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"Camden getting special status in New Jersey laws," Associated Press State Wire, 7-6-14

LAW/RWH

P.L.2014, CHAPTER 60, *approved September 10, 2014*

Assembly, No. 3410

1 **AN ACT** concerning municipal rehabilitation and economic recovery
2 and amending P.L.2002, c.43.

3
4 **BE IT ENACTED** *by the Senate and General Assembly of the State*
5 *of New Jersey:*

6
7 1. Section 3 of P.L.2002, c.43 (C.52:27BBB-3) is amended to
8 read as follows:

9 3. As used in this act:

10 "Authority" means the New Jersey Economic Development
11 Authority established pursuant to P.L.1974, c.80 (C.34:1B-1 et
12 seq.).

13 "Board" means the State Economic Recovery Board established
14 pursuant to section 36 of P.L.2002, c.43 (C.52:27BBB-36).

15 "Chief operating officer" means that person appointed pursuant
16 to P.L.2002, c.43 (C.52:27BBB-1 et al.) responsible for
17 reorganizing governmental operations of a qualified municipality in
18 order to assure the delivery of essential municipal services and the
19 professional administration of that municipal government.

20 "Commissioner" means the Commissioner of Community
21 Affairs.

22 "Contiguous with" means within.

23 "Director" means the Director of the Division of Local
24 Government Services in the Department of Community Affairs.

25 "Economic recovery term" means the period commencing with
26 the expiration of the term of the chief operating officer and
27 terminating **five** 10 years thereafter.

28 "In consultation with" means with consideration of the input of,
29 or the advice of, the mayor, governing body, chief operating officer
30 or director, as the case may be, without regard to the form or
31 manner of the consultation.

32 "Local Finance Board" means the Local Finance Board of the
33 Division of Local Government Services in the Department of
34 Community Affairs.

35 "Mayor" means the mayor or chief executive officer of the
36 municipality, as appropriate to the form of government.

37 "Project" means: (1) (a) acquisition, construction, reconstruction,
38 repair, alteration, improvement and extension of any building,
39 structure, facility, including water transmission facilities or other
40 improvement, whether or not in existence or under construction, (b)
41 purchase and installation of equipment and machinery, (c)
42 acquisition and improvement of real estate and the extension or

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 provision of utilities, access roads and other appurtenant facilities;
2 and (2) (a) the acquisition, financing, or refinancing of inventory,
3 raw materials, supplies, work in process, or stock in trade, or (b) the
4 financing, refinancing or consolidation of secured or unsecured
5 debt, borrowings, or obligations, or (c) the provision of financing
6 for any other expense incurred in the ordinary course of business;
7 all of which are to be used or occupied by any person in any
8 enterprise promoting employment, either for the manufacturing,
9 processing or assembly of materials or products, or for research or
10 office purposes, including, but not limited to, medical and other
11 professional facilities, or for industrial, recreational, hotel or motel
12 facilities, public utility and warehousing, or for commercial and
13 service purposes, including, but not limited to, retail outlets, retail
14 shopping centers, restaurant and retail food outlets, and any and all
15 other employment promoting enterprises, including, but not limited
16 to, motion picture and television studios and facilities and
17 commercial fishing facilities, commercial facilities for recreational
18 fishermen, fishing vessels, aquaculture facilities and marketing
19 facilities for fish and fish products and (d) acquisition of an equity
20 interest in, including capital stock of, any corporation; or any
21 combination of the above, which the authority determines will: (i)
22 tend to maintain or provide gainful employment opportunities
23 within and for the people of the State, or (ii) aid, assist and
24 encourage the economic development or redevelopment of any
25 political subdivision of the State, or (iii) maintain or increase the
26 tax base of the State or of any political subdivision of the State, or
27 (iv) maintain or diversify and expand employment promoting
28 enterprises within the State; and (3) the cost of acquisition,
29 construction, reconstruction, repair, alteration, improvement and
30 extension of an energy saving improvement or pollution control
31 project which the authority determines will tend to reduce the
32 consumption in a building devoted to industrial or commercial
33 purposes, or in an office building, of nonrenewable sources of
34 energy or to reduce, abate or prevent environmental pollution
35 within the State; and (4) the acquisition, construction,
36 reconstruction, repair, alteration, improvement, extension,
37 development, financing or refinancing of infrastructure and
38 transportation facilities or improvements related to economic
39 development and of cultural, recreational and tourism facilities or
40 improvements related to economic development and of capital
41 facilities for primary and secondary schools and of mixed use
42 projects consisting of housing and commercial development; and
43 (5) the establishment, acquisition, construction, rehabilitation,
44 improvement, and ownership of port facilities as defined in section
45 3 of P.L.1997, c.150 (C.34:1B-146). Project may also include:
46 reimbursement to any person for costs in connection with any
47 project, or the refinancing of any project or portion thereof, if such
48 actions are determined by the authority to be necessary and in the

1 public interest to maintain employment and the tax base of any
2 political subdivision and likely to facilitate improvements or the
3 completion of the project; and developing property and any
4 construction, reconstruction, improvement, alteration, equipment or
5 maintenance or repair, or planning and designing in connection
6 therewith. For the purpose of carrying out mixed use projects
7 consisting of both housing and commercial development, the
8 authority may enter into agreements with the New Jersey Housing
9 and Mortgage Finance Agency for loan guarantees for any such
10 project in accordance with the provisions of P.L.1995, c.359
11 (C.55:14K-64 et al.), and for that purpose shall allocate to the New
12 Jersey Housing and Mortgage Finance Agency, under such
13 agreements, funding available pursuant to subsection a. of section 4
14 of P.L.1992, c.16 (C.34:1B-7.13). "Project" shall not include a
15 school facilities project.

16 "Qualified municipality" means a municipality: (1) that has been
17 subject to the supervision of a financial review board pursuant to
18 the "Special Municipal Aid Act," P.L.1987, c.75 (C.52:27D-118.24
19 et seq.) for at least one year; (2) that has been subject to the
20 supervision of the Local Finance Board pursuant to the "Local
21 Government Supervision Act (1947)," P.L.1947, c.151 (C.52:27BB-
22 1 et seq.) for at least one year; and (3) which, according to its most
23 recently adopted municipal budget, is dependent upon State aid and
24 other State revenues for not less than 55 percent of its total budget.

25 "Regional Impact Council" or "council" means that body
26 established pursuant to section 39 of P.L.2002, c.43 (C.52:27BBB-
27 39).

28 "Rehabilitation term" means that period during which the
29 qualified municipality is under the direction of the chief operating
30 officer appointed pursuant to section 7 of P.L.2002, c.43
31 (C.52:27BBB-7).

32 "Special arbitrator" means that judge designated by the Chief
33 Justice pursuant to section 5 of P.L.2002, c.43 (C.52:27BBB-5).

34 "State supervision" means supervision pursuant to Article 4 of
35 the "Local Government Supervision Act (1947)," P.L.1947, c.151
36 (C.52:27BB-54 et seq.).

37 "Treasurer" or "State treasurer" means the Treasurer of the State
38 of New Jersey.

39 "Under rehabilitation and economic recovery" means that period
40 which coincides with the rehabilitation term and the economic
41 recovery term.

