

43:15B-1, 43:15B-3

LEGISLATIVE HISTORY CHECKLIST

NJSA: 43:15B-1, 43:15B-3

(Water, sewage or utilities authorities - establishes deferred compensation plan)

LAWS OF: 1983

CHAPTER: 305

Bill No: S1488

Sponsor(s): Connors and others

Date Introduced: June 7, 1982

Committee: Assembly: Energy and Natural Resources

Senate: County and Municipal Government

Amended during passage: YES Amendments during passage denoted by asterisks

Date of Passage: Assembly: July 11, 1983

Senate: January 27, 1983

Date of Approval: August 26, 1983

Following statements are attached if available:

Sponsor statement: YES (Below)

Committee statement: Assembly NO

Senate YES

Fiscal Note NO

Veto Message: NO

Message on Signing: ~~NO~~ Yes

Following were printed:

Reports: NO

Hearings: NO

Sponsor's Statement:

This bill allows instrumentalities of municipalities or counties, such as a municipal or county water, sewer or utility authority, to establish a deferred compensation plan.

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SENATE, No. 1488

STATE OF NEW JERSEY

INTRODUCED JUNE 7, 1982

By Senators CONNORS, BUBBA, RODGERS and COSTELLO

Referred to Committee on County and Municipal Government

AN ACT to amend the title of "An act authorizing counties and municipalities to enter into agreements with employees to provide for currently deferring a portion of the total compensation paid to such employees, supplementing Title 43 of the Revised Statutes," approved February 8, 1978 (P. L. 1977, c. 381), so that the same shall read "An act authorizing counties, municipalities, and ***[instrumentalities]*** *authorities* thereof to enter into agreements with employees to provide for currently deferring a portion of the total compensation paid to such employees, and supplementing Title 43 of the Revised Statutes," and to amend the body of that act.

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

1 1. The title of P. L. 1977, c. 381 is amended to read as follows:
2 An act authorizing counties **[and]**, municipalities, and ***[instru-**
3 **mentalities]*** *authorities* thereof to enter into agreements with
4 employees to provide for currently deferring a portion of the total
5 compensation paid to such employees, *and* supplementing Title 43
6 of the Revised Statutes.

1 2. Section 1 of P. L. 1977, c. 381. (C. 43:15B-1) is amended to
2 read as follows:

3 1. Any municipality **[or]**, county, or an ***[instrumentality there-**
3A **of]*** *authority created by one or more counties or municipalities,**
4 (hereinafter "employer") may establish a deferred compensation
5 plan (hereinafter "plan") whereby the employer may enter into
6 a written agreement with any of its employees (hereinafter "par-

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 committee amendments adopted January 20, 1983.

7 ticipants'') constituting a contract for a voluntary deferral of
 8 salary. Such contracts shall remain in effect until the employee's
 9 service is terminated or until a new contract is executed by the
 10 employee and employer. Not more than one contract shall be
 11 executed in any one fiscal year of the employer with any one
 12 employee. Pursuant to such contract the employer shall credit from
 13 time to time a specific amount per pay period, as deferred salary,
 14 to a participant's account. This account shall be known as the
 15 Employee's Deferred Salary Account, and shall be credited from
 16 time to time to reflect gains realized on the investment of the
 17 moneys in the deferred salary account. An accounting summary
 18 of the individual deferred salary accounts of all employee partici-
 19 pants shall be maintained to reflect the employer's total deferred
 20 liability under the plan and the individual balances of all partici-
 21 pants. Any employer which establishes such a plan shall designate
 22 one or a group of its public officials, or **[its]** *the county's or*
 23 *municipality's* governing body, as defined in N. J. S. 40A:4-2 of the
 24 Local Budget Law, or an ***[instrumentality's]*** *authority's**
 25 *governing body, as the case may be*, as the named fiduciary respon-
 26 sible for the administration of said plan and investment of and
 27 accounting for the funds maintained thereunder.

1 3. Section 3 of P. L. 1977, c. 381 (C. 43:15B-3) is amended to
 2 read as follows:

3 3. a. The plan shall provide that all money not needed for the
 4 immediate payment of benefits shall be invested by the employer in
 5 interest bearing securities in which savings banks of this State are
 6 authorized to invest their funds, or the employer shall make
 7 deposits in interest bearing accounts, or in the State of New Jersey
 8 Cash Management Fund established pursuant to P. L. 1977, c. 281
 9 (C. 52:18A-90.4) or in individual or group annuity programs
 10 whether fixed or variable, mutual funds, or life insurance contracts
 11 whether fixed or variable.

12 b. Notwithstanding section 1 of P. L. 1977, c. 381 (C. 43:15B-1),
 13 the employer may contact with one or more private organizations
 14 for the administration of all or part of the plan, including the
 15 management and investment, or either thereof, of deferred and
 16 deducted salary funds.

17 Each contract shall be subject to the prior approval of the
 18 Director of the Division of Local Government Services on the basis
 19 of restrictions, limitations and other conditions established by the
 20 director by rule and regulation promulgated pursuant to the
 21 "Administrative Procedure Act" (P. L. 1968, c. 410, C. 52:14B-1
 22 et seq.) provided, however, that the director shall not approve any

23 contract if it is inconsistent with any standards which the New
 24 Jersey State Employees Referred Compensation Board, estab-
 25 lished pursuant to P. L. 1978, c. 39 (C. 52:18A-163 et seq.), may
 26 adopt for **【municipal and county】** *the* deferred compensation plans
 27 *of municipalities, counties, or *【instrumentalities】* *authorities**
 28 *thereof*, including, but not limited to, any service cost guidelines.
 29 If at the time a municipality **【or】**, *county or *【instrumentality】**
 30 **authority** submits a contract to the Director of the Division of
 31 Local Government Services for his approval and the New Jersey
 32 State Employees Deferred Compensation Board has not adopted
 33 standards for such **【municipal and county】** deferred compensation
 34 plans, the director may approve such contract if it is consistent with
 35 the rules and regulations which he has promulgated for such
 35A contracts.

