.1990, c.89.)

37 The approval procedure in this subsection shall not apply to  
38 appropriations adopted for a purpose referred to in subsection d. or  
39 f. below;

40 d. All debt service, except as otherwise provided in this  
41 section;

42 e. (Deleted by amendment, P.L.1990, c.89.)

43 f. Amounts required to be paid pursuant to (1) any contract  
44 with respect to use, service or provision of any project, facility or

**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>Assembly ASL committee amendments adopted March 11, 2024.

<sup>2</sup>Assembly AAP committee amendments adopted March 14, 2024.

1 public improvement for water, sewerage, parking, senior citizen  
2 housing or any similar purpose, or payments on account of debt  
3 service therefor, between a county and any other county,  
4 municipality, school or other district, agency, authority,  
5 commission, instrumentality, public corporation, body corporate  
6 and politic or political subdivision of this State; and (2) any lease of  
7 a facility owned by a county improvement authority when the lease  
8 payment represents the proportionate amount necessary to amortize  
9 the debt incurred by the authority in providing the facility which is  
10 leased, in whole or in part;

11 g. That portion of the county tax levy which represents funding  
12 to participate in any federal or State aid program and amounts  
13 received or to be received from federal, State or other funds in  
14 reimbursement for local expenditures. If a county provides  
15 matching funds in order to receive the federal or State or other  
16 funds, only the amount of the match which is required by law or  
17 agreement to be provided by the county shall be excepted;

18 h. (Deleted by amendment, P.L.1987, c.74.)

19 i. (Deleted by amendment, P.L.1990, c.89.)

20 j. (Deleted by amendment, P.L.1990, c.89.)

21 k. (Deleted by amendment, P.L.1990, c.89.)

22 l. (Deleted by amendment, P.L.2004, c.74.)

23 m. (Deleted by amendment, P.L.1990, c.89.)

24 n. (Deleted by amendment, P.L.1990, c.89.)

25 o. (Deleted by amendment, P.L.1990, c.89.)

26 p. Extraordinary expenses, approved by the Local Finance  
27 Board, required for the implementation of an interlocal services  
28 agreement;

29 q. Any expenditure mandated as a result of a natural disaster,  
30 civil disturbance or other emergency that is specifically authorized  
31 pursuant to a declaration of an emergency by the President of the  
32 United States or by the Governor;

33 r. Expenditures for the cost of services mandated by any order  
34 of court, by any federal or State statute, or by administrative rule,  
35 directive, order, or other legally binding device issued by a State  
36 agency which has identified such cost as mandated expenditures on  
37 certification to the Local Finance Board by the State agency;

38 s. That portion of the county tax levy which represents funding  
39 to a county college in excess of the county tax levy required to fund  
40 the county college in local budget year 1992;

41 t. (Deleted by amendment, P.L.2004, c.74.)

42 u. Expenditures for the administration of general public  
43 assistance pursuant to P.L.1995, c.259 (C.40A:4-6.1 et al.);

44 v. Amounts in a separate line item of a county budget that are  
45 expended on tick-borne disease vector management activities  
46 undertaken pursuant to P.L.1997, c.52 (C.26:2P-7 et al.);

47 w. Amounts expended by a county under an interlocal services  
48 agreement entered into pursuant to the "Interlocal Services Act,"

1 P.L.1973, c.208 (C.40:8A-1 et al.) entered into after the effective  
2 date of P.L.2000, c.126 (C.52:13H-21 et al.) or amounts expended  
3 under a joint contract pursuant to the "Consolidated Municipal  
4 Service Act," P.L.1952, c.72 (C.40:48B-1 et seq.) entered into after  
5 the effective date of P.L.2000, c.126 (C.52:13H-21 et al.);

6 x. Amounts appropriated in the first three years after the  
7 effective date of P.L.2003, c.92 (C.18A:7F-5b et al.) for liability  
8 insurance, workers' compensation insurance and employee group  
9 insurance;

10 y. Amounts appropriated in the first three years after the  
11 effective date of P.L.2003, c.92 (C.18A:7F-5b et al.) for costs of  
12 domestic security preparedness and responses to incidents and  
13 threats to domestic security;

14 z. Expenditures of amounts received pursuant to section 5 of  
15 P.L.1981, c.278 (C.13:1E-96).