42 (cf: P.L.2002, c.108, s.3)

43

44 2. Section 6 of P.L.2002, c.43 (C.52:27BBB-6) is amended to
45 read as follows:

46 6. a. Upon the appointment of a chief operating officer
47 pursuant to section 7 of P.L.2002, c.43 (C.52:27BBB-7), a qualified
48 municipality shall be under rehabilitation and economic recovery.

1 This period shall begin with the assumption of job responsibilities
2 by the chief operating officer pursuant to this section and terminate
3 five years following the end of the term of the chief operating
4 officer. The period corresponding with the term of the chief
5 operating officer shall be referred to hereinafter as the rehabilitation
6 term. The period commencing with the expiration of the term of the
7 chief operating officer and terminating **【five】** 10 years thereafter
8 shall be referred to hereinafter as the economic recovery term.

9 b. (1) During the economic recovery term, the mayor shall
10 exercise those powers delegated to the mayor pursuant to the form
11 of government, the charter and the administrative code of the
12 municipality, and those powers delegated to the mayor under
13 general law. In addition, during the economic recovery term, the
14 mayor shall retain the power to veto the minutes of any independent
15 board or authority, including, but not limited to, the housing
16 authority, parking authority, redevelopment authority, planning
17 board and board of adjustment. No action taken at any meeting of
18 any independent board or authority shall have force or effect until
19 10 days, exclusive of Saturdays, Sundays and public holidays, after
20 the copy of the minutes shall have been delivered to the mayor. If,
21 in that 10-day period, the mayor returns the copy of the minutes
22 with a veto of any action taken by the board or authority at the
23 meeting, that action shall be null and void and of no force and
24 effect. Following the completion of the 10-day period, those
25 actions not vetoed shall be considered approved.

26 (2) During the first 18 months of the economic recovery term,
27 the mayor shall have the power to veto or terminate any
28 employment contract not subject to a collective bargaining
29 agreement, whether or not subject to Title 11A, Civil Service, of the
30 New Jersey Statutes. This shall not apply to employment contracts
31 under extension pursuant to terms under the expired contract.

32 (3) The mayor shall cause to be issued a final report on the
33 progress of the municipality toward achieving municipal
34 rehabilitation and economic recovery, as set forth in section 8 of
35 P.L.2002, c.43 (C.52:27BBB-8) at the end of the economic recovery
36 term.

37 (4) The mayor shall authorize the municipal planning board,
38 from time to time, to prepare a program of municipal capital
39 improvement projects projected over a term of at least six years,
40 and amendments thereto. The program may include current and
41 future major projects being, or to be, undertaken with federal, State,
42 county, or other public funds, or under federal, State, or county
43 supervision. The first year of the program shall, upon adoption by
44 the governing body, constitute the capital budget of the
45 municipality as required by N.J.S.40A:4-43 et seq. The program
46 shall classify projects in regard to the urgency and need for
47 realization, and shall recommend a time sequence for their
48 implementation. The program may also contain the estimated cost

1 of each project and indicate probable operating and maintenance
2 costs and probable revenues, if any, as well as existing sources of
3 funds, or the need for additional sources of funds, for the
4 implementation and operation of each project. The program shall,
5 as far as possible, be based on existing information in the
6 possession of the departments and agencies of the municipality and
7 shall take into account public facility needs indicated by the
8 prospective development shown in the master plan of the
9 municipality or as permitted by other municipal land use controls.

10 (5) While the municipality is under rehabilitation and economic
11 recovery, the mayor shall retain the power to make those
12 appointments to municipal authorities, boards or commissions, as
13 the case may be, which is otherwise allocated to the mayor pursuant
14 to law.

15 The mayor may retain staff for the purpose of advising the mayor
16 and aiding in the performance of constituent services during the
17 rehabilitation term.

18 (6) The Director of the Division of Local Government Services
19 in the Department of Community Affairs shall annually conduct a
20 compliance audit of the activities of a qualified municipality during
21 the economic recovery term to ensure compliance with P.L.2002,
22 c.43 (C.52:27BBB-1 et al.) and other relevant State laws and shall
23 report the findings to the Local Finance Board and the mayor.

24 (7) The financial incentives set forth in sections 54 through 56
25 of P.L.2002, c.43 (C.52:27BBB-53 through 55) shall remain in
26 effect until the municipality is no longer eligible for financial
27 assistance pursuant to the "Special Municipal Aid Act," P.L.1987,
28 c.75 (C.52:27D-118.24 et seq.).

29 c. Upon the assumption of job responsibilities by the chief
30 operating officer, the financial review board created pursuant to
31 section 5 of P.L.1999, c.156 (C.52:27D-118.30a) to oversee the
32 finances of the municipality shall cease to function and the
33 municipality shall cease to be under supervision pursuant to Article
34 4 of P.L.1947, c.151 (C.52:27BB-54 et seq.).

35 All outstanding debts or obligations incurred by a qualified
36 municipality or the New Jersey Housing and Mortgage Finance
37 Agency established pursuant to section 4 of the "New Jersey
38 Housing and Mortgage Finance Agency Law of 1983," P.L.1983,
39 c.530 (C.55:14K-4) and secured by a right of first refusal on
40 municipally-owned property as of 10 days following a
41 determination by the commissioner that the municipality fulfills the
42 definition of a qualified municipality pursuant to section 4 of
43 P.L.2002, c.43 (C.52:27BBB-4), with any subsidiary of that agency
44 with jurisdiction in a qualified municipality, other than those debts
45 or obligations represented by bonds or other negotiable instruments,
46 are forgiven.

47 Notwithstanding the termination of the financial review board
48 and supervision, all memorandums of understanding entered into by

1 the municipality as a condition of receiving assistance under
2 P.L.1987, c.75 (C.52:27D-118.24 et seq.) that require the
3 municipality to implement any government, administrative,
4 operational efficiency or oversight measures necessary for the fiscal
5 recovery of the municipality as recommended by the director and
6 approved by the Local Finance Board shall continue to have full
7 force and effect.

8 During the rehabilitation term, the chief operating officer shall
9 be responsible for entering into any memorandum of understanding
10 on behalf of the qualified municipality that is required as a
11 condition of receiving assistance under P.L.1987, c.75 (C.52:27D-
12 118.24 et seq.), or any other law; provided, however, that those
13 memoranda of understanding shall be consistent with the provisions
14 of P.L.2002, c.43 (C.52:27BBB-1 et al.) and P.L.2007, c.176
15 (C.52:27BBB-2.2 et al.), and the powers of the chief operating
16 officer granted pursuant thereto. Any such memoranda of
17 understanding shall be executed between the chief operating officer
18 and the Director of the Division of Local Government Services in
19 the Department of Community Affairs. Whenever the powers and
20 duties of the chief operating officer have devolved upon the director
21 pursuant to subsection b. of section 7 of P.L.2002, c.43
22 (C.52:27BBB-7), the memorandum of understanding shall be
23 executed between the director, on behalf of the qualified
24 municipality, and the State Treasurer, on behalf of the State.
25 (cf: P.L.2009, c.337, s.2)

26

27 3. This act shall take effect immediately.

