

**52:27D-118.42a**  
**LEGISLATIVE HISTORY CHECKLIST**  
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**LAWS OF:** 2011                 **CHAPTER:** 144

**NJSA:** 52:27D-118.42a (Authorizes State oversight of municipalities in the Transitional Aid to Localities Program; appropriates \$140,500,000 to DCA for Transitional Aid to Localities and administrative costs)

**BILL NO:** A4373 (Substituted for S3118)

**SPONSOR(S)** Prieto and others

**DATE INTRODUCED:** December 1, 2011

**COMMITTEE:**                **ASSEMBLY:** ---  
    **SENATE:** Budget and Appropriations

**AMENDED DURING PASSAGE:** Yes

**DATE OF PASSAGE:**           **ASSEMBLY:** December 15, 2011  
    **SENATE:** December 15, 2011

**DATE OF APPROVAL:** December 20, 2011

**FOLLOWING ARE ATTACHED IF AVAILABLE:**

**FINAL TEXT OF BILL** (First reprint enacted)

**A4373**

**SPONSOR'S STATEMENT:** (Begins on page 3 of introduced bill) Yes

**COMMITTEE STATEMENT:**                                   **ASSEMBLY:** No

**SENATE:** Yes

(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))

**FLOOR AMENDMENT STATEMENT:** Yes

**LEGISLATIVE FISCAL ESTIMATE:** No

**S3118**

**SPONSOR'S STATEMENT:** (Begins on page 3 of introduced bill) Yes

**COMMITTEE STATEMENT:**                                   **ASSEMBLY:** No

**SENATE:** Yes

**FLOOR AMENDMENT STATEMENT:** No

**LEGISLATIVE FISCAL ESTIMATE:** No

(continued)

**VETO MESSAGE:** No

**GOVERNOR'S PRESS RELEASE ON SIGNING:** Yes

**FOLLOWING WERE PRINTED:**

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**REPORTS:** No

**HEARINGS:** No

**NEWSPAPER ARTICLES:** Yes

"State aid still leaves Paterson \$8M short," The Record, 12-21-11

"Christie ends standoff, restores aid to 11 N.N. cities," Herald News, 12-21-11

"Governor signs legislation restoring \$139 million in aid to 11 municipalities," The Star-Ledger, 12-21-11

"Transitional aid funds restored for towns," Courier News, 12-21-11

"Asbury Park getting \$10.4M in state aid," Asbury Park Press, 12-21-11

LAW/RWH

P.L.2011, CHAPTER 144, *approved December 20, 2011*  
Assembly, No. 4373 (*First Reprint*)

1 AN ACT authorizing State oversight for certain municipalities  
2 experiencing fiscal distress, supplementing Title 52 of the  
3 Revised Statutes, and making appropriations.  
4

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

8 1. a. The Director of the Division of Local Government  
9 Services in the Department of Community Affairs shall <sup>1</sup>[have the  
10 authority to]<sup>1</sup> determine conditions, requirements, orders, and  
11 oversight for the receipt of any amount of grants, loans, or any  
12 combination thereof, provided to any municipality through the  
13 Transitional Aid to Localities program or any successor  
14 discretionary aid programs for municipalities in fiscal distress.  
15 Conditions, requirements, or orders deemed necessary by the  
16 director may include, but not be limited to, the implementation of  
17 government, administrative, and operational efficiency and  
18 oversight measures necessary for the fiscal recovery of the  
19 municipality, including but not limited to requiring approval by the  
20 director of personnel actions, professional services and related  
21 contracts, payment in lieu of tax agreements, acceptance of grants  
22 from State, federal or other organizations, and the creation of new  
23 or expanded public services.

24 b. An additional amount not to exceed one percent of the  
25 amount appropriated in any State Fiscal Year beginning on or after  
26 July 1, 2012 for the Transitional Aid to Localities program or any  
27 successor discretionary aid programs for municipalities in fiscal  
28 distress shall be appropriated for administrative costs of that  
29 program, and for administrative costs associated with the oversight  
30 of any municipalities under State supervision pursuant to Article 4  
31 of the “Local Government Supervision Act (1947),” P.L.1947,  
32 c.151 (C.52:27BB-54 et seq.), subject to the approval of the  
33 Director of the Division of Budget and Accounting in the  
34 Department of the Treasury.  
35

36 2. There is appropriated \$139,000,000 from the General Fund  
37 to the Department of Community Affairs for Transitional Aid to  
38 Localities to be distributed to municipalities during the current State

**EXPLANATION** – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

<sup>1</sup>Senate floor amendments adopted December 15, 2011.