16 In the first full year where an existing appropriation or  
17 expenditure that is subject to budget limitations is made an  
18 exception to budget limitations, a county shall deduct from its final  
19 appropriations upon which its permissible expenditures are  
20 calculated pursuant to section 2 of P.L.1976, c.68 (C.40A:4-45.2)  
21 the amount which the county expended for that purpose during the  
22 last full budget year, or portion thereof, in which the purpose so  
23 excepted was funded from appropriations in the county budget.

24 In the first full year where an existing appropriation or  
25 expenditure that is not subject to budget limitations is made subject  
26 to budget limitations, a county shall add to its final appropriations  
27 upon which its permissible expenditures are calculated pursuant to  
28 section 2 of P.L.1976, c.68 (C.40A:4-45.2) the amount which the  
29 county expended for that purpose during the last full budget year, or  
30 portion thereof, in which the purpose so excepted was funded from  
31 appropriations in the county budget.

32 <sup>1</sup>[In] Notwithstanding the provisions of section 10 of P.L.2007,  
33 c.62 (C.40A:4-45.45) to the contrary, after a county has made the  
34 determination to prepare its budget under the property taxation  
35 limitations of section 4 of P.L.1976, c.68 (C.40A:4-45.4), pursuant  
36 to paragraph (1) of subsection a. of section 10 of P.L.2007, c.62  
37 (C.40A:4-45.45), then in<sup>1</sup> any <sup>1</sup>such<sup>1</sup> local budget year <sup>1</sup>[in which]  
38 , if<sup>1</sup> a county's appropriations for debt service are less than the prior  
39 year's appropriations for debt service, which amounts are  
40 exceptions to the 2.5% county tax levy increase limitation pursuant  
41 to this section, <sup>1</sup>then<sup>1</sup> the county's maximum permissible tax levy  
42 <sup>1</sup>for that local budget year<sup>1</sup> shall <sup>2</sup>not<sup>2</sup> be <sup>2</sup>[increased] reduced<sup>2</sup> by  
43 the amount of the difference in appropriations for debt service  
44 between the two local budget years <sup>2</sup>[, plus that amount multiplied  
45 by the average predominant prime rate, as determined by the Board  
46 of Governors of the Federal Reserve System, quoted by commercial  
47 banks to large businesses as of the first business day of the calendar

1 quarter within which the local budget is finalized, which amount  
2 may be designated for other purposes】<sup>2</sup>.

3 (cf: P.L.2007, c.311, s.18)

4

5 <sup>2</sup>2. Section 2 of P.L.1994, c.100 (C.40A:4-45.15b) is amended  
6 to read as follows:

7 2. a. (Deleted by amendment, P.L.2004, c.74.)

8 b. Notwithstanding any provisions of P.L.1976, c.68 (C.40A:4-  
9 45.1 et seq.) to the contrary, a county, which, for any local budget  
10 year beginning on or after January 1, 2005 for which the cost-of-  
11 living adjustment is equal to or less than 2.5%, increases its final  
12 appropriations or county tax levy in an amount less than 3.5%, shall  
13 be permitted, after adoption of a resolution by the governing body,  
14 to appropriate the difference between the amount of its actual final  
15 appropriations or county tax levy and the 3.5% percentage rate, as  
16 an exception to its final appropriations or county tax levy in either  
17 of the next two succeeding years. In the year immediately  
18 following the year in which the amount of difference is so  
19 appropriated, the amount of difference shall be added to the final  
20 appropriations or county tax levy of the preceding year for the  
21 purposes of section 2 of P.L.1976, c.68 (C.40A:4-45.2).