28

29

30 STATEMENT

31

32 This bill would extend the economic recovery term under the
33 "Municipal Rehabilitation and Economic Recovery Act," P.L.2002,
34 c.43 (C.52:27BBB-1 et al.), by five years. This would extend the
35 special governing procedures, economic benefits, and additional
36 oversight measures provided for a qualified municipality under that
37 Act. Based upon the continuing unique fiscal distress facing the
38 City of Camden, the only municipality to have qualified under the
39 Act so far, it is evident that a longer economic recovery term is
40 necessary to achieving the fiscal stability and economic
41 revitalization goals of the Act.

42

43

44

45

46 Extends economic recovery term under "Municipal
47 Rehabilitation and Economic Recovery Act."

ASSEMBLY, No. 3410

STATE OF NEW JERSEY 216th LEGISLATURE

INTRODUCED JUNE 16, 2014

Sponsored by:

Assemblyman ANGEL FUENTES

District 5 (Camden and Gloucester)

Assemblyman GILBERT "WHIP" L. WILSON

District 5 (Camden and Gloucester)

Assemblywoman CELESTE M. RILEY

District 3 (Cumberland, Gloucester and Salem)

Assemblywoman SHAVONDA E. SUMTER

District 35 (Bergen and Passaic)

Co-Sponsored by:

Senator Norcross

SYNOPSIS

Extends economic recovery term under "Municipal Rehabilitation and Economic Recovery Act."

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 7/1/2014)

1 AN ACT concerning municipal rehabilitation and economic recovery
2 and amending P.L.2002, c.43.

3

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

6

7 1. Section 3 of P.L.2002, c.43 (C.52:27BBB-3) is amended to
8 read as follows:

9 3. As used in this act:

10 "Authority" means the New Jersey Economic Development
11 Authority established pursuant to P.L.1974, c.80 (C.34:1B-1 et
12 seq.).

13 "Board" means the State Economic Recovery Board established
14 pursuant to section 36 of P.L.2002, c.43 (C.52:27BBB-36).

15 "Chief operating officer" means that person appointed pursuant
16 to P.L.2002, c.43 (C.52:27BBB-1 et al.) responsible for
17 reorganizing governmental operations of a qualified municipality in
18 order to assure the delivery of essential municipal services and the
19 professional administration of that municipal government.

20 "Commissioner" means the Commissioner of Community
21 Affairs.

22 "Contiguous with" means within.

23 "Director" means the Director of the Division of Local
24 Government Services in the Department of Community Affairs.

25 "Economic recovery term" means the period commencing with
26 the expiration of the term of the chief operating officer and
27 terminating **[five]** 10 years thereafter.

28 "In consultation with" means with consideration of the input of,
29 or the advice of, the mayor, governing body, chief operating officer
30 or director, as the case may be, without regard to the form or
31 manner of the consultation.

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33 Division of Local Government Services in the Department of
34 Community Affairs.

35 "Mayor" means the mayor or chief executive officer of the
36 municipality, as appropriate to the form of government.

37 "Project" means: (1) (a) acquisition, construction, reconstruction,
38 repair, alteration, improvement and extension of any building,
39 structure, facility, including water transmission facilities or other
40 improvement, whether or not in existence or under construction, (b)
41 purchase and installation of equipment and machinery, (c)
42 acquisition and improvement of real estate and the extension or
43 provision of utilities, access roads and other appurtenant facilities;
44 and (2) (a) the acquisition, financing, or refinancing of inventory,
45 raw materials, supplies, work in process, or stock in trade, or (b) the

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 financing, refinancing or consolidation of secured or unsecured
2 debt, borrowings, or obligations, or (c) the provision of financing
3 for any other expense incurred in the ordinary course of business;
4 all of which are to be used or occupied by any person in any
5 enterprise promoting employment, either for the manufacturing,
6 processing or assembly of materials or products, or for research or
7 office purposes, including, but not limited to, medical and other
8 professional facilities, or for industrial, recreational, hotel or motel
9 facilities, public utility and warehousing, or for commercial and
10 service purposes, including, but not limited to, retail outlets, retail
11 shopping centers, restaurant and retail food outlets, and any and all
12 other employment promoting enterprises, including, but not limited
13 to, motion picture and television studios and facilities and
14 commercial fishing facilities, commercial facilities for recreational
15 fishermen, fishing vessels, aquaculture facilities and marketing
16 facilities for fish and fish products and (d) acquisition of an equity
17 interest in, including capital stock of, any corporation; or any
18 combination of the above, which the authority determines will: (i)
19 tend to maintain or provide gainful employment opportunities
20 within and for the people of the State, or (ii) aid, assist and
21 encourage the economic development or redevelopment of any
22 political subdivision of the State, or (iii) maintain or increase the
23 tax base of the State or of any political subdivision of the State, or
24 (iv) maintain or diversify and expand employment promoting
25 enterprises within the State; and (3) the cost of acquisition,
26 construction, reconstruction, repair, alteration, improvement and
27 extension of an energy saving improvement or pollution control
28 project which the authority determines will tend to reduce the
29 consumption in a building devoted to industrial or commercial
30 purposes, or in an office building, of nonrenewable sources of
31 energy or to reduce, abate or prevent environmental pollution
32 within the State; and (4) the acquisition, construction,
33 reconstruction, repair, alteration, improvement, extension,
34 development, financing or refinancing of infrastructure and
35 transportation facilities or improvements related to economic
36 development and of cultural, recreational and tourism facilities or
37 improvements related to economic development and of capital
38 facilities for primary and secondary schools and of mixed use
39 projects consisting of housing and commercial development; and
40 (5) the establishment, acquisition, construction, rehabilitation,
41 improvement, and ownership of port facilities as defined in section
42 3 of P.L.1997, c.150 (C.34:1B-146). Project may also include:
43 reimbursement to any person for costs in connection with any
44 project, or the refinancing of any project or portion thereof, if such
45 actions are determined by the authority to be necessary and in the
46 public interest to maintain employment and the tax base of any
47 political subdivision and likely to facilitate improvements or the
48 completion of the project; and developing property and any

1 construction, reconstruction, improvement, alteration, equipment or
2 maintenance or repair, or planning and designing in connection
3 therewith. For the purpose of carrying out mixed use projects
4 consisting of both housing and commercial development, the
5 authority may enter into agreements with the New Jersey Housing
6 and Mortgage Finance Agency for loan guarantees for any such
7 project in accordance with the provisions of P.L.1995, c.359
8 (C.55:14K-64 et al.), and for that purpose shall allocate to the New
9 Jersey Housing and Mortgage Finance Agency, under such
10 agreements, funding available pursuant to subsection a. of section 4
11 of P.L.1992, c.16 (C.34:1B-7.13). "Project" shall not include a
12 school facilities project.

13 "Qualified municipality" means a municipality: (1) that has been
14 subject to the supervision of a financial review board pursuant to
15 the "Special Municipal Aid Act," P.L.1987, c.75 (C.52:27D-118.24
16 et seq.) for at least one year; (2) that has been subject to the
17 supervision of the Local Finance Board pursuant to the "Local
18 Government Supervision Act (1947)," P.L.1947, c.151 (C.52:27BB-
19 1 et seq.) for at least one year; and (3) which, according to its most
20 recently adopted municipal budget, is dependent upon State aid and
21 other State revenues for not less than 55 percent of its total budget.

22 "Regional Impact Council" or "council" means that body
23 established pursuant to section 39 of P.L.2002, c.43 (C.52:27BBB-
24 39).

