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LAW/KR

[Second Reprint]

**ASSEMBLY, No. 2911**

**STATE OF NEW JERSEY**  
**214th LEGISLATURE**

INTRODUCED JUNE 14, 2010

**Sponsored by:**

**Assemblywoman JOAN M. QUIGLEY**

**District 32 (Bergen and Hudson)**

**Assemblyman VINCENT PRIETO**

**District 32 (Bergen and Hudson)**

**Co-Sponsored by:**

**Senators Sacco, Beach and Assemblyman O'Donnell**

**SYNOPSIS**

Requires transfer of municipal free library surplus amounts above 20% to municipality for its general purposes, which may include property tax relief.

**CURRENT VERSION OF TEXT**

As amended on September 20, 2010 by the General Assembly pursuant to the Governor's recommendations.



**(Sponsorship Updated As Of: 10/1/2010)**

1 AN ACT concerning the transfer of certain municipal free library  
2 surplus amounts to municipalities and amending R.S.40:54-15  
3 and P.L.2007, c.62.

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

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

9 40:54-15. a. The board of trustees shall make an annual report  
10 to the chief financial officer of the municipality which shall include  
11 a statement setting forth in detail all public revenues received by the  
12 library, all State aid received by the library, all expenditures made  
13 by the library and the balance of funds available. Notwithstanding  
14 the requirements of R.S.40:54-8 pertaining to the amount required  
15 to be raised and appropriated for library purposes, the annual report  
16 **[may] shall** identify excess funds that the board **[intends] is**  
17 **required** to approve and transfer to the municipality as  
18 miscellaneous revenue. The excess funds **[intended for transfer**  
19 **may] transferred shall** be any **[amount that exceeds the sum of the**  
20 **amount of the audited operating expenditures of the library for the**  
21 **most recent available year, plus an additional 25% of those**  
22 **operating expenditures, excluding funds restricted for capital**  
23 **projects and grants, to be maintained as surplus]** <sup>2</sup>**[undesigned**  
24 **general fund balance in excess of 20 percent of the audited**  
25 **operating expenditures for the preceding budget year]** amount that  
26 **exceeds the sum of the amount of the audited operating**  
27 **expenditures of the library for the most recent available year, plus**  
28 **an additional 20% of those operating expenditures, excluding funds**  
29 **restricted for capital projects and grants, to be maintained as**  
30 **surplus**<sup>2</sup>. The annual report shall also include an analysis of the  
31 state and condition of the library and shall be sent to the municipal  
32 governing body and to the State Library. The State Librarian shall  
33 prescribe by regulation the form of all such reports.

34 b. (1) <sup>2</sup>**[The] Except as limited in paragraph (2) of this**  
35 **subsection, the**<sup>2</sup> board of trustees of a municipal free library **[may]**  
36 **shall** adopt a resolution **[of its intent]** <sup>2</sup>**of its intent**<sup>2</sup> to transfer  
37 excess funds to the municipality, as identified in its annual report  
38 pursuant to subsection a. of this section.

39 (2) **[The board of trustees of a municipal free library established**  
40 **after the effective date of P.L.2008, c.8 shall not adopt a resolution**  
41 **of intent pursuant to this subsection before the eighth budget year**  
42 **following its establishment.]** <sup>2</sup>**[Deleted by amendment, P.L. \_\_\_\_\_,**

**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 June 28, 2010.

<sup>2</sup>Assembly amendments adopted in accordance with Governor's recommendations September 20, 2010.

1 c. ) (pending before the Legislature as this bill)] The board of  
2 trustees of a municipal free library established after the effective  
3 date of P.L.2008, c.8 shall not adopt a resolution of intent pursuant  
4 to this subsection before the eighth budget year following its  
5 establishment.<sup>2</sup>

6 c. Once the board of trustees has adopted a resolution [of  
7 intent]<sup>2</sup>of intent<sup>2</sup> pursuant to subsection b. of this section, it shall  
8 forward the resolution to the State Librarian [for approval, along  
9 with any other information required by the State Librarian and in  
10 accordance with procedures and forms promulgated by the State  
11 Librarian in consultation with the Director of the Division of Local  
12 Government Services in the Department of Community Affairs].  
13 [The State Librarian shall approve any resolution upon a  
14 determination that all of the following provisions are met:] <sup>2</sup>for  
15 approval, along with any other information required by the State  
16 Librarian and in accordance with procedures and forms  
17 promulgated by the State Librarian in consultation with the Director  
18 of the Division of Local Government Services in the Department of  
19 Community Affairs. The State Librarian shall approve any  
20 resolution upon a determination that all of the following provisions  
21 are met:<sup>2</sup>

22 [(1) the] <sup>2</sup>[The] (1) the<sup>2</sup> municipal free library [will still]  
23 <sup>2</sup>[shall not] will still<sup>2</sup> retain a sum [equal to] <sup>2</sup>[from its received  
24 public funds that is greater than 20 percent of] equal to<sup>2</sup> the amount  
25 of the audited operating expenditures of the library for the most  
26 recent available year [plus an additional 25% of that amount] <sup>2</sup>[as  
27 surplus] plus an additional 20% of that amount<sup>2</sup>, excluding funds  
28 restricted for capital projects and grants[, to be maintained as  
29 surplus;