22 c. Notwithstanding any provision to the contrary, a county may  
23 add to its adjusted tax levy the greater of the amount authorized  
24 pursuant to subsection b. of this section or the amount of the  
25 difference between the maximum allowable amount to be raised by  
26 the county purposes tax and the actual amount to be raised by the  
27 county purposes tax accumulated pursuant to paragraph (2) of  
28 subsection a. of section 10 of P.L.2007, c.62 (C.40A:4-45.45).<sup>2</sup>

29 (cf: P.L.2004, c.74, s.10)

30

31 <sup>2</sup>3. Section 10 of P.L.2007, c.62 (C.40A:4-45.45) is amended to  
32 read as follows:

33 10. a. (1) In the preparation of its budget the amount to be  
34 raised by taxation by a local unit shall not exceed, except as  
35 provided in paragraph (2) of this subsection, the sum of new  
36 ratables, the adjusted tax levy, and the total of waivers approved  
37 pursuant to section 11 of P.L.2007, c.62 (C.40A:4-45.46); provided,  
38 however, that in the case of a county, the amount to be raised by  
39 taxation shall not exceed the amount permitted by section 4 of  
40 P.L.1976, c.68 (C.40A:4-45.4).

41 (2) A local unit that has not been granted approval for a waiver  
42 pursuant to section 11 of P.L.2007, c.62 (C.40A:4-45.46), may add  
43 to its adjusted tax levy in any one of the next three succeeding  
44 years, the amount of the difference between the maximum  
45 allowable amount to be raised by taxation or county purposes tax,  
46 as applicable, for the current local budget year pursuant to  
47 paragraph (1) of this subsection and the actual amount to be raised

1 by taxation or county purposes tax, as applicable, for the current  
2 local budget year.

3 (3) Notwithstanding any provision to the contrary, a county may  
4 add to its adjusted tax levy the greater of the amount authorized  
5 pursuant to paragraph (2) of subsection a. of this section or the  
6 amount of the difference between the amount of its county tax levy  
7 and the 3.5% percentage rate accumulated pursuant to subsection b.  
8 of section 2 of P.L.1994, c.100 (C.40A:4-45.15b).

9 b. The following exclusions shall be added to the calculation of  
10 the adjusted tax levy:

11 increases in amounts required to be raised by taxation for capital  
12 expenditures, including debt service as defined by law; increases in  
13 pension contributions and accrued liability for pension  
14 contributions in excess of 2.0%; increases in health care costs equal  
15 to that portion of the actual increase in total health care costs for the  
16 budget year that is in excess of 2.0% of the total health care costs in  
17 the prior year, but is not in excess of the product of the total health  
18 care costs in the prior year and the average percentage increase of  
19 the State Health Benefits Program, P.L.1961, c.49 (C.52:14-17.25 et  
20 seq.), as annually determined by the Division of Pensions and  
21 Benefits in the Department of the Treasury; and extraordinary costs  
22 incurred by a local unit directly related to a declared emergency, as  
23 defined by regulation promulgated by the Commissioner of the  
24 Department of Community Affairs, in consultation with the  
25 Commissioner of Education, as appropriate.

26 If there are no exclusions, then the amount of the difference shall  
27 reduce the adjusted tax levy by that amount. Any cancelled or  
28 unexpended appropriation for any exclusion pursuant to this  
29 subsection or waiver pursuant to section 11 of P.L.2007, c.62  
30 (C.40A:4-45.46), also shall be deducted from the sum of the  
31 exclusions listed in this subsection or directly reduce the adjusted  
32 tax levy if there are no exclusions.<sup>2</sup>

33 (cf: P.L.2010, c.44, s.9)

34

35 <sup>2</sup>[2.] 4.<sup>2</sup> This act shall take effect immediately and shall apply  
36 to any local budget year beginning on or after January 1, 2024.

ASSEMBLY STATE AND LOCAL GOVERNMENT  
COMMITTEE

STATEMENT TO

**ASSEMBLY, No. 4044**

with committee amendments

**STATE OF NEW JERSEY**

DATED: MARCH 11, 2024

The Assembly State and Local Government Committee reports favorably and with committee amendments Assembly Bill No. 4044.

As amended, this bill amends the 1977 local budget cap law, P.L.1976, c.68 (C.40A:4-45 et seq.) to stipulate that, under the county property tax levy cap, the retirement of debt by a county would not result in a decrease in the amount that could be raised through property taxes in a local budget year.