1 Fiscal Year, subject to the provisions of subsection a. of section 1  
2 P.L. , c. (C. ) (pending before the Legislature as this bill) and  
3 P.L.2011, c.85.

4  
5 3. There is appropriated \$1,500,000 from the General Fund to  
6 the Department of Community Affairs for administrative costs of  
7 the Transitional Aid to Localities program and for administrative  
8 costs associated with the oversight of any municipalities under State  
9 supervision pursuant to Article 4 of the “Local Government  
10 Supervision Act (1947),” P.L.1947, c.151 (C.52:27BB-54 et seq.),  
11 subject to the approval of the Director of the Division of Budget  
12 and Accounting in the Department of the Treasury.

13  
14 4. This act shall take effect immediately.

15  
16  
17 \_\_\_\_\_  
18  
19 Authorizes State oversight of municipalities in the Transitional  
20 Aid to Localities Program; appropriates \$140,500,000 to DCA for  
21 Transitional Aid to Localities and administrative costs.

# ASSEMBLY, No. 4373

## STATE OF NEW JERSEY 214th LEGISLATURE

INTRODUCED DECEMBER 1, 2011

**Sponsored by:**

**Assemblyman VINCENT PRIETO**

**District 32 (Bergen and Hudson)**

**Assemblywoman SHEILA Y. OLIVER**

**District 34 (Essex and Passaic)**

**Assemblywoman BONNIE WATSON COLEMAN**

**District 15 (Mercer)**

**Co-Sponsored by:**

**Senators Norcross, Sarlo and Turner**

**SYNOPSIS**

Authorizes State oversight of municipalities in the Transitional Aid to Localities Program; appropriates \$140,500,000 to DCA for Transitional Aid to Localities and administrative costs.

**CURRENT VERSION OF TEXT**

As introduced.



**(Sponsorship Updated As Of: 12/16/2011)**

1 AN ACT authorizing State oversight for certain municipalities  
2 experiencing fiscal distress, supplementing Title 52 of the  
3 Revised Statutes, and making appropriations.

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

7  
8 1. a. The Director of the Division of Local Government  
9 Services in the Department of Community Affairs shall have the  
10 authority to determine conditions, requirements, orders, and  
11 oversight for the receipt of any amount of grants, loans, or any  
12 combination thereof, provided to any municipality through the  
13 Transitional Aid to Localities program or any successor  
14 discretionary aid programs for municipalities in fiscal distress.  
15 Conditions, requirements, or orders deemed necessary by the  
16 director may include, but not be limited to, the implementation of  
17 government, administrative, and operational efficiency and  
18 oversight measures necessary for the fiscal recovery of the  
19 municipality, including but not limited to requiring approval by the  
20 director of personnel actions, professional services and related  
21 contracts, payment in lieu of tax agreements, acceptance of grants  
22 from State, federal or other organizations, and the creation of new  
23 or expanded public services.

24 b. An additional amount not to exceed one percent of the  
25 amount appropriated in any State Fiscal Year beginning on or after  
26 July 1, 2012 for the Transitional Aid to Localities program or any  
27 successor discretionary aid programs for municipalities in fiscal  
28 distress shall be appropriated for administrative costs of that  
29 program, and for administrative costs associated with the oversight  
30 of any municipalities under State supervision pursuant to Article 4  
31 of the “Local Government Supervision Act (1947),” P.L.1947,  
32 c.151 (C.52:27BB-54 et seq.), subject to the approval of the  
33 Director of the Division of Budget and Accounting in the  
34 Department of the Treasury.

35  
36 2. There is appropriated \$139,000,000 from the General Fund  
37 to the Department of Community Affairs for Transitional Aid to  
38 Localities to be distributed to municipalities during the current State  
39 Fiscal Year, subject to the provisions of subsection a. of section 1  
40 P.L. , c. (C. ) (pending before the Legislature as this bill) and  
41 P.L.2011, c.85.

42  
43 3. There is appropriated \$1,500,000 from the General Fund to  
44 the Department of Community Affairs for administrative costs of  
45 the Transitional Aid to Localities program and for administrative  
46 costs associated with the oversight of any municipalities under State  
47 supervision pursuant to Article 4 of the “Local Government  
48 Supervision Act (1947),” P.L.1947, c.151 (C.52:27BB-54 et seq.),

1 subject to the approval of the Director of the Division of Budget  
2 and Accounting in the Department of the Treasury.

3

4 4. This act shall take effect immediately.

