

40A:11-15.1

LEGISLATIVE HISTORY CHECKLIST

NJSA: 40A:11-15.1

(Public employee pensions-
local systems-allow insurance
contracts that cover actuarial
liability)

LAWS OF: 1985

CHAPTER: 68

Bill No: S1986

Sponsor(s): Orechio

Date Introduced: June 25, 1984

Committee: Assembly: Revenue, Finance and Appropriations

Senate: /////

Amended during passage: Yes
according to Governor's recommendations

Amendments denoted by
asterisks

Date of Passage: Assembly: Dec. 17, 1984 Re-enacted 2-14-85

Senate: Nov. 19, 1984 Re-enacted 2-25-85

Date of Approval: March 5, 1985

Following statements are attached if available:

Sponsor statement: Yes (see below)

Committee statement: Assembly Yes

Senate No

Fiscal Note: No

Veto Message: Yes

Message on Signing: Yes

Following were printed:

Reports: No

Hearings: No

Sponsor's Statement:

The purpose of this bill is to permit local government units to enter into long term insurance contracts to cover the actuarial liability of a non-State-administered public employee pension system.

3-5-85

[OFFICIAL COPY REPRINT]
SENATE, No. 1986

STATE OF NEW JERSEY

INTRODUCED JUNE 25, 1984

By Senator ORECHIO

(Without Reference)

AN ACT concerning the duration of certain contracts and ***[amending]*** **supplementing** P. L. 1971, c. 198.

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

1 ***[1.** Section 15 of P. L. 1971, c. 198 (C. 40A:11-15) is amended
 2 to read as follows:

3 15. Duration of certain contracts. All purchases, contracts or
 4 agreements for the performing of work or the furnishing of ma-
 5 terials, supplies or services shall be made for a period not to exceed
 6 12 consecutive months, except that contracts or agreements may be
 7 entered into for longer periods of time as follows:

8 (1) Supplying of

9 (a) Fuel for heating purposes, for any term not exceeding
 10 in the aggregate, two years;

11 (b) Fuel or oil for use of airplanes, automobiles, motor
 12 vehicles or equipment for any term not exceeding in the aggre-
 13 gate, two years;

14 (c) Thermal energy produced by a cogeneration facility, for
 15 use for heating or air conditioning or both, for any term not
 16 exceeding 20 years, when the contract is approved by the
 17 Board of Public Utilities. For the purposes of this paragraph,
 18 "cogeneration" means the simultaneous production in one
 19 facility of electric power and other forms of useful energy
 20 such as heating or process steam;

21 (2) (Deleted by amendment; P. L. 1977, c. 53.)

22 (3) The collection and disposal of garbage and refuse, for any
 23 term not exceeding in the aggregate, five years;

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

Matter printed in italics *thus* is new matter.

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

*—Senate amendments adopted in accordance with Governor's recommenda-
 tions February 14, 1985.

24 (4) The recycling of solid waste, for any term not exceeding 25
25 years, when such contract is in conformance with a solid waste
26 management plan approved pursuant to P. L. 1970, c. 39 (C.
27 13:1E-1 et seq.), and with the approval of the Division of Local
28 Government Services and the Department of Environmental
29 Protection;

30 (5) Data processing service, for any term of not more than three
31 years;

32 (6) Insurance, for any term of not more than three years; *except*
33 *that a local unit may enter into an insurance contract to fund the*
34 *actuarial liability of a non-State administered public employee pen-*
35 *sion system, for a term which may not exceed the term of the*
36 *actuarial liability covered by the contract;*

37 (7) Leasing or servicing of automobiles, motor vehicles, ma-
38 chinery and equipment of every nature and kind, for a period not
39 to exceed three years; provided, however, such contracts shall be
40 entered into only subject to and in accordance with the rules and
41 regulations promulgated by the Director of the Division of Local
42 Government Services of the Department of Community Affairs;

43 (8) The supplying of any product or the rendering of any ser-
44 vice by a telephone company which is subject to the jurisdiction of
45 the Board of Public Utilities for a term not exceeding five years;