Debt service is an exception to the 2.5 percent property tax levy cap. Under current law, upon retiring debts, a county loses taxing authority that was previously available for debt service. The bill would make those amounts and additional amounts available for other uses by raising the maximum permissible county tax levy by the amount of the difference in debt service appropriations over the prior year multiplied by the average predominant prime rate, as determined by the Board of Governors of the Federal Reserve System, quoted by commercial banks to large businesses as of the first business day of the calendar quarter within which the local budget is finalized. The bill would thereby encourage counties to responsibly pay off existing debt, by removing the incentive under current law to maintain current debt levels, by either acquiring more debt or avoiding paying off existing debts.

COMMITTEE AMENDMENTS:

The committee amendments provide that the required calculation and addition are to be made only after a county has made the determination to prepare its budget under the property taxation limitations of the 1977 local budget cap law.

# ASSEMBLY APPROPRIATIONS COMMITTEE

## STATEMENT TO

[First Reprint]

## ASSEMBLY, No. 4044

with committee amendments

# STATE OF NEW JERSEY

DATED: MARCH 14, 2024

The Assembly Appropriations Committee reports favorably and with committee amendments Assembly Bill No. 4044 (1R).

As amended, this bill amends the 1977 local budget cap law, P.L.1976, c.68 (C.40A:4-45 et seq.) to stipulate that, under the county property tax levy cap, the retirement of debt by a county would not result in a decrease in the amount that could be raised through property taxes in a local budget year. Debt service is an exception to the 2.5 percent property tax levy cap. Under current law, upon retiring debts, a county loses taxing authority that was previously available for debt service. The bill would make those amounts and additional amounts available for other uses by raising the maximum permissible county tax levy by the amount of the difference in debt service appropriations over the prior year and allowing a county to add to its adjusted tax levy the greater of banked property taxing authority under 1977 local budget cap law and 2010 local budget cap law.

### COMMITTEE AMENDMENTS:

The committee amendments to the bill remove a provision which factored the current prime interest rate into the bill's increase in county property taxing authority. The committee amendments instead provide that a county preparing its budget under either of the local budget cap laws may add to its adjusted tax levy the greater of the banked property taxing authority under the two local budget cap laws.

### FISCAL IMPACT:

The Office of Legislative Services (OLS) concludes that the bill will result in increased property tax levy authority for certain counties in any year in which county debt service obligations are decreased over the prior year. This could result in increased property tax revenues, and, therefore, increased expenditures for those counties.

# LEGISLATIVE FISCAL ESTIMATE

[Second Reprint]

**ASSEMBLY, No. 4044**

## **STATE OF NEW JERSEY 221st LEGISLATURE**

DATED: MARCH 21, 2024

### **SUMMARY**

**Synopsis:** Provides counties discretion related to retirement of county debt service and amount that can be raised under property tax levy cap.

**Type of Impact:** Potential County Revenue and Expenditure Increases.

**Agencies Affected:** Counties.

#### **Office of Legislative Services Estimate**

<b>Fiscal Impact</b>	<b><u>Annually</u></b>
<b>Potential County Revenue Increase</b>	Varies by County
<b>Potential County Expenditure Increase</b>	Varies by County

- The Office of Legislative Services (OLS) concludes that the bill will result in increased property tax levy authority for certain counties in any year in which county debt service obligations are decreased over the prior year, which could result in increased property tax revenues and, therefore, expenditures for those counties.

### **BILL DESCRIPTION**

The bill amends the 1977 local budget cap law, P.L.1976, c.68 to stipulate that, under the county property tax levy cap, the retirement of debt by a county would not result in a decrease in the amount that could be raised through property taxes in a local budget year. Debt service is an exception to the 2.5 percent property tax levy cap. Under current law, upon retiring debts, a county loses taxing authority that was previously available for debt service. The bill would make those amounts and additional amounts available for other uses by raising the maximum permissible county tax levy by the amount of the difference in debt service appropriations over the prior year and allowing a county to add to its adjusted tax levy the greater of banked property taxing authority under 1977 local budget cap law and 2010 local budget cap law.