25 "Rehabilitation term" means that period during which the
26 qualified municipality is under the direction of the chief operating
27 officer appointed pursuant to section 7 of P.L.2002, c.43
28 (C.52:27BBB-7).

29 "Special arbitrator" means that judge designated by the Chief
30 Justice pursuant to section 5 of P.L.2002, c.43 (C.52:27BBB-5).

31 "State supervision" means supervision pursuant to Article 4 of
32 the "Local Government Supervision Act (1947)," P.L.1947, c.151
33 (C.52:27BB-54 et seq.).

34 "Treasurer" or "State treasurer" means the Treasurer of the State
35 of New Jersey.

36 "Under rehabilitation and economic recovery" means that period
37 which coincides with the rehabilitation term and the economic
38 recovery term.

39 (cf: P.L.2002, c.108, s.3)

40

41 2. Section 6 of P.L.2002, c.43 (C.52:27BBB-6) is amended to
42 read as follows:

43 6. a. Upon the appointment of a chief operating officer
44 pursuant to section 7 of P.L.2002, c.43 (C.52:27BBB-7), a qualified
45 municipality shall be under rehabilitation and economic recovery.
46 This period shall begin with the assumption of job responsibilities
47 by the chief operating officer pursuant to this section and terminate
48 five years following the end of the term of the chief operating

1 officer. The period corresponding with the term of the chief
2 operating officer shall be referred to hereinafter as the rehabilitation
3 term. The period commencing with the expiration of the term of the
4 chief operating officer and terminating **【five】** 10 years thereafter
5 shall be referred to hereinafter as the economic recovery term.

6 b. (1) During the economic recovery term, the mayor shall
7 exercise those powers delegated to the mayor pursuant to the form
8 of government, the charter and the administrative code of the
9 municipality, and those powers delegated to the mayor under
10 general law. In addition, during the economic recovery term, the
11 mayor shall retain the power to veto the minutes of any independent
12 board or authority, including, but not limited to, the housing
13 authority, parking authority, redevelopment authority, planning
14 board and board of adjustment. No action taken at any meeting of
15 any independent board or authority shall have force or effect until
16 10 days, exclusive of Saturdays, Sundays and public holidays, after
17 the copy of the minutes shall have been delivered to the mayor. If,
18 in that 10-day period, the mayor returns the copy of the minutes
19 with a veto of any action taken by the board or authority at the
20 meeting, that action shall be null and void and of no force and
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22 actions not vetoed shall be considered approved.

23 (2) During the first 18 months of the economic recovery term,
24 the mayor shall have the power to veto or terminate any
25 employment contract not subject to a collective bargaining
26 agreement, whether or not subject to Title 11A, Civil Service, of the
27 New Jersey Statutes. This shall not apply to employment contracts
28 under extension pursuant to terms under the expired contract.

29 (3) The mayor shall cause to be issued a final report on the
30 progress of the municipality toward achieving municipal
31 rehabilitation and economic recovery, as set forth in section 8 of
32 P.L.2002, c.43 (C.52:27BBB-8) at the end of the economic recovery
33 term.

34 (4) The mayor shall authorize the municipal planning board,
35 from time to time, to prepare a program of municipal capital
36 improvement projects projected over a term of at least six years,
37 and amendments thereto. The program may include current and
38 future major projects being, or to be, undertaken with federal, State,
39 county, or other public funds, or under federal, State, or county
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42 municipality as required by N.J.S.40A:4-43 et seq. The program
43 shall classify projects in regard to the urgency and need for
44 realization, and shall recommend a time sequence for their
45 implementation. The program may also contain the estimated cost
46 of each project and indicate probable operating and maintenance
47 costs and probable revenues, if any, as well as existing sources of
48 funds, or the need for additional sources of funds, for the

1 implementation and operation of each project. The program shall,
2 as far as possible, be based on existing information in the
3 possession of the departments and agencies of the municipality and
4 shall take into account public facility needs indicated by the
5 prospective development shown in the master plan of the
6 municipality or as permitted by other municipal land use controls.

7 (5) While the municipality is under rehabilitation and economic
8 recovery, the mayor shall retain the power to make those
9 appointments to municipal authorities, boards or commissions, as
10 the case may be, which is otherwise allocated to the mayor pursuant
11 to law.

12 The mayor may retain staff for the purpose of advising the mayor
13 and aiding in the performance of constituent services during the
14 rehabilitation term.

15 (6) The Director of the Division of Local Government Services
16 in the Department of Community Affairs shall annually conduct a
17 compliance audit of the activities of a qualified municipality during
18 the economic recovery term to ensure compliance with P.L.2002,
19 c.43 (C.52:27BBB-1 et al.) and other relevant State laws and shall
20 report the findings to the Local Finance Board and the mayor.

21 (7) The financial incentives set forth in sections 54 through 56
22 of P.L.2002, c.43 (C.52:27BBB-53 through 55) shall remain in
23 effect until the municipality is no longer eligible for financial
24 assistance pursuant to the "Special Municipal Aid Act," P.L.1987,
25 c.75 (C.52:27D-118.24 et seq.).

26 c. Upon the assumption of job responsibilities by the chief
27 operating officer, the financial review board created pursuant to
28 section 5 of P.L.1999, c.156 (C.52:27D-118.30a) to oversee the
29 finances of the municipality shall cease to function and the
30 municipality shall cease to be under supervision pursuant to Article
31 4 of P.L.1947, c.151 (C.52:27BB-54 et seq.).

32 All outstanding debts or obligations incurred by a qualified
33 municipality or the New Jersey Housing and Mortgage Finance
34 Agency established pursuant to section 4 of the "New Jersey
35 Housing and Mortgage Finance Agency Law of 1983," P.L.1983,
36 c.530 (C.55:14K-4) and secured by a right of first refusal on
37 municipally-owned property as of 10 days following a
38 determination by the commissioner that the municipality fulfills the
39 definition of a qualified municipality pursuant to section 4 of
40 P.L.2002, c.43 (C.52:27BBB-4), with any subsidiary of that agency
41 with jurisdiction in a qualified municipality, other than those debts
42 or obligations represented by bonds or other negotiable instruments,
43 are forgiven.

44 Notwithstanding the termination of the financial review board
45 and supervision, all memorandums of understanding entered into by
46 the municipality as a condition of receiving assistance under
47 P.L.1987, c.75 (C.52:27D-118.24 et seq.) that require the
48 municipality to implement any government, administrative,

1 operational efficiency or oversight measures necessary for the fiscal
2 recovery of the municipality as recommended by the director and
3 approved by the Local Finance Board shall continue to have full
4 force and effect.

5 During the rehabilitation term, the chief operating officer shall
6 be responsible for entering into any memorandum of understanding
7 on behalf of the qualified municipality that is required as a
8 condition of receiving assistance under P.L.1987, c.75 (C.52:27D-
9 118.24 et seq.), or any other law; provided, however, that those
10 memoranda of understanding shall be consistent with the provisions
11 of P.L.2002, c.43 (C.52:27BBB-1 et al.) and P.L.2007, c.176
12 (C.52:27BBB-2.2 et al.), and the powers of the chief operating
13 officer granted pursuant thereto. Any such memoranda of
14 understanding shall be executed between the chief operating officer
15 and the Director of the Division of Local Government Services in
16 the Department of Community Affairs. Whenever the powers and
17 duties of the chief operating officer have devolved upon the director
18 pursuant to subsection b. of section 7 of P.L.2002, c.43
19 (C.52:27BBB-7), the memorandum of understanding shall be
20 executed between the director, on behalf of the qualified
21 municipality, and the State Treasurer, on behalf of the State.
22 (cf: P.L.2009, c.337, s.2)

23

24 3. This act shall take effect immediately.