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

38 (3) there are sufficient funds remaining in the municipal free  
39 library's operating budget for the maintenance of the library for the  
40 balance of the fiscal year in which the transfer of funds to the  
41 municipality occurs; and

42 (4) the library board of trustees has a written plan of at least  
43 three years that reflects that the long-term funding needs of the  
44 library will be met, and that any capital expense will contribute to  
45 the provision of efficient and effective library services, and that the

1 written plan has been approved by the State Librarian] <sup>2</sup>to be  
2 maintained as surplus;

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

11 (3) there are sufficient funds remaining in the municipal free  
12 library's operating budget for the maintenance of the library for the  
13 balance of the fiscal year in which the transfer of funds to the  
14 municipality occurs; and

15 (4) the library board of trustees has a written plan of at least  
16 three years that reflects that the long-term funding needs of the  
17 library will be met, and that any capital expense will contribute to  
18 the provision of efficient and effective library services, and that the  
19 written plan has been approved by the State Librarian<sup>2</sup>.

20 d. Upon [approval] <sup>2</sup>[adoption] approval<sup>2</sup> of its resolution [of  
21 intent by the State Librarian pursuant to subsection c. of this  
22 section] <sup>2</sup>of intent by the State Librarian pursuant to subsection c.  
23 of this section<sup>2</sup>, the board of trustees [may] shall cause the amount  
24 of the excess funds identified in its resolution to be transferred to  
25 the municipality <sup>2</sup>[for its general purposes, which may include  
26 property tax relief]<sup>2</sup>.

27 (cf: P.L.2008, c.8, s.1)

28

29 <sup>1</sup>[2. Section 10 of P.L.2007, c.62 (C.40A:4-45.45) is amended  
30 to read as follows:

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

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

40 (1) increases in amounts required to be raised for (a) all debt  
41 service and (b) lease payments with county improvement authorities  
42 pursuant to leases in effect on the effective date of P.L.2007, c.62  
43 (C.18A:7F-37 et al.);

44 (2) increases in amounts required to be raised to replace State  
45 formula aid due to a reduction in State formula aid from the  
46 previous local budget year;

1 (3) increases in amounts for certain pension contributions set  
2 forth in section 5 of P.L.2003, c.108 (C.40A:4-45.43) for the years  
3 set forth in that section;

4 (4) with respect to municipalities, any increase, greater than four  
5 percent, in the reserve for uncollected taxes that is required by law;

6 (5) increases in health care costs equal to that portion of the  
7 actual increase in total health care costs for the budget year that is  
8 in excess of four percent of the total health care costs in the prior  
9 year, but is not in excess of the product of the total health care costs  
10 in the prior year and the average percentage increase of the State  
11 Health Benefits Program, P.L.1961, c.49 (C.52:14-17.25 et seq.), as  
12 annually determined by the Division of Pensions and Benefits in the  
13 Department of the Treasury;

14 (6) increases in amounts for certain normal and accrued liability  
15 pension contributions set forth in sections 1 and 2 of P.L.2009, c.19  
16 amending section 24 of P.L.1954, c.84 (C.43:15A-24) and section  
17 15 of P.L.1944, c.255 (C.43:16A-15) equal to that portion of the  
18 actual increase in normal and accrued liability pension contributions  
19 for the budget year that is in excess of four percent of the normal  
20 and accrued liability pension contributions in the prior year;

21 (7) surplus amounts transferred from a municipal free library  
22 pursuant to R.S.40:54-15.

23 Notwithstanding the other provisions of this subsection, when  
24 the appropriation for all debt service is less than the amount  
25 appropriated for all debt service in the prior fiscal year, the amount  
26 of the difference shall be deducted from the sum of the exclusions  
27 listed in paragraphs (1) through ~~[(6)]~~ (7) of this subsection. If  
28 there are no exclusions, then the amount of the difference shall  
29 reduce the adjusted tax levy by that amount. Any cancelled or  
30 unexpended appropriation for any exclusion pursuant to this  
31 subsection or waiver pursuant to section 11 of P.L.2007, c.62  
32 (C.40A:4-45.46), also shall be deducted from the sum of the  
33 exclusions listed in paragraphs (1) through ~~[(6)]~~ (7) or directly  
34 reduce the adjusted tax levy if there are no exclusions.  
35 (cf: P.L.2009, c.19, s.4)]<sup>1</sup>

36

37 <sup>1</sup>[3.] 2.<sup>1</sup> This act shall take effect immediately.

**ASSEMBLY, No. 2911**

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**STATE OF NEW JERSEY**

**214th LEGISLATURE**

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INTRODUCED JUNE 14, 2010

**Sponsored by:**

**Assemblywoman JOAN M. QUIGLEY**

**District 32 (Bergen and Hudson)**

**Assemblyman VINCENT PRIETO**

**District 32 (Bergen and Hudson)**

**Co-Sponsored by:**

**Senators Sacco and Beach**

**SYNOPSIS**

Requires transfer of municipal free library surplus amounts above 20% to municipality for its general purposes, which may include property tax relief.

**CURRENT VERSION OF TEXT**

As introduced.



**(Sponsorship Updated As Of: 6/29/2010)**



A2911 QUIGLEY, PRIETO

2

1 AN ACT concerning the transfer of certain municipal free library  
2 surplus amounts to municipalities and amending R.S.40:54-15  
3 and P.L.2007, c.62.