5

6

7

STATEMENT

8

9 This legislation would supplement current law to reflect identical  
10 language in the Fiscal Year 2012 Appropriations Act by providing  
11 the State with the authority to implement certain oversight measures  
12 in municipalities that have received additional State financial  
13 assistance through the Transitional Aid to Localities program.  
14 Under this bill, the Director of the Division of Local Government  
15 Services in the Department of Community Affairs would be  
16 permitted to condition the receipt of Transitional Aid on any  
17 requirements, orders, and oversight as he deems necessary for the  
18 fiscal recovery of the municipality.

19 The bill also requires an additional amount, not to exceed one  
20 percent of the State appropriations for the Transitional Aid program  
21 or any successor discretionary aid programs for municipalities in  
22 fiscal distress, to be appropriated and allocated for administrative  
23 costs of that program and for State supervision of municipalities  
24 that are in, or in danger of falling into, unsound financial condition.

25 This bill also appropriates a total \$140.5 million from the State  
26 General Fund to the Department of Community Affairs for the  
27 Transitional Aid to Localities program. \$139 million would be  
28 available for distribution to eligible municipalities in the current  
29 State fiscal year. An additional \$1.5 million would be available to  
30 pay for administrative costs associated with the Transitional Aid to  
31 Localities program and with the oversight of any municipalities that  
32 are under State supervision pursuant to Article 4 of the "Local  
33 Government Supervision Act (1947)," P.L.1947, c.151 (C.52:27BB-  
34 54 et seq.) because they are either in, or in danger of falling into,  
35 unsound financial condition.

36 Transitional Aid to Localities is the State's only funded  
37 discretionary municipal financial assistance program, and is only  
38 available to municipalities anticipating difficulties making  
39 payments toward nondiscretionary or critical obligations including,  
40 but not limited to, debt service, contractual obligations, and public  
41 safety payroll. Applying for aid under this program is a declaration  
42 that the municipality is not capable of managing its finances  
43 without special State assistance and intervention. Transitional Aid  
44 to Localities replaced three existing municipal aid programs:  
45 Extraordinary Aid, Special Municipal Aid, and Trenton Capital City  
46 Aid.

# SENATE BUDGET AND APPROPRIATIONS COMMITTEE

## STATEMENT TO

### ASSEMBLY, No. 4373

# STATE OF NEW JERSEY

DATED: DECEMBER 8, 2011

The Senate Budget and Appropriations Committee reports favorably Assembly Bill No. 4373.

This bill appropriates a total \$140.5 million from the State General Fund to the Department of Community Affairs for the Transitional Aid to Localities program. \$139 million would be available for distribution to eligible municipalities in the current State fiscal year. An additional \$1.5 million would be available to pay for administrative costs associated with the Transitional Aid to Localities program and with the oversight of any municipalities that are under State supervision pursuant to Article 4 of the "Local Government Supervision Act (1947)," P.L.1947, c.151 (C.52:27BB-54 et seq.).

This bill also would supplement the permanent and general statutory law to reflect budget language in the Fiscal Year 2012 Appropriations Act that provides the State authority to implement certain oversight measures in municipalities that have received additional State financial assistance through the Transitional Aid to Localities program. Under this bill, the Director of the Division of Local Government Services in the Department of Community Affairs would be permitted to condition the receipt of Transitional Aid on any requirements, orders, and oversight as he deems necessary for the fiscal recovery of the municipality.

The bill also requires, beginning in Fiscal year 2013, that an additional amount, not to exceed one percent of the State appropriations for the Transitional Aid program or any successor discretionary aid programs for municipalities in fiscal distress, be appropriated and allocated for administrative costs of that program and for State supervision of municipalities that are in, or in danger of falling into, unsound financial condition.

Transitional Aid to Localities is the State's only funded discretionary municipal financial assistance program, and is only available to municipalities anticipating difficulties making payments toward nondiscretionary or critical obligations including, but not limited to, debt service, contractual obligations, and public safety payroll. Applying for aid under this program is a declaration that the municipality is not capable of managing its finances without special State assistance and intervention. Transitional Aid to Localities



replaced three existing municipal aid programs: Extraordinary Aid, Special Municipal Aid, and Trenton Capital City Aid.

As reported, this bill is identical to Senate Bill No. 3118, as also reported by the committee.

FISCAL IMPACT:

This bill is not certified as requiring a fiscal note. The supplemental appropriations totaling \$140.5 million is in addition to the \$10 million State Aid appropriation for Transitional Aid to Localities made in P.L.2011, c.85, the Fiscal Year 2012 Appropriation Act.