25

26

27

STATEMENT

28

29 This bill would extend the economic recovery term under the
30 "Municipal Rehabilitation and Economic Recovery Act," P.L.2002,
31 c.43 (C.52:27BBB-1 et al.), by five years. This would extend the
32 special governing procedures, economic benefits, and additional
33 oversight measures provided for a qualified municipality under that
34 Act. Based upon the continuing unique fiscal distress facing the
35 City of Camden, the only municipality to have qualified under the
36 Act so far, it is evident that a longer economic recovery term is
37 necessary to achieving the fiscal stability and economic
38 revitalization goals of the Act.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 3410

STATE OF NEW JERSEY

DATED: JUNE 23, 2014

The Assembly Appropriations Committee reports favorably Assembly Bill No. 3410.

This bill extends the economic recovery term under the "Municipal Rehabilitation and Economic Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et al.), by five years. This will extend the special governing procedures, economic benefits, and additional oversight measures provided for a qualified municipality under that Act. Based upon the continuing unique fiscal distress facing the City of Camden, the only municipality to have qualified under the Act so far, it is evident that a longer economic recovery term is necessary to achieving the fiscal stability and economic revitalization goals of the Act.

FISCAL IMPACT:

The Office of Legislative Services (OLS) concludes that the bill will have an indeterminate impact on State and local finances. To the extent that lengthening the economic recovery requires the State to provide enhanced oversight of the finances and operations of a qualified municipality, the State will continue to incur costs associated with that function. The renewal of the economic recovery period will also allow a qualified municipality to increase the municipal purposes portion of the property tax levy by three percent per year prior to the application of any exclusions to limits in annual increases in the total levy. State departments, agencies, and authorities will be required to continue to place applications from a qualified municipality in the highest priority or ranking category for award or approval of grants, benefits, and projects. This priority ranking may allow a qualified municipality to receive financial benefits for which it may not qualify otherwise.

The bill will also affect the eligibility of projects to receive economic and financial incentives through certain business assistance programs. Certain provisions of the "Grow New Jersey Assistance Act," P.L.2011, c.149 (C.34:1B-242 et seq.) apply depending on whether a municipality qualifies or has qualified under the act. For example, for each award made by the New Jersey Economic Development Authority (NJEDA) a net benefits test is conducted which requires a project to generate a present value of at least 110 percent of the amount of assistance granted in the form of direct and

indirect tax revenues from project activity. Current law provides that the net benefits are calculated over 35 years for a project in a Garden State Growth Zone which *qualified* under the act. Thus, even if the economic recovery period is not extended, the net benefit test for projects in certain Garden State Growth Zones will always be calculated over 35 years because the municipality in which those projects are located was, at one point, a qualified municipality under the act.

Alternatively, current law limits the total amount of tax credits for projects within a Garden State Growth Zone which *qualifies* under the act. If the recovery period is not extended, projects within a Garden State Growth Zone that are in a qualified municipality would be eligible to receive the total amount of tax credits available to all other projects in a Garden State Growth Zone. For the purposes of the Economic Redevelopment and Growth Grant Program, an “urban transit hub” is defined, in part, to include light rail stations and property located within a one-mile radius of the midpoint of a rail, bus, or ferry station platform when the property is in a qualified municipality under the act. If the economic recovery period is not extended, a qualified municipality could lose its program eligibility if it does not meet the alternative definition of an urban transit hub.

The extension of the recovery period also extends the duration of the Economic Recovery Board (ERB). The ERB was established by the act to assist in the preparation of the preparation of the capital improvement and infrastructure master plan and marshal the resources necessary to assure its implementation. The ERB also approves the disbursal of proceeds raised by the sale of \$175 million in bonds by the NJEDA to support residential neighborhood improvements, demolition, redevelopment financing, downtown revitalization efforts, higher education and regional health care development, and economic recovery planning. Information available through the ERB website indicates that, as of January 15, 2014, the ERB has approved loans and grants totaling approximately \$171.3 million. A portion of these funds were allocated as follows: \$58.2 million for infrastructure, \$18.2 million projects in transitional areas, \$7.5 million for public purpose projects, and \$9.1 million for affordable housing. The remaining funds, approximately \$78.3 million were used to fund grants to hospitals and institutions of higher education, economic recovery planning, and for other eligible purposes.

Continuation of the economic recovery period will not affect the authority the NJEDA to award economic recovery tax credits through the “Qualified Municipality Open for Business Incentive Program” established in sections 54 through 56 of P.L.2002, c.43 (C.52:27BBB-53 to 52:27BBB-55). The act provides that these incentives remain in effect until the qualified municipality is no longer eligible for State financial assistance pursuant to the “Special Municipal Aid Act,” P.L.1987, c.75 (C.52:27D-118.24 et seq.) The purpose of the

economic recovery tax credit is to foster business investment in a qualified municipality. A taxpayer engaged in the conduct of business within a qualified municipality and is not receiving a benefit under the “New Jersey Urban Enterprise Zones Act,” P.L.1983, c.303 (C.52:27H-60 et seq.) may apply to receive a tax credit against the amount of tax otherwise imposed under the “Corporation Business Tax Act,” P.L.1945, c.162 (C.54:10A-1 et seq.). The credit is equal to \$2,500 for each new full-time position at the business location in credit year one and \$1,250 for each new full-time position at that location in credit year two. Although the granting of additional tax credits would result in a loss of State tax revenues, the 2012 Tax Expenditure Report published by the Department of the Treasury estimated that \$10,000 in tax credits would be awarded in 2014.

Finally, whether the economic recovery period is extended will not affect the authority of a qualified municipality to adopt an ordinance imposing a surcharge of seven percent on fees for the parking, garaging, or storing of motor vehicles, except for parking for a garage which is part of a solely residential premises. Section 1 of P.L.2013, c.284 (C.40:48C-1.4) provides that a municipality that *has been* under rehabilitation and economic recovery pursuant to the act may adopt such an ordinance. If the economic recovery period is extended, Camden would not be permitted to adopt surcharges on fees for admission to and parking at major places of amusement because current law permitting the imposition of those fees specifically exempts municipalities that are classified as cities of the second class that are subject to the act.

LEGISLATIVE FISCAL ESTIMATE
ASSEMBLY, No. 3410
STATE OF NEW JERSEY
216th LEGISLATURE

DATED: JUNE 26, 2014

SUMMARY

Synopsis: Extends economic recovery terms under “Municipal Rehabilitation and Economic Recovery Act.”

Type of Impact: Indeterminate impact on State and local finances.

Agencies Affected: Department of Community Affairs, New Jersey Economic Development Authority, and qualified municipalities.