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

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

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

30 b. (1) The board of trustees of a municipal free library **[may]**  
31 shall adopt a resolution **[of its intent]** to transfer excess funds to the  
32 municipality, as identified in its annual report pursuant to  
33 subsection a. of this section.

34 (2) **[The board of trustees of a municipal free library established**  
35 **after the effective date of P.L.2008, c.8 shall not adopt a resolution**  
36 **of intent pursuant to this subsection before the eighth budget year**  
37 **following its establishment.]** (Deleted by amendment, P.L. \_\_\_\_\_,  
38 c. \_\_\_\_.) (pending before the Legislature as this bill)

39 c. Once the board of trustees has adopted a resolution **[of**  
40 **intent]** pursuant to subsection b. of this section, it shall forward the  
41 resolution to the State Librarian**[ for approval, along with any other**  
42 **information required by the State Librarian and in accordance with**  
43 **procedures and forms promulgated by the State Librarian in**  
44 **consultation with the Director of the Division of Local Government**

**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 Services in the Department of Community Affairs]. [The State  
2 Librarian shall approve any resolution upon a determination that all  
3 of the following provisions are met:]

4 [(1) the] The municipal free library [will still] shall not retain a  
5 sum [equal to] from its received public funds that is greater than 20  
6 percent of the amount of the audited operating expenditures of the  
7 library for the most recent available year [plus an additional 25% of  
8 that amount] as surplus, excluding funds restricted for capital  
9 projects and grants[, to be maintained as surplus;

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

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

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

27 d. Upon [approval] adoption of its resolution [of intent by the  
28 State Librarian pursuant to subsection c. of this section], the board  
29 of trustees [may] shall cause the amount of the excess funds  
30 identified in its resolution to be transferred to the municipality for  
31 its general purposes, which may include property tax relief.

32 (cf: P.L.2008, c.8, s.1)

33

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

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

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

45 (1) increases in amounts required to be raised for (a) all debt  
46 service and (b) lease payments with county improvement authorities

A2911 QUIGLEY, PRIETO

4

1 pursuant to leases in effect on the effective date of P.L.2007, c.62  
2 (C.18A:7F-37 et al.);

3 (2) increases in amounts required to be raised to replace State  
4 formula aid due to a reduction in State formula aid from the  
5 previous local budget year;

6 (3) increases in amounts for certain pension contributions set  
7 forth in section 5 of P.L.2003, c.108 (C.40A:4-45.43) for the years  
8 set forth in that section;

9 (4) with respect to municipalities, any increase, greater than four  
10 percent, in the reserve for uncollected taxes that is required by law;

11 (5) increases in health care costs equal to that portion of the  
12 actual increase in total health care costs for the budget year that is  
13 in excess of four percent of the total health care costs in the prior  
14 year, but is not in excess of the product of the total health care costs  
15 in the prior year and the average percentage increase of the State  
16 Health Benefits Program, P.L.1961, c.49 (C.52:14-17.25 et seq.), as  
17 annually determined by the Division of Pensions and Benefits in the  
18 Department of the Treasury;

19 (6) increases in amounts for certain normal and accrued liability  
20 pension contributions set forth in sections 1 and 2 of P.L.2009, c.19  
21 amending section 24 of P.L.1954, c.84 (C.43:15A-24) and section  
22 15 of P.L.1944, c.255 (C.43:16A-15) equal to that portion of the  
23 actual increase in normal and accrued liability pension contributions  
24 for the budget year that is in excess of four percent of the normal  
25 and accrued liability pension contributions in the prior year;

26 (7) surplus amounts transferred from a municipal free library  
27 pursuant to R.S.40:54-15.

28 Notwithstanding the other provisions of this subsection, when  
29 the appropriation for all debt service is less than the amount  
30 appropriated for all debt service in the prior fiscal year, the amount  
31 of the difference shall be deducted from the sum of the exclusions  
32 listed in paragraphs (1) through ~~[(6)]~~ (7) of this subsection. If  
33 there are no exclusions, then the amount of the difference shall  
34 reduce the adjusted tax levy by that amount. Any cancelled or  
35 unexpended appropriation for any exclusion pursuant to this  
36 subsection or waiver pursuant to section 11 of P.L.2007, c.62  
37 (C.40A:4-45.46), also shall be deducted from the sum of the  
38 exclusions listed in paragraphs (1) through ~~[(6)]~~ (7) or directly  
39 reduce the adjusted tax levy if there are no exclusions.

40 (cf: P.L.2009, c.19, s.4)

41

42 3. This act shall take effect immediately.

43

44

45

STATEMENT

46

47 This bill is intended to provide property tax relief to municipal  
48 taxpayers while protecting those municipal free libraries that are not

1 as financially stable as other municipal free libraries. Current  
2 budgeting standards recommend a goal of 20% surplus of an entity's  
3 operating budget, while most public bodies actually hold 10% or  
4 lower of the amount of their operating budgets in surplus. At the  
5 same time, however, many municipal free libraries are holding  
6 surpluses in excess of 100% of their operating budget, and these  
7 huge surpluses are increasing each year as municipalities are  
8 required to make their annual donation based on a fixed formula,  
9 required by N.J.S.A.40:56-8, of 1/3 of a mil on every dollar of  
10 assessable equalized value, regardless of the financial state of the  
11 library. Those municipal free libraries that are not in good financial  
12 standing would not be affected by this bill until such time as they  
13 have built a surplus in excess of 20% of their operating budget.

