

LEGISLATIVE HISTORY CHECKLIST

NJSA: 52:27D-118.24 to 52:27D-118.37 "Special Municipal Aid Act"

CHAPTER 75

Laws Of: 1987

Bill No: S3023

Sponsor(s): Jackman

Date Introduced: February 19, 1987

Committee: Assembly: -----

Senate: -----

Amended during passage: No

Date of Passage: Assembly: March 5, 1987

Senate: February 23, 1987

Date of Approval: March 11, 1987

Following statements are attached if available:

Sponsor statement: Yes

Committee statement: Assembly No

Senate No

Fiscal Note: No

Veto Message: No

Message on Signing: Yes

Following were printed:

Reports: No

Hearings: No

See newspaper clipping file in New Jersey Reference Department under, "New Jersey - Municipal Finance- 1987"

SENATE, No. 3023
STATE OF NEW JERSEY

INTRODUCED FEBRUARY 19, 1987

By Senator JACKMAN

(Without Reference)

AN ACT authorizing short-term State investments for community development in certain instances, and making an appropriation therefor.

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

1 1. This act shall be known and may be cited as the "Special
2 Municipal Aid Act."

1 2. The Legislature finds that certain large and small municipal-
2 ities in this State are currently experiencing fiscal distress as a
3 result of insufficient collection of tax revenues, insufficient collec-
4 tion of other revenues, over-anticipation of revenues of prior years,
5 or from other causes; that these municipalities currently function
6 within stringent budgetary constraints, straining their revenue
7 sources to provide basic public services for their residents; that
8 these municipalities may benefit from the expertise of the State in
9 recommending fiscal recovery measures designed to alleviate the
10 fiscal distress they are currently experiencing; and that short-term
11 State assistance, in the form of State grants and loans, may pro-
12 vide the temporary revenue bridge these few municipalities need
13 in order to overcome their current difficulties and regain their
14 financial stability.

15 The Legislature, therefore, declares that it is fitting and proper,
16 and within the public interest, to provide short-term loans and
17 grants to certain municipalities currently experiencing budgetary
18 difficulties in generating adequate local revenues in order to assist
19 those municipalities not only in meeting their immediate budgetary
20 needs, but also to enable them to regain their financial stability.

1 3. As used in this act:

2 "Board" means the Local Finance Board of the Division of
3 Local Government Services in the Department of Community
4 Affairs.

5 "Director" means the Director of the Division of Local Gov-
6 ernment Services in the Department of Community Affairs.

7 "Eligible municipality" means a municipality which is qualified
8 to receive assistance under P. L. 1978, c. 14 (C. 52:27D-173 et seq.),
9 a municipality under the supervision of the Local Finance Board
10 pursuant to the provisions of the "Local Government Supervision
11 Act (1947)," P. L. 1947, c. 151 (C. 52:27BB-1 et seq.), or a mu-
12 nicipality which has issued qualified bonds pursuant to the pro-
13 visions of the "Municipal Qualified Bond Act," P. L. 1976, c. 38
14 (C. 40A:3-1 et seq.).

1 4. The moneys appropriated in section 9 of this act may be used
2 to provide short-term financial assistance to eligible municipalities
3 to enable them to meet their immediate budgetary needs and regain
4 their financial stability, affording them an opportunity to develop,
5 revive and expand their economic bases. The financial assistance
6 provided shall include, but not be limited to, loans, loan guarantees,
7 and grants. The form, amount and terms of the financial assistance,
8 including whether or not any loan shall be repaid with interest
9 and if so, the rate of interest, shall be determined by the Local
10 Finance Board. All loans, along with the interest thereon, if any,
11 shall be repaid by the recipient municipality to the State on the
12 date or dates specified by the Local Finance Board.

1 5. Whenever the director, during the exercise of his duty under
2 the provisions of the "Local Budget Law," N. J. S. 40A:4-1 et seq.,
3 to examine each local budget, or upon the basis of any other infor-
4 mation and data available to him, shall find that an eligible mu-
5 nicipality is experiencing fiscal distress and may require assistance
6 under this act, he shall forthwith notify the Local Finance Board
7 of his finding. The director's finding of fiscal distress in an eligible
8 municipality may be based on the municipality's tax rate, cash
9 deficit, insufficient percentage of tax collections, insufficient collec-
10 tion of other revenues, over-anticipation of the revenues of prior
11 years, non-liquidation of interfund transfers, reliance on emer-
12 gency authorizations, continual rollover of tax anticipation notes,
13 or other factors indicating a constrained ability to raise sufficient
14 revenues to meet its budgetary requirements.