36 c. The employer may establish a plan or plan option which
 37 permits a participating employee to request the employer to invest
 38 all or a specified percentage of said employee's deferred salary
 39 in one, or a specified combination of, the following kinds of invest-
 40 ments: (1) fixed or variable life insurance contracts, (2) individual
 41 or group, fixed or variable annuity contracts, (3) mutual fund
 42 shares, (4) interest bearing accounts or securities in which savings
 43 banks of this State are authorized to invest their funds, and (5) the
 44 State of New Jersey Cash Management Fund; provided that the
 45 employer retains the discretion to reject such request. Any such
 46 investments shall be limited to investments that are authorized for
 47 fiduciaries of trust estates pursuant to the "Prudent Investment
 48 Law" (P. L. 1975, c. 337, C. 3A:15-35 et seq.); provided, however,
 49 that with the exception of investments made by domestic insurance
 50 companies licensed to sell life insurance and annuities in this
 51 State and subject to review by the Commissioner of the Depart-
 52 ment of Insurance pursuant to chapter 20 of Title 17B of the
 53 New Jersey Statutes, the Director of the Division of Local Govern-
 54 ment Services may review and reject any such investments as
 55 inconsistent with the standard applicable to the prudent investor
 56 as provided in section 3 of P. L. 1975, c. 337 (C. 3A:15-37).

57 d. No organization seeking a contract pursuant to section b. of
 58 this section, shall through distribution of written material or by
 59 any other means, solicit employee participation in any deferred
 60 compensation plan or solicit employees to support the efforts of
 61 the organization to secure the contract. An organization holding a
 62 contract approved pursuant to section b. may distribute written
 63 material to solicit employee participation in a deferred compensa-
 64 tion program, provided that the organization has received approval

65 of the content and form of the material from the Director of the
66 Division of Local Government Services. No representative of an
67 organization under contract pursuant to subsection b. of this
68 section shall initiate verbal communication with any prospective
69 employee participant in a deferred compensation program without
70 the expressed consent of the employer; provided, however, that any
71 communication so authorized shall be consistent with the written
72 material approved by the Director of the Division of Local Govern-
73 ment Services.

74 e. Subject to rules and regulations established by a board or
75 any other body created or designated by the State or public
76 official designated by the State (said board, body or official hereinafter
77 after "board"), to administer a deferred payment compensation
78 plan established by the State (hereinafter "State plan") and
79 subject to the approval of the board, the plan may provide for the
80 employer for the benefit of its participants to participate in any
81 State plan established by the board for State employees. In the
82 event that such participation is approved by the board, rules, regu-
83 lations and conditions established by the board or in the State plan
84 shall apply to such participants, or said rules, regulations and
85 conditions shall so apply as amended or supplemented with regard
86 to said participants.

87 f. The named fiduciary shall provide in the plan for the distribu-
88 tion of any investment earnings, gains or losses, consistent with
89 the requirements of the U. S. Internal Revenue Service. The dis-
90 tribution shall be allocated to each employee when he or she
91 withdraws from the plan or receives benefits from the plan in
92 accordance with the terms of the plan and the provisions of this
93 act. For those employees participating in the State plan pursuant
94 to subsection 3e. herein, the rules and regulations of the State
95 board shall apply.

96 g. The plan shall provide for a uniform system of accounting for
97 each participant and for the investment of deferred compensation
98 funds with annual or more frequent reports to the participants in
99 the plan.

100 h. The named fiduciary shall have authority to take any steps
101 reasonably necessary to implement the plan consistent with this
102 act and the requirements of the U. S. Internal Revenue Service.

1 4. This act shall take effect immediately.

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68 section shall initiate verbal communication with any prospective
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STATEMENT

This bill allows instrumentalities of municipalities or counties, such as a municipal or county water, sewer or utility authority, to establish a deferred compensation plan.

SENATE COUNTY AND MUNICIPAL GOVERNMENT
COMMITTEE

STATEMENT TO

SENATE, No. 1488

with Senate committee amendments

STATE OF NEW JERSEY

DATED: JANUARY 20, 1983

Senate Bill No. 1488 would extend to authorities created by one or more counties or municipalities the authority to establish deferred compensation plans for their employees. Currently, the provisions of P. L. 1977, c. 381 (C. 43:15B-1 et seq.) permitting the establishment of deferred compensation plans extend to counties and municipalities.

The Senate committee amendments were requested by the sponsor, and suggested by the Division of Local Government Services. The amendments limit the applicability of the bill to local authorities, rather than all instrumentalities of local government.

Bill Signings

Friday, August 26, 1983

Page Two

S-1810 sponsored by Senate President Carmen A. Orechio, D-Essex, which prohibits the consumption of alcoholic beverages while operating a motor vehicle or while riding as a passenger in a motor vehicle. The bill also prohibits having an unsealed container in the car. The law carries a mandatory fine of \$200 for a first offense.

S-1583, sponsored by former State Senator Steven P. Perskie, D-Atlantic, substituted by State Senator John F. Russo, D-Ocean, which provides that a defendant who claims intoxication which is either pathological or not self-induced as a defense to a criminal charge must prove that defense by clear and convincing evidence.

S-227, also sponsored by Senator Orechio, which mandates the establishment of a New Jersey Drug Abuse Advisory Council within the Department of Health.

S-1488, sponsored by State Senator Leonard T. Connors, Jr., R-Ocean, which permits a local authority to establish a deferred compensation for its employees.

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