14 Specifically, this bill would require a municipal free library to  
15 transfer any undesignated general fund balance that exceeds 20% of  
16 its audited operating expenditures for the previous year to the  
17 municipality that established the municipal free library for its  
18 general purposes, which may include property tax relief. This  
19 transferred library surplus amount would be an exclusion that is  
20 added to the adjusted tax levy when calculating the municipality's  
21 property tax levy cap so that it would not increase the amount  
22 permitted to be raised by taxation under the levy cap.

23 Under current law, a municipal free library may choose to  
24 transfer to the municipality any amount that exceeds the amount of  
25 the audited operating expenditures of the library for the most recent  
26 available year plus an additional 25% of that amount, excluding  
27 funds restricted for capital projects and grants, upon approval by the  
28 State Librarian. This bill would amend N.J.S.A.40:54-15 to  
29 eliminate that required approval, since the transfer would no longer  
30 be discretionary.

STATEMENT TO  
**ASSEMBLY, No. 2911**

with Senate Floor Amendments  
(Proposed by Senator SACCO)

ADOPTED: JUNE 28, 2010

This bill would require a municipal free library to transfer any undesignated general fund balance that exceeds 20% of its audited operating expenditures for the previous year to the municipality that established the municipal free library for its general purposes, which may include property tax relief. For example, if the audited operating expenditures for the previous year were \$100,000, then after allowing \$100,000 for current year operating expenses plus \$20,000 for surplus, any additional library funds would be transferred to the municipality. Under the bill as introduced, this transferred amount would be an exclusion that is added to the adjusted tax levy when calculating the municipality's property tax levy cap. Treating the transferred amount as an exclusion only makes sense when that amount is used solely for property tax relief, however, the bill permits the transferred funds to be used for general municipal purposes.

These floor amendments remove that tax levy cap exclusion for transferred library funds, effectively treating these funds as miscellaneous revenues to the municipality that have no effect on the tax levy cap.

**ASSEMBLY BILL NO. 2911**  
(First Reprint)

To the General Assembly:

Pursuant to Article V, Section I, Paragraph 14 of the New Jersey Constitution, I am returning Assembly Bill No. 2911 (First Reprint) with my recommendations for reconsideration.

Under this legislation, a municipal free public library would be obligated to transfer to the municipality any undesignated surplus funds in excess of 20% of that library's audited operating expenditures for a prior budget year.

Under current law, a municipal free library is authorized to return - on a voluntary basis - surplus funds in excess of 125% of its audited operating expenditures for a prior budget year, but only after the municipal free library has been in existence for eight budget years. Moreover, under current law, these libraries cannot transfer surplus funds unless the library is determined to be in compliance with all applicable rules and regulations under the State Library Aid Law, which includes standards to ensure that libraries maintain certain staffing, operational, and resource levels.

I commend the sponsors' recognition that shared sacrifice must be realized at all levels in this time of unprecedented economic crisis. I also agree with the sponsors that an increased percentage of library surpluses should be made available to municipalities for property tax relief. In this current fiscal and economic climate, no government entity should be sitting on an excess surplus - the proverbial rainy day has arrived.

I am concerned, however, that the approach embraced by this bill fails to preserve the component of current law that ensures maintenance of quality standards. These minimum standards

ensure that municipalities do not neglect their libraries and allow them to fall into disrepair or disuse. I believe that our public libraries are an educational, informational, and recreational resource for all citizens that must be safeguarded and preserved.

As such, I am returning this legislation with the recommendation that the Legislature restore the protections contained under the current law. Such restoration will continue to allow municipalities to reclaim excess surplus, but only after it has been verified that the library is providing quality services and access to its citizens.

My recommendations also are intended to ensure that any returned funds will be used "solely and exclusively by the municipality for the purposes of reducing the amount the municipality is required to raise by local property tax levy," as required under existing law, N.J.S.A. 40A:4-25.1. This bill in its current form fails to clearly address this important issue, by purporting to allow the funds to be used for other purposes, which may or may not include property tax relief. I believe that the return of these funds must directly accrue to the benefit of the taxpayers of New Jersey.

Accordingly, I herewith return Assembly Bill No. 2911 (First Reprint) and recommend that it be amended as follows:

Page 2, Section 1, Lines 23-25:

Delete "undesignated general fund balance in excess of 20 percent of the audited operating expenditures for the preceding budget year" and insert "amount that exceeds the sum of the amount of the audited operating expenditures of the library for the most recent available year, plus an additional 20% of those operating expenditures, excluding

funds restricted for capital projects and grants, to be maintained as surplus"

Page 2, Section 1, Line 30:

After "(1)", delete "The" and insert "Except as limited in paragraph (2) of this subsection, the"

Page 2, Section 1, Line 31:

After "intent]", insert "of its intent"

Page 2, Section 1, Lines 37-38:

Delete "(Deleted by amendment, P.L. , c. ) (pending before the Legislature as this bill)" and insert "The board of trustees of a municipal free library established after the effective date of P.L.2008, c.8 shall not adopt a resolution of intent pursuant to this subsection before the eighth budget year following its establishment."