15 Within five days of that notification, the Local Finance Board
16 shall meet to review the director's findings. If the board shall

17 concur with the director's findings, it shall, through the director,
18 so notify the governing body of the eligible municipality.

19 At a time and place determined by the director, the board, the
20 governing body of the eligible municipality, and any other in-
21 terested parties the director and the board may deem appropriate,
22 shall meet to review the implementation of the provisions of this
23 act. The review shall include, but not be limited to:

24 a. The director's assessment of the difference between the eligible
25 municipality's revenue needs for the current local budget year and
26 its revenue raising capacity for the current local budget year;

27 b. The actions the governing body of the eligible municipality
28 intends to take in the current local budget year to meet the mu-
29 nicipality's revenue needs; and

30 c. The actions the governing body intends to take to expand the
31 eligible municipality's local revenue generating capacity for sub-
32 sequent local budget years.

1 6. The board shall determine the total amount of grants and
2 loans, or any combination thereof, to be provided to each eligible
3 municipality and the director shall certify that amount to the State
4 Treasurer and to the governing body of the eligible municipality.
5 In the case of loans to an eligible municipality, the board shall
6 set forth the terms of the loan agreement, including whether or
7 not any interest shall be paid and, if so, the rate of that interest.
8 The term of a loan authorized under the provisions of this act
9 shall not exceed 10 years.

10 As a condition of receiving assistance under the provisions of
11 this act, an eligible municipality shall implement any fiscal re-
12 covery measures recommended by the director and approved by
13 the board, and the municipality shall be subject to management
14 and fiscal audit by the director.

15 The determination of the board pursuant to this act as to the
16 amount of financial assistance to be paid to an eligible municipality
17 shall be final and conclusive, and there shall be no appeal there-
18 from nor any review thereof.

1 7. Whenever the board shall determine to provide financial assis-
2 tance to an eligible municipality pursuant to the provisions of this
3 act, the board shall forthwith notify the Governor, the President
4 of the Senate, the Speaker of the General Assembly and the State
5 Treasurer. The notice shall set forth:

6 a. The municipality's eligibility for a payment of financial assis-
7 tance under the provisions of this act;

8 b. The board's determination of the amounts of financial assis-
9 tance to be paid to that eligible municipality;

10 c. The form, amount and terms of the financial assistance, in-
11 cluding whether or not any loan shall be repaid with interest and,
12 if so, the rate of that interest, and the factors considered by the
13 board in making those determinations;

14 d. The actions the governing body of the eligible municipality
15 intends to take in the current local budget year to meet the
16 municipality's revenue needs;

17 e. The actions the governing body intends to take to expand the
18 eligible municipality's local revenue generating capacity for sub-
19 sequent local budget years; and

20 f. Any other information or data the board deems appropriate
21 and necessary.

1 8. The financial assistance provided to an eligible municipality
2 pursuant to the provisions of this act shall be appropriated by the
3 municipality in compliance with the provisions of the "Local
4 Budget Law," N. J. S. 40A:1-1 et seq.

5 Notwithstanding any provisions of the "Local Budget Law,"
6 N. J. S. 40A:4-1 et seq., any eligible municipality receiving a pay-
7 ment of financial assistance pursuant to the provisions of this act
8 may anticipate the receipt of the amount of financial assistance
9 certified to it by the director and may file any amendment or
10 corrections in its local budget as may be required to reflect that
11 certified amount in its budget.

1 9. There is appropriated from the General Fund \$12,000,000.00
2 to the Department of Community Affairs to effectuate the pur-
3 poses of this act.

1 10. This act shall take effect immediately.

STATEMENT

This bill would establish a program to provide financial assistance to municipalities experiencing temporary revenue raising difficulties. The assistance, in the form of short-term loans and grants, would provide the revenue bridge those municipalities need in order to meet their immediate budgetary needs and regain their financial stability, thereby affording the opportunity to develop, revive and expand their economic bases.