46 (9) Any single project for the construction, reconstruction or
47 rehabilitation of any public building, structure or facility, or any
48 public works project, including the retention of the services of
49 any architect or engineer in connection therewith, for the length
50 of time authorized and necessary for the completion of the actual
51 construction;

52 (10) The providing of food services for any term not exceeding
53 three years;

54 (11) On-site inspections undertaken by private agencies pur-
55 suant to the "State Uniform Construction Code Act" (P. L. 1975,
56 c. 217; C. 52:27D-119 et seq.) for any term of not more than three
57 years;

58 (12) The performance of work or services or the furnishing of
59 materials or supplies for the purpose of conserving energy in build-
60 ings owned by, or operations conducted by, the contracting unit,
61 the entire price of which to be established as a percentage of the
62 resultant savings in energy costs, for a term not to exceed 10 years;
63 provided, however, that such contracts shall be entered into only
64 subject to and in accordance with rules and regulations promulgated
65 by the Department of Energy establishing a methodology for com-
66 puting energy cost savings;

67 (13) The performance of work or services or the furnishing of
 68 materials or supplies for the purpose of elevator maintenance for
 69 any term not exceeding three years;

70 (14) Leasing or servicing of electronic communications equip-
 71 ment for a period not to exceed five years; provided, however, such
 72 contract shall be entered into only subject to and in accordance
 73 with the rules and regulations promulgated by the Director of the
 74 Division of Local Government Services of the Department of Com-
 75 munity Affairs;

76 (15) Leasing of motor vehicles, machinery and other equipment
 77 primarily used to fight fires, for a term not to exceed seven years,
 78 when the contract includes an option to purchase, subject to and
 79 in accordance with rules and regulations promulgated by the Di-
 80 rector of the Division of Local Government Services of the De-
 81 partment of Community Affairs.

82 All multi-year leases and contracts entered into pursuant to this
 83 section 15, except contracts for the leasing or servicing of equip-
 84 ment supplied by a telephone company which is subject to the
 85 jurisdiction of the Board of Public Utilities, contracts for thermal
 86 energy authorized pursuant to subsection (1) above, construction
 87 contracts authorized pursuant to subsection (9) above, or contracts
 88 and agreements for the provision of work or the supplying of
 89 equipment to promote energy conservation authorized pursuant to
 90 subsection (12) above, shall contain a clause making them subject
 91 to the availability and appropriation annually of sufficient funds
 92 as may be required to meet the extended obligation, or contain an
 93 annual cancellation clause.

94 The Division of Local Government Services shall adopt and
 95 promulgate rules and regulations concerning the methods of ac-
 96 counting for all contracts that do not coincide with the fiscal year.】*

1 **1. Notwithstanding the provisions of subsection 6 of section 15*
 2 *of P. L. 1971, c. 198 (C. 40A:11-15) to the contrary, a county in*
 3 *which a pension fund has been established pursuant to P. L. 1943,*
 4 *c. 160 (C. 43:10-18.1 et seq.) may enter into an insurance contract*
 5 *to fund the actuarial liability of its pension system, for a term which*
 6 *may not exceed the term of the actuarial liability covered by the*
 7 *contract.**

1 2. This act shall take effect immediately.

2-4-85

SENATE, No. 1986
STATE OF NEW JERSEY

INTRODUCED JUNE 25, 1984

By Senator ORECHIO

(Without Reference)

AN ACT concerning the duration of certain contracts and amend-
ing P. L. 1971, c. 198.

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

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2 to read as follows:

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4 agreements for the performing of work or the furnishing of ma-
5 terials, supplies or services shall be made for a period not to exceed
6 12 consecutive months, except that contracts or agreements may be
7 entered into for longer periods of time as follows:

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9 (a) Fuel for heating purposes, for any term not exceeding
10 in the aggregate, two years;

11 (b) Fuel or oil for use of airplanes, automobiles, motor
12 vehicles or equipment for any term not exceeding in the aggre-
13 gate, two years;

14 (c) Thermal energy produced by a cogeneration facility, for
15 use for heating or air conditioning or both, for any term not
16 exceeding 20 years, when the contract is approved by the
17 Board of Public Utilities. For the purposes of this paragraph,
18 "cogeneration" means the simultaneous production in one
19 facility of electric power and other forms of useful energy
20 such as heating or process steam;

21 (2) (Deleted by amendment; P. L. 1977, c. 53.)