STATEMENT TO  
**ASSEMBLY, No. 4373**

with Senate Floor Amendments  
(Proposed by Senator NORCROSS)

ADOPTED: DECEMBER 15, 2011

This floor amendment strengthens the authority of the Director of the Division of Local Government Services to place conditions the receipt of aid awarded to municipalities through the Transitional Aid to Localities program.

# SENATE, No. 3118

## STATE OF NEW JERSEY 214th LEGISLATURE

INTRODUCED DECEMBER 1, 2011

**Sponsored by:**

**Senator DONALD NORCROSS**

**District 5 (Camden and Gloucester)**

**Senator PAUL A. SARLO**

**District 36 (Bergen, Essex and Passaic)**

**Co-Sponsored by:**

**Senator Turner**

**SYNOPSIS**

Authorities State oversight of municipalities in the Transitional Aid to Localities Program; appropriates \$140,500,000 to DCA for Transitional Aid to Localities and administrative costs.

**CURRENT VERSION OF TEXT**

As introduced.



**(Sponsorship Updated As Of: 12/16/2011)**

S3118 NORCROSS, SARLO

2

1 AN ACT authorizing State oversight for certain municipalities  
2 experiencing fiscal distress, supplementing Title 52 of the  
3 Revised Statutes, and making appropriations.

4

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

7

8 1. a. The Director of the Division of Local Government  
9 Services in the Department of Community Affairs shall have the  
10 authority to determine conditions, requirements, orders, and  
11 oversight for the receipt of any amount of grants, loans, or any  
12 combination thereof, provided to any municipality through the  
13 Transitional Aid to Localities program or any successor  
14 discretionary aid programs for municipalities in fiscal distress.  
15 Conditions, requirements, or orders deemed necessary by the  
16 director may include, but not be limited to, the implementation of  
17 government, administrative, and operational efficiency and  
18 oversight measures necessary for the fiscal recovery of the  
19 municipality, including but not limited to requiring approval by the  
20 director of personnel actions, professional services and related  
21 contracts, payment in lieu of tax agreements, acceptance of grants  
22 from State, federal or other organizations, and the creation of new  
23 or expanded public services.

24 b. An additional amount not to exceed one percent of the  
25 amount appropriated in any State Fiscal Year beginning on or after  
26 July 1, 2012 for the Transitional Aid to Localities program or any  
27 successor discretionary aid programs for municipalities in fiscal  
28 distress shall be appropriated for administrative costs of that  
29 program, and for administrative costs associated with the oversight  
30 of any municipalities under State supervision pursuant to Article 4  
31 of the "Local Government Supervision Act (1947)," P.L.1947,  
32 c.151 (C.52:27BB-54 et seq.), subject to the approval of the  
33 Director of the Division of Budget and Accounting in the  
34 Department of the Treasury.

35

36 2. There is appropriated \$139,000,000 from the General Fund  
37 to the Department of Community Affairs for Transitional Aid to  
38 Localities to be distributed to municipalities during the current State  
39 Fiscal Year, subject to the provisions of subsection a. of section 1  
40 of P.L. , c. (C. ) (pending before the Legislature as this bill)  
41 and P.L.2011, c.85.

42

43 3. There is appropriated \$1,500,000 from the General Fund to  
44 the Department of Community Affairs for administrative costs of  
45 the Transitional Aid to Localities program and for administrative  
46 costs associated with the oversight of any municipalities under State  
47 supervision pursuant to Article 4 of the "Local Government  
48 Supervision Act (1947)," P.L.1947, c.151 (C.52:27BB-54 et seq.),

1 subject to the approval of the Director of the Division of Budget  
2 and Accounting in the Department of the Treasury.

3

4 4. This act shall take effect immediately.

5

6

7

STATEMENT

8

9 This legislation would supplement current law to reflect identical  
10 language in the Fiscal Year 2012 Appropriations Act by providing  
11 the State with the authority to implement certain oversight measures  
12 in municipalities that have received additional State financial  
13 assistance through the Transitional Aid to Localities program.  
14 Under this bill, the Director of the Division of Local Government  
15 Services in the Department of Community Affairs would be  
16 permitted to condition the receipt of Transitional Aid on any  
17 requirements, orders, and oversight as he deems necessary for the  
18 fiscal recovery of the municipality.

19 The bill also requires an additional amount, not to exceed one  
20 percent of the State appropriations for the Transitional Aid program  
21 or any successor discretionary aid programs for municipalities in  
22 fiscal distress, to be appropriated and allocated for administrative  
23 costs of that program and for State supervision of municipalities  
24 that are in, or in danger of falling into, unsound financial condition.