Page 2, Section 1, Line 40:

After "intent]", insert "of intent"

Page 3, Section 1, Line 3:

After "met:]", insert "for approval, along with any other information required by the State Librarian and in accordance with procedures and forms promulgated by the State Librarian in consultation with the Director of the Division of Local Government Services in the Department of Community Affairs. The State Librarian shall approve any resolution upon a determination that all of the following provisions are met:"

Page 3, Section 1, Line 4:

Delete "The" and insert "(1) the"

Page 3, Section 1, Line 4:

Delete "shall not" and insert "will still"

Page 3, Section 1, Lines 5-6:

Delete "from its received public funds that is greater than 20 percent of" and insert "equal to"

Page 3, Section 1, Lines 7-8:

Delete "as surplus" and insert "plus an



additional 20% of that amount"

Page 3, Section 1, Line 26:

After "Librarian]", insert "to be maintained as surplus;

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

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

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

Page 3, Section 1, Line 27:

Delete "adoption" and insert "approval"

Page 3, Section 1, Line 28:

After "section]", insert "of intent by the State Librarian pursuant to

subsection c. of this  
section"

Page 3, Section 1, Lines 30-31:

Delete "for its general  
purposes, which may  
include property tax  
relief"

Respectfully,

/s/ Chris Christie

Governor

[seal]

Attest:

/s/ Jeffrey S. Chiesa

Chief Counsel to the Governor

# LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

## ASSEMBLY, No. 2911

### STATE OF NEW JERSEY 214th LEGISLATURE

DATED: JULY 27, 2010

#### SUMMARY

- Synopsis:** Requires transfer of municipal free library surplus amounts above 20 percent to municipality for its general purposes, which may include property tax relief.
- Type of Impact:** Indeterminate municipal revenue increase. Indeterminate loss of financial resources available to municipal free libraries.
- Agencies Affected:** Municipalities and municipal free libraries.

#### Office of Legislative Services Estimate

<b>Fiscal Impact</b>	<b><u>Year 1</u></b>	<b><u>Year 2</u></b>	<b><u>Year 3</u></b>
<b>Municipal Revenue</b>	Indeterminate Revenue Increase – See comments below		
<b>Municipal Free Library Revenue</b>	Indeterminate Loss of Financial Resources – See comments below		

- The Office of Legislative Services (OLS) has determined that the enactment of Assembly Bill No. 2911 (1R) would result in an increase in municipal miscellaneous revenues and a decrease in financial resources available to joint and municipal free libraries.
- Under current law, a municipal free library may choose to transfer to the municipality any amount that exceeds the sum of the amount of the audited operating expenditures of the library for the most recent available year plus an additional 25 percent of that amount, excluding funds restricted for capital projects and grants upon approval by the State Librarian.

#### BILL DESCRIPTION

Assembly Bill No. 2911 (1R) of 2010 would require a municipal free library to transfer any undesignated general fund balance that exceeds 20 percent of its audited operating expenditures for the previous year to the municipality that established the municipal free library for its general purposes, which may include property tax relief. Under current law, a municipal free library may choose to transfer to the municipality any amount that exceeds the sum of the amount of the audited operating expenditures of the library for the most recent available year plus an additional

25 percent of that amount, excluding funds restricted for capital projects and grants upon approval by the State Librarian. This bill would amend N.J.S.A.40:54-15 to eliminate that required approval, since the transfer would no longer be discretionary

## **FISCAL ANALYSIS**

### ***EXECUTIVE BRANCH***

None received.

### ***OFFICE OF LEGISLATIVE SERVICES***

The OLS has determined that the enactment of Assembly Bill No. 2911 (1R) would result in an increase in municipal miscellaneous revenues for certain municipalities with municipal free libraries and a decrease in financial resources available to joint and municipal free libraries.

The OLS has reviewed data from the New Jersey Public Library Survey for 2009 to illustrate, but not forecast, the amount of municipal free library surplus funds that might have been transferred to municipalities for general purposes if this bill had been in effect for calendar year 2009. According to the survey, 79 of 240 municipal free libraries had carry forward balances greater than 20 percent of their total operating expenditures for fiscal year 2008. The combined total operating expenditures for these libraries was \$79,419,441. Pursuant to the bill up to 20 percent of this amount, or \$15,883,888, would have been retained by the municipal free libraries as surplus for the next fiscal year. \$32,816,841 would have been returned to those municipalities for their general purposes.

The OLS notes that the data contained in this analysis are suggestive, but not conclusive with regard to the impact of this legislation on either municipalities or municipal free libraries. The New Jersey Public Library Survey does not ask respondents to provide data on how municipal free libraries appropriate funds that are carried forward from one fiscal year to the next. Amounts that are carried forward may be reappropriated for operating and capital expenditures, returned to the municipality under the procedure allowed under current law, or appropriated as surplus.

Although section 2 of P.L.2008, c.8 (N.J.S.A.40A:4-25.1) requires any monies approved by the State Librarian for transfer to a municipality from a municipal free library to be used solely and exclusively for the purposes of reducing the levy for municipal purposes, this section of law would not apply to any funds transferred pursuant to this bill because this legislation removes those provisions of law requiring the State Librarian to approve the transfer of funds.