22 (3) The collection and disposal of garbage and refuse, for any
23 term not exceeding in the aggregate, five years;

Matter printed in italics *thus* is new matter.

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25 years, when such contract is in conformance with a solid waste
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33 *that a local unit may enter into an insurance contract to fund the*
34 *actuarial liability of a non-State administered public employee pen-*
35 *sion system, for a term which may not exceed the term of the*
36 *actuarial liability covered by the contract;*

37 (7) Leasing or servicing of automobiles, motor vehicles, ma-
38 chinery and equipment of every nature and kind, for a period not
39 to exceed three years; provided, however, such contracts shall be
40 entered into only subject to and in accordance with the rules and
41 regulations promulgated by the Director of the Division of Local
42 Government Services of the Department of Community Affairs;

43 (8) The supplying of any product or the rendering of any ser-
44 vice by a telephone company which is subject to the jurisdiction of
45 the Board of Public Utilities for a term not exceeding five years;

46 (9) Any single project for the construction, reconstruction or
47 rehabilitation of any public building, structure or facility, or any
48 public works project, including the retention of the services of
49 any architect or engineer in connection therewith, for the length
50 of time authorized and necessary for the completion of the actual
51 construction;

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53 three years;

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55 suant to the "State Uniform Construction Code Act" (P. L. 1975,
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57 years;

58 (12) The performance of work or services or the furnishing of
59 materials or supplies for the purpose of conserving energy in build-
60 ings owned by, or operations conducted by, the contracting unit,
61 the entire price of which to be established as a percentage of the
62 resultant savings in energy costs, for a term not to exceed 10 years;
63 provided, however, that such contracts shall be entered into only
64 subject to and in accordance with rules and regulations promulgated
65 by the Department of Energy establishing a methodology for com-
66 puting energy cost savings;

67 (13) The performance of work or services or the furnishing of
68 materials or supplies for the purpose of elevator maintenance for
69 any term not exceeding three years;

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71 ment for a period not to exceed five years; provided, however, such
72 contract shall be entered into only subject to and in accordance
73 with the rules and regulations promulgated by the Director of the
74 Division of Local Government Services of the Department of Com-
75 munity Affairs;

76 (15) Leasing of motor vehicles, machinery and other equipment
77 primarily used to fight fires, for a term not to exceed seven years,
78 when the contract includes an option to purchase, subject to and
79 in accordance with rules and regulations promulgated by the Di-
80 rector of the Division of Local Government Services of the De-
81 partment of Community Affairs.

82 All multi-year leases and contracts entered into pursuant to this
83 section 15, except contracts for the leasing or servicing of equip-
84 ment supplied by a telephone company which is subject to the
85 jurisdiction of the Board of Public Utilities, contracts for thermal
86 energy authorized pursuant to subsection (1) above, construction
87 contracts authorized pursuant to subsection (9) above, or contracts
88 and agreements for the provision of work or the supplying of
89 equipment to promote energy conservation authorized pursuant to
90 subsection (12) above, shall contain a clause making them subject
91 to the availability and appropriation annually of sufficient funds
92 as may be required to meet the extended obligation, or contain an
93 annual cancellation clause.

94 The Division of Local Government Services shall adopt and
95 promulgate rules and regulations concerning the methods of ac-
96 counting for all contracts that do not coincide with the fiscal year.

1 2. This act shall take effect immediately.

STATEMENT

The purpose of this bill is to permit local government units to enter into long term insurance contracts to cover the actuarial liability of a non-State administered public employee pension system.

ASSEMBLY REVENUE, FINANCE AND APPROPRIATIONS
COMMITTEE

STATEMENT TO

SENATE, No. 1986

STATE OF NEW JERSEY

DATED: DECEMBER 13, 1984

PROVISIONS:

This bill amends the local contracts law and permits local government units to enter into long term insurance contracts to cover the actuarial liability of a nonState administered public employee pension system.