25 This bill also appropriates a total \$140.5 million from the State  
26 General Fund to the Department of Community Affairs for the  
27 Transitional Aid to Localities program. \$139 million would be  
28 available for distribution to eligible municipalities in the current  
29 State fiscal year. An additional \$1.5 million would be available to  
30 pay for administrative costs associated with the Transitional Aid to  
31 Localities program and with the oversight of any municipalities that  
32 are under State supervision pursuant to Article 4 of the "Local  
33 Government Supervision Act (1947)," P.L.1947, c.151 (C.52:27BB-  
34 54 et seq.).

35 Transitional Aid to Localities is the State's only funded  
36 discretionary municipal financial assistance program, and is only  
37 available to municipalities anticipating difficulties making  
38 payments toward nondiscretionary or critical obligations including,  
39 but not limited to, debt service, contractual obligations, and public  
40 safety payroll. Applying for aid under this program is a declaration  
41 that the municipality is not capable of managing its finances  
42 without special State assistance and intervention. Transitional Aid  
43 to Localities replaced three existing municipal aid programs:  
44 Extraordinary Aid, Special Municipal Aid, and Trenton Capital City  
45 Aid.

# SENATE BUDGET AND APPROPRIATIONS COMMITTEE

## STATEMENT TO

### SENATE, No. 3118

# STATE OF NEW JERSEY

DATED: DECEMBER 8, 2011

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 3118.

This bill appropriates a total \$140.5 million from the State General Fund to the Department of Community Affairs for the Transitional Aid to Localities program. \$139 million would be available for distribution to eligible municipalities in the current State fiscal year. An additional \$1.5 million would be available to pay for administrative costs associated with the Transitional Aid to Localities program and with the oversight of any municipalities that are under State supervision pursuant to Article 4 of the “Local Government Supervision Act (1947),” P.L.1947, c.151 (C.52:27BB-54 et seq.).

This bill also would supplement the permanent and general statutory law to reflect budget language in the Fiscal Year 2012 Appropriations Act that provides the State authority to implement certain oversight measures in municipalities that have received additional State financial assistance through the Transitional Aid to Localities program. Under this bill, the Director of the Division of Local Government Services in the Department of Community Affairs would be permitted to condition the receipt of Transitional Aid on any requirements, orders, and oversight as he deems necessary for the fiscal recovery of the municipality.

The bill also requires, beginning in Fiscal year 2013, that an additional amount, not to exceed one percent of the State appropriations for the Transitional Aid program or any successor discretionary aid programs for municipalities in fiscal distress, be appropriated and allocated for administrative costs of that program and for State supervision of municipalities that are in, or in danger of falling into, unsound financial condition.

Transitional Aid to Localities is the State’s only funded discretionary municipal financial assistance program, and is only available to municipalities anticipating difficulties making payments toward nondiscretionary or critical obligations including, but not limited to, debt service, contractual obligations, and public safety payroll. Applying for aid under this program is a declaration that the municipality is not capable of managing its finances without special State assistance and intervention. Transitional Aid to Localities

replaced three existing municipal aid programs: Extraordinary Aid, Special Municipal Aid, and Trenton Capital City Aid.

As reported, this bill is identical to Assembly Bill No. 4373, as also reported by the committee.

FISCAL IMPACT:

This bill is not certified as requiring a fiscal note. The supplemental appropriations totaling \$140.5 million is in addition to the \$10 million State Aid appropriation for Transitional Aid to Localities made in P.L.2011, c.85, the Fiscal Year 2012 Appropriation Act.

## Statement from Governor Chris Christie Regarding the Passage of the Transitional Aid Bill

Thursday, December 15, 2011      Tags: [Statements](#)

**Trenton, NJ** – Today, Governor Chris Christie released the following statement regarding the Legislature's passage of S-3118/A-4373 to restore transitional aid funding:

"My signature on the transitional aid bill is now guaranteed with the Legislature's recognition that much needed aid for our urban cities must go hand in hand with commonsense and permanent oversight -- something the taxpayers of New Jersey demand and deserve. This legislation will finally make permanent the ongoing rigorous accountability this Administration has already been applying to transitional aid in order to prevent abuse and waste. I want to thank the Legislature for working with us to get this done so that this vitally important aid is delivered to our cities that need it most."

**Press Contact:**  
Michael Drewniak  
Kevin Roberts  
609-777-2600

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