*Section:* Local Government

*Analyst:* Scott Brodsky  
Associate Fiscal Analyst

*Approved:* David J. Rosen  
Legislative Budget and Finance Officer

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

# LEGISLATIVE FISCAL ESTIMATE

[Second Reprint]

## ASSEMBLY, No. 2911

### STATE OF NEW JERSEY 214th LEGISLATURE

DATED: OCTOBER 6, 2010

#### SUMMARY

- Synopsis:** Requires transfer of municipal free library surplus amounts above 20 percent to municipality for its general purposes, which may include property tax relief.
- Type of Impact:** Indeterminate municipal revenue increase. Indeterminate loss of financial resources available to municipal free libraries.
- Agencies Affected:** New Jersey State Library, municipalities, and municipal free libraries.

#### Office of Legislative Services Estimate

<b>Fiscal Impact</b>	<b><u>Year 1</u></b>	<b><u>Year 2</u></b>	<b><u>Year 3</u></b>
<b>Municipal Revenue</b>	Indeterminate Revenue Increase – See comments below		
<b>Municipal Free Library Revenue</b>	Indeterminate Loss of Financial Resources – See comments below		

- The Office of Legislative Services (OLS) has determined that the enactment of Assembly Bill No. 2911 (2R) would result in an increase in municipal miscellaneous revenues and a decrease in financial resources available to joint and municipal free libraries.
- As amended, the bill requires the municipal free library to retain a portion of its excess funds, if any, equal to the amount of its audited operating expenditures for the most recent available year, plus 20 percent of that amount. If this condition cannot be met, then the funds may not be transferred from the municipal free library to the municipality.
- Under current law, a municipal free library may choose to transfer to the municipality any amount that exceeds the sum of the amount of the audited operating expenditures of the library for the most recent available year plus an additional 25 percent of that amount, excluding funds restricted for capital projects and grants, upon approval by the State Librarian.

## **BILL DESCRIPTION**

As amended by the General Assembly in accordance with the Governor's recommendations, Assembly Bill No. 2911 (2R) requires a municipal free library to transfer any amount that exceeds the sum of the amount of audited operating expenditures of the library for the most recent available year, plus an additional 20 percent of those operating expenditures, excluding funds restricted for capital projects, to the municipality that established the municipal free library.

The municipal free library must adopt a resolution declaring its intent to transfer the excess funds to the municipality. The resolution must be forwarded, along with any other information required by the State Librarian, for her approval. As amended, the bill requires the State Librarian to approve any resolution effecting the transfer of funds upon the determination that all of the following conditions are met:

1. The municipal free library will retain a sum equal to the amount of the audited operating expenditures of the library, plus an additional 20 percent of that amount, excluding funds restricted for capital projects and grants;

2. The municipality and municipal free library are in compliance with all conditions imposed by rule or regulation promulgated by the State Librarian for per capita library aid to public libraries according to the "state library aid law" and pertaining to appropriations for the maintenance of a municipal free public library;

3. There are sufficient funds remaining in the municipal free library's operating budget for the maintenance of the library for the balance of the fiscal year in which the transfer of funds to the municipality occur; and

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

## **FISCAL ANALYSIS**

### ***EXECUTIVE BRANCH***

None received.

### ***OFFICE OF LEGISLATIVE SERVICES***

The OLS has determined that the enactment of Assembly Bill No. 2911 (2R) would result in an increase in municipal miscellaneous revenues for certain municipalities with municipal free libraries having sufficient surplus to transfer and a decrease in financial resources available to joint and municipal free public libraries.

The bill requires a municipal free library to transfer any surplus amount that exceeds the sum of the amount of audited operating expenditures of the library for the most recent available year, plus an additional 20 percent of those operating expenditures, excluding funds restricted for capital projects. If sufficient surplus is not available, then the State Librarian cannot approve the resolution permitting the transfer of funds from the free library to the municipality.

An OLS review of data from the New Jersey Public Library Survey for 2009 indicates that there were six municipal free libraries with a sufficient amount of excess funds that would have

been transferred to the municipality if this bill had been in effect for calendar year 2009. The maximum amount of funds that would have been transferred was approximately \$3.8 million.

The OLS notes that the data contained on the New Jersey Public Library Survey are suggestive, but not conclusive with regard to the impact of this legislation on either municipalities or municipal free libraries. The New Jersey Public Library Survey does not ask respondents to provide data on how municipal free libraries appropriate funds that are carried forward from one fiscal year to the next. Amounts that are carried forward may be reappropriated for operating and capital expenditures, returned to the municipality under the procedure allowed under current law, or retained as surplus.

*Section: Local Government*

*Analyst: Scott A. Brodsky  
Associate Fiscal Analyst*

*Approved: David J. Rosen  
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.).

# SENATE, No. 2070

## STATE OF NEW JERSEY 214th LEGISLATURE

INTRODUCED JUNE 10, 2010

**Sponsored by:**

**Senator NICHOLAS J. SACCO**

**District 32 (Bergen and Hudson)**

**Senator JAMES BEACH**

**District 6 (Camden)**

**SYNOPSIS**

Requires transfer of municipal free library surplus amounts above 20% to municipality for its general purposes, which may include property tax relief.

**CURRENT VERSION OF TEXT**

As introduced.