## FISCAL ANALYSIS

### *EXECUTIVE BRANCH*

None received.

### *OFFICE OF LEGISLATIVE SERVICES*

The OLS concludes that the bill will result in increased property tax levy authority for certain counties in any year in which county debt service obligations are decreased over the prior year, which could result in increased property tax revenues and, therefore, expenditures for those counties.

The bill provides that, instead of losing the amount of the difference in debt service obligations over the prior year in taxing authority, as would occur under current law, the amount of the difference in debt service obligations over the prior year would be available for other uses. This provision of the bill would apply only in years and only to counties in which debt service obligations are decreased over the prior year. If this provision was applied in Calendar Year (CY) 2023, the following counties would have had increased property tax levy authority over their CY 2022 permissible property tax levy: Atlantic County, Burlington County, Gloucester County, Middlesex County, Passaic County, and Warren County. The table below displays how this provision would have applied to each of the affected counties in CY 2023.

<b>County</b>	<b>Increase in Permissible 2023 County Property Tax Levy due to Difference in Debt Service Obligations Over CY 2022</b>
<b>Atlantic</b>	\$1,560,430
<b>Burlington</b>	\$2,871,621
<b>Gloucester</b>	\$2,867,876
<b>Middlesex</b>	\$1,885,111
<b>Passaic</b>	\$1,336,136
<b>Warren</b>	\$234,000

The bill would also allow a county to apply the greater of the two local budget cap laws' banked levy authority. The table on the following page shows the amount of unused banked levy authority under each of the local budget cap laws for each county that would have been available CY 2023 as reported by county budget documents.

The OLS is unable to predict the specific impact of this legislation on each county in CY 2024 and beyond, as the bill's potential impacts are based upon each county's change in debt service obligation, and the differences between the maximum allowable amount to be raised by taxation and the actual amount to be raised by taxation in a given year. The OLS also notes that unused banked levy authority may be carried forward for two years under the 1977 local budget cap law and for three years under the 2010 local budget cap law. Unused amounts would expire after those respective time periods.

<b>County</b>	<b>Unused Banked Levy Authority Available in CY 2023 under 1977 Law</b>	<b>Unused Banked Levy Authority Available in CY 2023 under 2010 Law</b>
<b>Atlantic*</b>	\$1,018,689	\$0
<b>Bergen</b>	\$22,868,596	\$0
<b>Burlington*</b>	\$4,721,755	\$0
<b>Camden</b>	\$25,485,643	\$0
<b>Cape May</b>	\$2,054,995	\$0
<b>Cumberland</b>	\$2,356,659	\$2,240,792
<b>Essex</b>	\$6,866,830	\$22,239,527
<b>Gloucester*</b>	\$6,755,971	\$1,175,125
<b>Hudson</b>	\$26,512,523	\$0
<b>Hunterdon</b>	\$10,421,075	\$0
<b>Mercer</b>	\$24,110,276	\$0
<b>Middlesex*</b>	\$3,567,987	\$4,581,970
<b>Monmouth</b>	\$25,820,744	\$0
<b>Morris</b>	\$3,201,527	\$0
<b>Ocean</b>	\$5,671,428	\$0
<b>Passaic*</b>	\$17,725,054	\$9,797,568
<b>Salem</b>	\$87,377	\$0
<b>Somerset</b>	\$3,070,404	\$0
<b>Sussex</b>	\$3,089,711	\$0
<b>Union</b>	\$5,869,369	\$17,118,383
<b>Warren*</b>	\$5,246,567	\$0

\*Counties that would have benefitted in CY 2023 from the potential increase under the bill.

*Section: Local Government*

*Analyst: Abigail Stoyer  
Associate Fiscal Analyst*

*Approved: Thomas Koenig  
Legislative Budget and Finance Officer*

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

# Governor Murphy Takes Action on Legislation

04/11/2024

**TRENTON** – Today, Governor Murphy signed the following bill into law:

**S-2969/A-4044 (Sarlo, Ruiz/Pintor Marin)** - Provides counties discretion related to retirement of county debt service and amount that can be raised under property tax levy cap