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
State Finances	Indeterminate Impact – See comments below		
Local Finances	Indeterminate Impact – See comments below		

- The Office of Legislative Services concludes that the enactment of Assembly Bill No. 3410 would have an indeterminate impact on State and local finances.
- To the extent that lengthening the economic recovery requires the State to provide enhanced oversight of the finances and operations of a qualified municipality, the State will continue to incur costs associated with that function.
- Enactment of the bill would also affect the eligibility of projects to receive economic and financial incentives through certain business assistance programs, such as the Grow New Jersey Business Assistance Program and the Economic Redevelopment and Growth Grant Program.
- Continuation of the economic recovery period would not affect the authority of the New Jersey Economic Development Authority (NJEDA) to award economic recovery tax credits through the “Qualified Municipality Open for Business Incentive Program.”
- Whether or not the economic recovery period is extended would not affect the authority of a qualified municipality to adopt an ordinance imposing a surcharge of seven percent on fees for parking, garage, or motor vehicles storage facilities, except for parking in a garage designated solely for residential premises.

BILL DESCRIPTION

Assembly Bill No. 3410 of 2014 extends the economic recovery term under the “Municipal Rehabilitation and Economic Recovery Act,” P.L.2002, c.43 (C.52:27BBB-1 et al.) (hereinafter “act”), by five years. The bill extends the special governing procedures, economic benefits, and additional oversight measures provided for a qualified municipality under that act. The only municipality that currently qualifies under that act is the City of Camden.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The Office of Legislative Services concludes that the enactment of Assembly Bill No. 3410 would have an indeterminate impact on State and local finances. To the extent that lengthening the economic recovery period requires the State to provide enhanced oversight of the finances and operations of a qualified municipality, the State will continue to incur costs associated with that function. The extension of the economic recovery period would also allow a qualified municipality to increase the municipal purposes portion of the property tax levy by three percent per year prior to the application of any exclusions to limits in annual increases in the total levy. State departments, agencies, and authorities would be required to continue to give applications from a qualified municipality the highest priority or ranking category for award or approval of grants, benefits, and projects. This priority ranking may allow a qualified municipality to receive financial benefits for which it may not qualify otherwise.

Enactment of the bill would also affect the eligibility of projects to receive economic and financial incentives through certain business assistance programs. Certain provisions of the “Grow New Jersey Assistance Act,” P.L.2011, c.149 (C.34:1B-242 et seq.) apply, depending on whether a municipality qualifies or has qualified under the act. For example, for each award made by the New Jersey Economic Development Authority a net benefits test is conducted which requires a project to generate a present value of at least 110 percent of the amount of assistance granted in the form of direct and indirect tax revenues from project activity. Current law provides that the net benefits are calculated over 35 years for a project in a Garden State Growth Zone which *qualified* under the act. Thus, even if the economic recovery period is not extended, the net benefit test for projects in certain Garden State Growth Zones will always be calculated over 35 years because the municipality in which those projects are located was, at one point, a qualified municipality under the act.

Alternatively, current law limits the total amount of tax credits for projects within a Garden State Growth Zone which *qualifies* under the act. If the recovery period is not extended, projects within a Garden State Growth Zone that are in a qualified municipality would be eligible to receive the total amount of tax credits available to all other projects in a Garden State Growth Zone. For the purposes of the Economic Redevelopment and Growth Grant Program, an “urban transit hub” is defined, in part, to include light rail stations and property located within a one-mile radius of the midpoint of a rail, bus, or ferry station platform when the property is in a qualified municipality under the act. If the economic recovery period is not extended, a qualified

municipality could lose its program eligibility if it does not meet the alternative definition of an urban transit hub.

The extension of the recovery period also extends the duration of the Economic Recovery Board (ERB). The ERB was established by the act to assist in the preparation of the capital improvement and infrastructure master plan and to marshal the resources necessary to assure its implementation. The ERB also approves the disbursement of proceeds raised by the sale of \$175 million in bonds by the NJEDA to support residential neighborhood improvements, demolition, redevelopment financing, downtown revitalization efforts, higher education, regional health care development, and economic recovery planning. Information available through the ERB website indicates that, as of January 15, 2014, the ERB has approved loans and grants totaling approximately \$171.3 million. A portion of these funds were allocated as follows: \$58.2 million for infrastructure, \$18.2 million projects in transitional areas, \$7.5 million for public purpose projects, and \$9.1 million for affordable housing. The remaining funds, approximately \$78.3 million, were used to fund grants to hospitals and institutions of higher education, economic recovery planning, and for other eligible purposes.

Continuation of the economic recovery period would not affect the authority of the NJEDA to award economic recovery tax credits through the “Qualified Municipality Open for Business Incentive Program” established in sections 54 through 56 of P.L.2002, c.43 (C.52:27BBB-53 to 52:27BBB-55). The act provides that these incentives shall remain in effect until the qualified municipality is no longer eligible for State financial assistance pursuant to the “Special Municipal Aid Act,” P.L.1987, c.75 (C.52:27D-118.24 et seq.). The purpose of the economic recovery tax credit is to foster business investment in a qualified municipality. A taxpayer engaged in the conduct of business within a qualified municipality and that is not receiving a benefit under the “New Jersey Urban Enterprise Zones Act,” P.L.1983, c.303 (C.52:27H-60 et seq.) may apply to receive a tax credit against the amount of tax otherwise imposed under the “Corporation Business Tax Act,” P.L.1945, c.162 (C.54:10A-1 et seq.). The credit is equal to \$2,500 for each new full-time position at the business location in credit-year one and \$1,250 for each new full-time position at that location in credit-year two. Although the granting of additional tax credits would result in a loss of State tax revenues, the 2012 Tax Expenditure Report published by the Department of the Treasury estimated that only \$10,000 in tax credits would be awarded in 2014.

Finally, whether or not the economic recovery period is extended would not affect the authority of a qualified municipality to adopt an ordinance imposing a surcharge of seven percent on fees for the parking, garaging, or storing of motor vehicles, except for parking for a garage designated as solely residential premises. Section 1 of P.L.2013, c.284 (C.40:48C-1.4) provides that a municipality that *has been* under rehabilitation and economic recovery pursuant to the act may adopt such an ordinance. If the economic recovery period is extended, Camden would not be permitted to adopt surcharges on fees for admission to and parking at major places of amusement because current law permitting the imposition of those fees specifically exempts municipalities that are classified as cities of the second class and that are subject to the act.

Section: Local Government

Analyst: Scott A. Brodsky
Senior 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.).

SENATE, No. 2177

STATE OF NEW JERSEY
216th LEGISLATURE

INTRODUCED JUNE 16, 2014

Sponsored by:

Senator DONALD NORCROSS

District 5 (Camden and Gloucester)

SYNOPSIS

Extends economic recovery term under "Municipal Rehabilitation and Economic Recovery Act."

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning municipal rehabilitation and economic recovery
2 and amending P.L.2002, c.43.

3

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

6

7 1. Section 3 of P.L.2002, c.43 (C.52:27BBB-3) is amended to
8 read as follows:

9 3. As used in this act:

10 "Authority" means the New Jersey Economic Development
11 Authority established pursuant to P.L.1974, c.80 (C.34:1B-1 et
12 seq.).

13 "Board" means the State Economic Recovery Board established
14 pursuant to section 36 of P.L.2002, c.43 (C.52:27BBB-36).

15 "Chief operating officer" means that person appointed pursuant
16 to P.L.2002, c.43 (C.52:27BBB-1 et al.) responsible for
17 reorganizing governmental operations of a qualified municipality in
18 order to assure the delivery of essential municipal services and the
19 professional administration of that municipal government.