**(Sponsorship Updated As Of: 6/25/2010)**



S2070 SACCO, BEACH

2

1 AN ACT concerning the transfer of certain municipal free library  
2 surplus amounts to municipalities and amending R.S.40:54-15  
3 and P.L.2007, c.62.

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

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

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

30 b. (1) The board of trustees of a municipal free library **[may]**  
31 shall adopt a resolution **[of its intent]** to transfer excess funds to the  
32 municipality, as identified in its annual report pursuant to  
33 subsection a. of this section.

34 (2) **[The board of trustees of a municipal free library established**  
35 **after the effective date of P.L.2008, c.8 shall not adopt a resolution**  
36 **of intent pursuant to this subsection before the eighth budget year**  
37 **following its establishment.] (Deleted by amendment, P.L. \_\_\_\_\_,**  
38 **c. \_\_\_\_.) (pending before the Legislature as this bill)**

39 c. Once the board of trustees has adopted a resolution **[of**  
40 **intent]** pursuant to subsection b. of this section, it shall forward the  
41 resolution to the State Librarian**[ for approval, along with any other**  
42 **information required by the State Librarian and in accordance with**  
43 **procedures and forms promulgated by the State Librarian in**  
44 **consultation with the Director of the Division of Local Government**

**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 Services in the Department of Community Affairs]. [The State  
2 Librarian shall approve any resolution upon a determination that all  
3 of the following provisions are met:]

4 [(1) the] The municipal free library [will still] shall not retain a  
5 sum [equal to] from its received public funds that is greater than 20  
6 percent of the amount of the audited operating expenditures of the  
7 library for the most recent available year [plus an additional 25% of  
8 that amount] as surplus, excluding funds restricted for capital  
9 projects and grants[, to be maintained as surplus;

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

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

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

27 d. Upon [approval] adoption of its resolution [of intent by the  
28 State Librarian pursuant to subsection c. of this section], the board  
29 of trustees [may] shall cause the amount of the excess funds  
30 identified in its resolution to be transferred to the municipality for  
31 its general purposes, which may include property tax relief.

32 (cf: P.L.2008, c.8, s.1)

33

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

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

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

45 (1) increases in amounts required to be raised for (a) all debt  
46 service and (b) lease payments with county improvement authorities

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4

1 pursuant to leases in effect on the effective date of P.L.2007, c.62  
2 (C.18A:7F-37 et al.);

3 (2) increases in amounts required to be raised to replace State  
4 formula aid due to a reduction in State formula aid from the  
5 previous local budget year;

6 (3) increases in amounts for certain pension contributions set  
7 forth in section 5 of P.L.2003, c.108 (C.40A:4-45.43) for the years  
8 set forth in that section;

9 (4) with respect to municipalities, any increase, greater than four  
10 percent, in the reserve for uncollected taxes that is required by law;

11 (5) increases in health care costs equal to that portion of the  
12 actual increase in total health care costs for the budget year that is  
13 in excess of four percent of the total health care costs in the prior  
14 year, but is not in excess of the product of the total health care costs  
15 in the prior year and the average percentage increase of the State  
16 Health Benefits Program, P.L.1961, c.49 (C.52:14-17.25 et seq.), as  
17 annually determined by the Division of Pensions and Benefits in the  
18 Department of the Treasury;

19 (6) increases in amounts for certain normal and accrued liability  
20 pension contributions set forth in sections 1 and 2 of P.L.2009, c.19  
21 amending section 24 of P.L.1954, c.84 (C.43:15A-24) and section  
22 15 of P.L.1944, c.255 (C.43:16A-15) equal to that portion of the  
23 actual increase in normal and accrued liability pension contributions  
24 for the budget year that is in excess of four percent of the normal  
25 and accrued liability pension contributions in the prior year;

26 (7) surplus amounts transferred from a municipal free library  
27 pursuant to R.S.40:54-15.

28 Notwithstanding the other provisions of this subsection, when  
29 the appropriation for all debt service is less than the amount  
30 appropriated for all debt service in the prior fiscal year, the amount  
31 of the difference shall be deducted from the sum of the exclusions  
32 listed in paragraphs (1) through ~~[(6)]~~ (7) of this subsection. If  
33 there are no exclusions, then the amount of the difference shall  
34 reduce the adjusted tax levy by that amount. Any cancelled or  
35 unexpended appropriation for any exclusion pursuant to this  
36 subsection or waiver pursuant to section 11 of P.L.2007, c.62  
37 (C.40A:4-45.46), also shall be deducted from the sum of the  
38 exclusions listed in paragraphs (1) through ~~[(6)]~~ (7) or directly  
39 reduce the adjusted tax levy if there are no exclusions.

40 (cf: P.L.2009, c.19, s.4)

41

42 3. This act shall take effect immediately.

43

44

45

STATEMENT

46

47 This bill is intended to provide property tax relief to municipal  
48 taxpayers while protecting those municipal free libraries that are not

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1 as financially stable as other municipal free libraries. Current  
2 budgeting standards recommend a goal of 20% surplus of an entity's  
3 operating budget, while most public bodies actually hold 10% or  
4 lower of the amount of their operating budgets in surplus. At the  
5 same time, however, many municipal free libraries are holding  
6 surpluses in excess of 100% of their operating budget, and these  
7 huge surpluses are increasing each year as municipalities are  
8 required to make their annual donation based on a fixed formula,  
9 required by N.J.S.A.40:56-8, of 1/3 of a mil on every dollar of  
10 assessable equalized value, regardless of the financial state of the  
11 library. Those municipal free libraries that are not in good financial  
12 standing would not be affected by this bill until such time as they  
13 have built a surplus in excess of 20% of their operating budget.