The program would be administered by the Director of the Division of Local Government Services in the Department of Community Affairs and the Local Finance Board. The director would, after reviewing their local budgets, identify the municipalities that require assistance under this bill. The Local Finance Board would determine the amount and type of assistance.

As a condition for assistance, the governing body of the eligible municipality must implement any fiscal recovery measures recommended by the director and approved by the board, and the municipality shall be subject to management and fiscal audit by the director.

COMMUNITY DEVELOPMENT

Establishes a mechanism to provide temporary, short-term loans and grants to certain municipalities and appropriates \$12,000,000.

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STATE OF NEW JERSEY
EXECUTIVE DEPARTMENT

March 11, 1987

SENATE BILL NO. 3023

To the Senate:

Pursuant to Article V, Section I, Paragraph 15 of the Constitution, I am appending to Senate Bill No. 3023 at the time of signing it my statement of the items, or parts thereof, to which I object so that each item, or part thereof, so objected to shall not take effect.

This bill would establish the "Special Municipal Aid Act," which is similar to the Distressed Cities Program added to the 1987 Appropriations Act I signed into law last June. These programs are designed to provide distressed municipalities with short-term financial assistance while they overcome their current difficulties and regain their financial stability.

As a condition of receiving assistance under the provisions of this legislation, an eligible municipality would be required to implement any fiscal recovery measures recommended by the Director of the Division of Local Government Services in the Department of Community Affairs and approved by the Local Finance Board in that Department, and the municipality would be subject to management and financial audit by the Director.

This bill appropriates \$12 million from the General Fund to effectuate its purposes.

I have indicated publicly that I favor adoption of this type of program to help those municipalities most in need of State assistance, both financial and managerial. The dwindling State surplus will not permit funding of this program, and it is, of course, my constitutional responsibility as Governor to ensure that appropriations do not exceed expected revenue sources.

By other action today, I am signing into law Assembly Bill No. 3757 to provide a statutory base for supplemental State aid for municipal police protection, although I must reduce its appropriation to \$12 million based upon budgetary constraints.

STATE OF NEW JERSEY
EXECUTIVE DEPARTMENT

2

Given my support for adoption of this type of program, I am today enacting it into law, although with only a nominal appropriation. I am, however, signing into law my conditional veto of Assembly Bill No. 823 to appropriate \$50 million to the Distressed Cities Program to be generated from money received from the tax amnesty program. Experts in the field have indicated that it is not likely that more than \$50 million will be generated from tax amnesty, and, thus, I am willing to permit that amount of money to be targeted to the Distressed Cities Program.

As I indicate in my written message accompanying enactment of Assembly Bill No. 3757, the actions I have taken today will alleviate the current fiscal uncertainty in urban municipalities. Unfortunately, this will not provide a long-term remedy for the financial plight of our cities since amnesty furnishes only one-time revenues. I do believe, however, that my actions today are consistent with my responsibility to ensure the well-being of the people of the State and maintain fiscal responsibility.

Accordingly, I herewith append the following statement of objections to the sums, or parts thereof, appropriated by this bill:

Page 4, Section 9, Line 1: Delete "\$12,000,000.00", insert "\$100,000.00"

Respectfully,

/s/ Thomas H. Kean

GOVERNOR

[seal]

Attest:

/s/ Michael R. Cole

Chief Counsel

REC'D JUN 26 1987



OFFICE OF THE GOVERNOR NEWS RELEASE

CN-001

Contact: JOHN SAMERJAN
609-292-8956 OR 292-6000 EXT. 207

TRENTON, N.J. 08625

Release: THURS., MAR. 12, 1987

Governor Thomas H. Kean today announced the following line-item vetoes:

A-3757/S-3025, sponsored by Assemblywoman Kathleen Donovan, R-Bergen and Senator Frank Pallone, D-Monmouth, now provides a \$12 million supplement to the Safe and Clean Neighborhoods Program.

This appropriation was agreed to as part of the urban aid package signed by Governor Kean on March 11.

S-3023/A-3755, sponsored by Senator Chris Jackman, D-Hudson and Assemblyman Jose Arango, R-Hudson, places the Distressed Cities Program in the State statutes.

Governor Kean stated, "Given my support for adoption of this type of program, I am today enacting it into law although with a nominal appropriation." By signing A-823 into law last night, Governor Kean committed \$50 million in funding to the Distressed Cities Program from tax amnesty.

Attached are copies of the veto messages.

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