20 "Commissioner" means the Commissioner of Community
21 Affairs.

22 "Contiguous with" means within.

23 "Director" means the Director of the Division of Local
24 Government Services in the Department of Community Affairs.

25 "Economic recovery term" means the period commencing with
26 the expiration of the term of the chief operating officer and
27 terminating **[five]** 10 years thereafter.

28 "In consultation with" means with consideration of the input of,
29 or the advice of, the mayor, governing body, chief operating officer
30 or director, as the case may be, without regard to the form or
31 manner of the consultation.

32 "Local Finance Board" means the Local Finance Board of the
33 Division of Local Government Services in the Department of
34 Community Affairs.

35 "Mayor" means the mayor or chief executive officer of the
36 municipality, as appropriate to the form of government.

37 "Project" means: (1) (a) acquisition, construction, reconstruction,
38 repair, alteration, improvement and extension of any building,
39 structure, facility, including water transmission facilities or other
40 improvement, whether or not in existence or under construction, (b)
41 purchase and installation of equipment and machinery, (c)
42 acquisition and improvement of real estate and the extension or
43 provision of utilities, access roads and other appurtenant facilities;
44 and (2) (a) the acquisition, financing, or refinancing of inventory,
45 raw materials, supplies, work in process, or stock in trade, or (b) the

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.

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1 financing, refinancing or consolidation of secured or unsecured
2 debt, borrowings, or obligations, or (c) the provision of financing
3 for any other expense incurred in the ordinary course of business;
4 all of which are to be used or occupied by any person in any
5 enterprise promoting employment, either for the manufacturing,
6 processing or assembly of materials or products, or for research or
7 office purposes, including, but not limited to, medical and other
8 professional facilities, or for industrial, recreational, hotel or motel
9 facilities, public utility and warehousing, or for commercial and
10 service purposes, including, but not limited to, retail outlets, retail
11 shopping centers, restaurant and retail food outlets, and any and all
12 other employment promoting enterprises, including, but not limited
13 to, motion picture and television studios and facilities and
14 commercial fishing facilities, commercial facilities for recreational
15 fishermen, fishing vessels, aquaculture facilities and marketing
16 facilities for fish and fish products and (d) acquisition of an equity
17 interest in, including capital stock of, any corporation; or any
18 combination of the above, which the authority determines will: (i)
19 tend to maintain or provide gainful employment opportunities
20 within and for the people of the State, or (ii) aid, assist and
21 encourage the economic development or redevelopment of any
22 political subdivision of the State, or (iii) maintain or increase the
23 tax base of the State or of any political subdivision of the State, or
24 (iv) maintain or diversify and expand employment promoting
25 enterprises within the State; and (3) the cost of acquisition,
26 construction, reconstruction, repair, alteration, improvement and
27 extension of an energy saving improvement or pollution control
28 project which the authority determines will tend to reduce the
29 consumption in a building devoted to industrial or commercial
30 purposes, or in an office building, of nonrenewable sources of
31 energy or to reduce, abate or prevent environmental pollution
32 within the State; and (4) the acquisition, construction,
33 reconstruction, repair, alteration, improvement, extension,
34 development, financing or refinancing of infrastructure and
35 transportation facilities or improvements related to economic
36 development and of cultural, recreational and tourism facilities or
37 improvements related to economic development and of capital
38 facilities for primary and secondary schools and of mixed use
39 projects consisting of housing and commercial development; and
40 (5) the establishment, acquisition, construction, rehabilitation,
41 improvement, and ownership of port facilities as defined in section
42 3 of P.L.1997, c.150 (C.34:1B-146). Project may also include:
43 reimbursement to any person for costs in connection with any
44 project, or the refinancing of any project or portion thereof, if such
45 actions are determined by the authority to be necessary and in the
46 public interest to maintain employment and the tax base of any
47 political subdivision and likely to facilitate improvements or the
48 completion of the project; and developing property and any

1 construction, reconstruction, improvement, alteration, equipment or
2 maintenance or repair, or planning and designing in connection
3 therewith. For the purpose of carrying out mixed use projects
4 consisting of both housing and commercial development, the
5 authority may enter into agreements with the New Jersey Housing
6 and Mortgage Finance Agency for loan guarantees for any such
7 project in accordance with the provisions of P.L.1995, c.359
8 (C.55:14K-64 et al.), and for that purpose shall allocate to the New
9 Jersey Housing and Mortgage Finance Agency, under such
10 agreements, funding available pursuant to subsection a. of section 4
11 of P.L.1992, c.16 (C.34:1B-7.13). "Project" shall not include a
12 school facilities project.

13 "Qualified municipality" means a municipality: (1) that has been
14 subject to the supervision of a financial review board pursuant to
15 the "Special Municipal Aid Act," P.L.1987, c.75 (C.52:27D-118.24
16 et seq.) for at least one year; (2) that has been subject to the
17 supervision of the Local Finance Board pursuant to the "Local
18 Government Supervision Act (1947)," P.L.1947, c.151 (C.52:27BB-
19 1 et seq.) for at least one year; and (3) which, according to its most
20 recently adopted municipal budget, is dependent upon State aid and
21 other State revenues for not less than 55 percent of its total budget.

22 "Regional Impact Council" or "council" means that body
23 established pursuant to section 39 of P.L.2002, c.43 (C.52:27BBB-
24 39).

25 "Rehabilitation term" means that period during which the
26 qualified municipality is under the direction of the chief operating
27 officer appointed pursuant to section 7 of P.L.2002, c.43
28 (C.52:27BBB-7).

29 "Special arbitrator" means that judge designated by the Chief
30 Justice pursuant to section 5 of P.L.2002, c.43 (C.52:27BBB-5).

31 "State supervision" means supervision pursuant to Article 4 of
32 the "Local Government Supervision Act (1947)," P.L.1947, c.151
33 (C.52:27BB-54 et seq.).

34 "Treasurer" or "State treasurer" means the Treasurer of the State
35 of New Jersey.

36 "Under rehabilitation and economic recovery" means that period
37 which coincides with the rehabilitation term and the economic
38 recovery term.

39 (cf: P.L.2002, c.108, s.3)

40

41 2. Section 6 of P.L.2002, c.43 (C.52:27BBB-6) is amended to
42 read as follows:

43 6. a. Upon the appointment of a chief operating officer
44 pursuant to section 7 of P.L.2002, c.43 (C.52:27BBB-7), a qualified
45 municipality shall be under rehabilitation and economic recovery.
46 This period shall begin with the assumption of job responsibilities
47 by the chief operating officer pursuant to this section and terminate
48 five years following the end of the term of the chief operating

1 officer. The period corresponding with the term of the chief
2 operating officer shall be referred to hereinafter as the rehabilitation
3 term. The period commencing with the expiration of the term of the
4 chief operating officer and terminating **【five】** 10 years thereafter
5 shall be referred to hereinafter as the economic recovery term.