14 Specifically, this bill would require a municipal free library to  
15 transfer any undesignated general fund balance that exceeds 20% of  
16 its audited operating expenditures for the previous year to the  
17 municipality that established the municipal free library for its  
18 general purposes, which may include property tax relief. This  
19 transferred library surplus amount would be an exclusion that is  
20 added to the adjusted tax levy when calculating the municipality's  
21 property tax levy cap so that it would not increase the amount  
22 permitted to be raised by taxation under the levy cap.

23 Under current law, a municipal free library may choose to  
24 transfer to the municipality any amount that exceeds the amount of  
25 the audited operating expenditures of the library for the most recent  
26 available year plus an additional 25% of that amount, excluding  
27 funds restricted for capital projects and grants, upon approval by the  
28 State Librarian. This bill would amend N.J.S.A.40:54-15 to  
29 eliminate that required approval, since the transfer would no longer  
30 be discretionary.

# SENATE BUDGET AND APPROPRIATIONS COMMITTEE

## STATEMENT TO

### SENATE, No. 2070

# STATE OF NEW JERSEY

DATED: JUNE 21, 2010

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 2070.

The bill is intended to provide property tax relief to municipal taxpayers while protecting those municipal free libraries that are not as financially stable as other municipal free libraries. Current budgeting standards recommend a goal of 20% surplus of an entity's operating budget, while most public bodies actually hold 10% or lower of the amount of their operating budgets in surplus. At the same time, however, many municipal free libraries are holding surpluses in excess of 100% of their operating budget, and these huge surpluses are increasing each year as municipalities are required to make their annual donation based on a fixed formula, required by N.J.S.A.40:56-8, of 1/3 of a mil on every dollar of assessable equalized value, regardless of the financial state of the library. Those municipal free libraries that are not in good financial standing would not be affected by this bill until such time as they have built a surplus in excess of 20% of their operating budget.

Specifically, this bill would require a municipal free library to transfer any undesignated general fund balance that exceeds 20% of its audited operating expenditures for the previous year to the municipality that established the municipal free library for its general purposes, which may include property tax relief. This transferred library surplus amount would be an exclusion that is added to the adjusted tax levy when calculating the municipality's property tax levy cap so that it would not increase the amount permitted to be raised by taxation under the levy cap.

Under current law, a municipal free library may choose to transfer to the municipality any amount that exceeds the amount of the audited operating expenditures of the library for the most recent available year plus an additional 25% of that amount, excluding funds restricted for capital projects and grants, upon approval by the State Librarian. This bill would amend N.J.S.A.40:54-15 to eliminate that required approval, since the transfer would no longer be discretionary.

#### FISCAL IMPACT:

The Office of Legislative Services (OLS) has determined that the enactment of this bill would result in an increase in municipal

revenues and a decrease in financial resources available to joint and municipal free libraries. The bill also permits an increase in the allowable municipal purposes property tax levy by the amount of revenue received from the library.

The OLS has reviewed data from the New Jersey Public Library Survey for 2009 to illustrate, but not forecast, the amount of municipal free library surplus funds that might have been transferred to municipalities for general purposes if this bill had been in effect for calendar year 2009. According to the survey, 79 of 240 municipal free libraries had carry forward balances greater than 20 percent of their total operating expenditures for fiscal year 2008. The combined total operating expenditures for these libraries was \$79,419,441. Pursuant to the bill up to 20 percent of this amount, or \$15,883,888, would have been retained by the municipal free libraries as surplus for the next fiscal year, while \$32,816,841 would have been returned to those municipalities for their general purposes.

The OLS notes that the data contained in this analysis are suggestive, but not conclusive with regard to the impact of this legislation on either municipalities or municipal free libraries. The New Jersey Public Library Survey does not ask respondents to provide data on how municipal free libraries appropriate funds that are carried forward from one fiscal year to the next. Amounts that are carried forward may be reappropriated for operating and capital expenditures, returned to the municipality under the procedure allowed under current law, or appropriated as surplus.

STATEMENT TO  
**SENATE, No. 2070**

with Senate Floor Amendments  
(Proposed by Senator SACCO)

ADOPTED: JUNE 28, 2010

This bill would require a municipal free library to transfer any undesignated general fund balance that exceeds 20% of its audited operating expenditures for the previous year to the municipality that established the municipal free library for its general purposes, which may include property tax relief. For example, if the audited operating expenditures for the previous year were \$100,000, then after allowing \$100,000 for current year operating expenses plus \$20,000 for surplus, any additional library funds would be transferred to the municipality. Under the bill as introduced, this transferred amount would be an exclusion that is added to the adjusted tax levy when calculating the municipality's property tax levy cap. Treating the transferred amount as an exclusion only makes sense when that amount is used solely for property tax relief, however, the bill permits the transferred funds to be used for general municipal purposes.

These floor amendments remove that tax levy cap exclusion for transferred library funds, effectively treating these funds as miscellaneous revenues to the municipality that have no effect on the tax levy cap.