Current law restricts the duration of certain contracts to 12 months with exceptions. One of the exceptions is with regard to insurance contracts which may be for a term of not more than three years. This bill provides further exception for insurance contracts written to fund actuarial liability of nonState administered public employee pension systems, which may be for a term not to exceed the term of the actuarial liability covered by the contract.

FISCAL IMPACT:

A fiscal note is not available on this bill. However, it can be observed that any cost incurred for the subject contracts will be a cost to the local unit, and no State costs are involved.

The committee favorably reports this bill.

February 4, 1985

SENATE BILL NO. 1986

To the Senate:

Pursuant to Article V, Section 1, Paragraph 14 of the Constitution, I herewith return Senate Bill No. 1986 with my recommendations for reconsideration.

This bill would permit local governmental units to enter into long-term insurance contracts from the actuarial liability of non-State administered public employee pension systems.

I believe the whole area of permitting the municipalities and counties to enter into long-term insurance contracts for these purposes needs greater investigation. I am outlining my thoughts concerning this area in the conditional veto message I am delivering today to Senate Bill No. 1985, the companion piece of legislation to this bill.

I am willing, however, to permit an experiment in this area in those counties that have demonstrated that they have a detailed plan ready to be undertaken for these purposes.

Accordingly, I herewith return Senate Bill No. 1986 and recommend that it be amended as follows:

Page 1, Title: Delete "amending" insert "supplementing"

Pages 1 through 3, Section 1, Lines through 96: Delete in entirety.
Insert new section 1
as follows:

"Notwithstanding the provisions of subsection 6 of section 15 of P.L. 1971, c. 198 (C.40A:11-15) to the contrary, a county in which a pension fund has been established pursuant to P.L. 1943, c. 160 (C.43:10-18.1 et seq.) may enter into an insurance contract to fund the actuarial liability of its pension system, for a term which may not exceed the term of the actuarial liability covered by the contract."

Respectfully,
/s/ Thomas H. Kean
GOVERNOR

[seal]

Attest:

/s/ W. Cary Edwards
Chief Counsel



OFFICE OF THE GOVERNOR

NEWS RELEASE

CN-001

Contact: PAUL WOLCOTT
609-292-8956

TRENTON, N.J. 08625

Release: MON., MARCH 11, 1985

Governor Thomas H. Kean has signed legislation establishing a program to pair elderly persons with pre-school and latchkey children who are in need of supervision while their parents are at work.

The \$95,000 demonstration project for the program will be administered by the Division on Aging. The bill creating the program, S-1530, was sponsored by State Senator Catherine A. Costa, D-Burlington.

"We have many older citizens who are eager to impart their warmth and wisdom to a younger generation," Kean said. "I think this program, which will pair older volunteers with young children whose parents are at work holds great promise for all who participate."

The bill was originally the subject of a conditional veto. The Governor recommended that the program be made a demonstration project at first, with funding going to those counties who have expressed an interest in such a program and who have developed a plan to implement it.

The Governor also signed the following bills, all of which were originally conditionally vetoed:

S-1385, sponsored by Senate President Carmen A. Orechio, D-Essex, which permits local government units to issue refunding bonds in order to fund the actuarial liabilities of non-State administered public-employee pension programs.

- more -

S-1986, a companion bill to S-1985, also sponsored by Senator Orechio, which allows local governments to enter into long-term insurance contracts to cover the actuarial liability of non-State administered pension plans.

In the case of both bills, the Governor recommended that the bill permit an experiment in this area in Essex County, where a detailed plan already exists to implement the bills.

S-1327, sponsored by State Senator Wynona M. Lipman, D-Essex, which creates an exception to the statute prohibiting common ownership of more than two alcoholic beverage retail licenses when the licenses are for use within the grounds of an international airport.

The Governor recommended the deletion of language added by the Senate which is considered to be superfluous and subject to misinterpretation.

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