6 b. (1) During the economic recovery term, the mayor shall
7 exercise those powers delegated to the mayor pursuant to the form
8 of government, the charter and the administrative code of the
9 municipality, and those powers delegated to the mayor under
10 general law. In addition, during the economic recovery term, the
11 mayor shall retain the power to veto the minutes of any independent
12 board or authority, including, but not limited to, the housing
13 authority, parking authority, redevelopment authority, planning
14 board and board of adjustment. No action taken at any meeting of
15 any independent board or authority shall have force or effect until
16 10 days, exclusive of Saturdays, Sundays and public holidays, after
17 the copy of the minutes shall have been delivered to the mayor. If,
18 in that 10-day period, the mayor returns the copy of the minutes
19 with a veto of any action taken by the board or authority at the
20 meeting, that action shall be null and void and of no force and
21 effect. Following the completion of the 10-day period, those
22 actions not vetoed shall be considered approved.

23 (2) During the first 18 months of the economic recovery term,
24 the mayor shall have the power to veto or terminate any
25 employment contract not subject to a collective bargaining
26 agreement, whether or not subject to Title 11A, Civil Service, of the
27 New Jersey Statutes. This shall not apply to employment contracts
28 under extension pursuant to terms under the expired contract.

29 (3) The mayor shall cause to be issued a final report on the
30 progress of the municipality toward achieving municipal
31 rehabilitation and economic recovery, as set forth in section 8 of
32 P.L.2002, c.43 (C.52:27BBB-8) at the end of the economic recovery
33 term.

34 (4) The mayor shall authorize the municipal planning board,
35 from time to time, to prepare a program of municipal capital
36 improvement projects projected over a term of at least six years,
37 and amendments thereto. The program may include current and
38 future major projects being, or to be, undertaken with federal, State,
39 county, or other public funds, or under federal, State, or county
40 supervision. The first year of the program shall, upon adoption by
41 the governing body, constitute the capital budget of the
42 municipality as required by N.J.S.40A:4-43 et seq. The program
43 shall classify projects in regard to the urgency and need for
44 realization, and shall recommend a time sequence for their
45 implementation. The program may also contain the estimated cost
46 of each project and indicate probable operating and maintenance
47 costs and probable revenues, if any, as well as existing sources of
48 funds, or the need for additional sources of funds, for the

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1 implementation and operation of each project. The program shall,
2 as far as possible, be based on existing information in the
3 possession of the departments and agencies of the municipality and
4 shall take into account public facility needs indicated by the
5 prospective development shown in the master plan of the
6 municipality or as permitted by other municipal land use controls.

7 (5) While the municipality is under rehabilitation and economic
8 recovery, the mayor shall retain the power to make those
9 appointments to municipal authorities, boards or commissions, as
10 the case may be, which is otherwise allocated to the mayor pursuant
11 to law.

12 The mayor may retain staff for the purpose of advising the mayor
13 and aiding in the performance of constituent services during the
14 rehabilitation term.

15 (6) The Director of the Division of Local Government Services
16 in the Department of Community Affairs shall annually conduct a
17 compliance audit of the activities of a qualified municipality during
18 the economic recovery term to ensure compliance with P.L.2002,
19 c.43 (C.52:27BBB-1 et al.) and other relevant State laws and shall
20 report the findings to the Local Finance Board and the mayor.

21 (7) The financial incentives set forth in sections 54 through 56
22 of P.L.2002, c.43 (C.52:27BBB-53 through 55) shall remain in
23 effect until the municipality is no longer eligible for financial
24 assistance pursuant to the "Special Municipal Aid Act," P.L.1987,
25 c.75 (C.52:27D-118.24 et seq.).

26 c. Upon the assumption of job responsibilities by the chief
27 operating officer, the financial review board created pursuant to
28 section 5 of P.L.1999, c.156 (C.52:27D-118.30a) to oversee the
29 finances of the municipality shall cease to function and the
30 municipality shall cease to be under supervision pursuant to Article
31 4 of P.L.1947, c.151 (C.52:27BB-54 et seq.).

32 All outstanding debts or obligations incurred by a qualified
33 municipality or the New Jersey Housing and Mortgage Finance
34 Agency established pursuant to section 4 of the "New Jersey
35 Housing and Mortgage Finance Agency Law of 1983," P.L.1983,
36 c.530 (C.55:14K-4) and secured by a right of first refusal on
37 municipally-owned property as of 10 days following a
38 determination by the commissioner that the municipality fulfills the
39 definition of a qualified municipality pursuant to section 4 of
40 P.L.2002, c.43 (C.52:27BBB-4), with any subsidiary of that agency
41 with jurisdiction in a qualified municipality, other than those debts
42 or obligations represented by bonds or other negotiable instruments,
43 are forgiven.

44 Notwithstanding the termination of the financial review board
45 and supervision, all memorandums of understanding entered into by
46 the municipality as a condition of receiving assistance under
47 P.L.1987, c.75 (C.52:27D-118.24 et seq.) that require the
48 municipality to implement any government, administrative,

1 operational efficiency or oversight measures necessary for the fiscal
2 recovery of the municipality as recommended by the director and
3 approved by the Local Finance Board shall continue to have full
4 force and effect.

5 During the rehabilitation term, the chief operating officer shall
6 be responsible for entering into any memorandum of understanding
7 on behalf of the qualified municipality that is required as a
8 condition of receiving assistance under P.L.1987, c.75 (C.52:27D-
9 118.24 et seq.), or any other law; provided, however, that those
10 memoranda of understanding shall be consistent with the provisions
11 of P.L.2002, c.43 (C.52:27BBB-1 et al.) and P.L.2007, c.176
12 (C.52:27BBB-2.2 et al.), and the powers of the chief operating
13 officer granted pursuant thereto. Any such memoranda of
14 understanding shall be executed between the chief operating officer
15 and the Director of the Division of Local Government Services in
16 the Department of Community Affairs. Whenever the powers and
17 duties of the chief operating officer have devolved upon the director
18 pursuant to subsection b. of section 7 of P.L.2002, c.43
19 (C.52:27BBB-7), the memorandum of understanding shall be
20 executed between the director, on behalf of the qualified
21 municipality, and the State Treasurer, on behalf of the State.
22 (cf: P.L.2009, c.337, s.2)

23

24 3. This act shall take effect immediately.

25

26

27

STATEMENT

28

29 This bill would extend the economic recovery term under the
30 "Municipal Rehabilitation and Economic Recovery Act," P.L.2002,
31 c.43 (C.52:27BBB-1 et al.), by five years. This would extend the
32 special governing procedures, economic benefits, and additional
33 oversight measures provided for a qualified municipality under that
34 Act. Based upon the continuing unique fiscal distress facing the
35 City of Camden, the only municipality to have qualified under the
36 Act so far, it is evident that a longer economic recovery term is
37 necessary to achieving the fiscal stability and economic
38 revitalization goals of the Act.

SENATE COMMUNITY AND URBAN AFFAIRS COMMITTEE

STATEMENT TO

SENATE, No. 2177

STATE OF NEW JERSEY

DATED: JUNE 26, 2014

The Senate Community and Urban Affairs Committee reports favorably Senate Bill No. 2177.

This bill would extend the economic recovery term under the "Municipal Rehabilitation and Economic Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et al.), by five years. This would extend the special governing procedures, economic benefits, and additional oversight measures provided for a qualified municipality under that act. Based upon the continuing unique fiscal distress facing the City of Camden, the only municipality to have qualified under the act so far, it is evident that a longer economic recovery term is necessary for achieving the fiscal stability and economic revitalization goals of the act.