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RWH/JA

P.L.2017, CHAPTER 101, *approved July 7, 2017*
Senate, No. 956 (*First Reprint*)

1 AN ACT concerning expenses related to the consolidation of
2 municipalities and amending N.J.S.40A:4-53 ¹and P.L.2007,
3 c.62¹.

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

7
8 1. N.J.S.40A:4-53 is amended to read as follows:

9 40A:4-53. A local unit may adopt an ordinance authorizing
10 special emergency appropriations for the carrying out of any of the
11 following purposes:

12 a. Preparation of an approved tax map.

13 b. Preparation and execution of a complete program of
14 revaluation of real property for the use of the local assessor, or of
15 any program to update and make current any previous revaluation
16 program when such is ordered by the county board of taxation.

17 c. Preparation of a revision and codification of its ordinances.

18 d. Engagement of special consultants for the preparation, and
19 the preparation of a master plan or plans, when required to conform
20 to the planning laws of the State.

21 e. Preparation of drainage maps for flood control purposes.

22 f. Preliminary engineering studies and planning necessary for
23 the installation and construction of a sanitary sewer system.

24 g. Authorized expenses of a consolidation commission
25 established pursuant to the "Municipal Consolidation Act,"
26 P.L.1977, c.435 (C.40:43-66.35 et seq.) or sections 25 through 29 of
27 the "Uniform Shared Services and Consolidation Act," **sections 1**
28 **through 35 of** P.L.2007, c.63 **[(C.40A:65-1 through C.40A:65-**
29 **35)] (C.40A:65-25 through C.40A:65-29).**

30 h. Contractually required severance liabilities resulting from
31 the layoff or retirement of employees. Such liabilities shall be paid
32 without interest and, at the sole discretion of the local unit, may be
33 paid in equal annual installments over a period not to exceed five
34 years.

35 i. Preparation of a sanitary or storm system map.

36 j. Liabilities incurred to the Department of Labor and
37 Workforce Development for the reimbursement of unemployment
38 benefits paid to former employees.

39 **k. ¹[Non-recurring] Subject to approval by the Director of the**
40 **Division of Local Government Services, non-recurring¹ expenses**
41 **incurred by a municipality to implement a consolidation with**
42 **another municipality, or municipalities, pursuant to the "Municipal**

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

Matter underlined **thus** is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Senate amendments adopted in accordance with Governor's
recommendations June 26, 2017.

1 Consolidation Act,” P.L.1977, c.435 (C.40:43-66.35 et seq.); the
2 sparsely populated municipalities law, P.L.1995, c.376 (C.40:43-
3 66.78 et seq.); sections 25 through 29 of the “Uniform Shared
4 Services and Consolidation Act,” P.L.2007, c.63 (C.40A:65-25
5 through C.40A:65-29); or N.J.S.40A:7-1 et seq., in the case of a
6 consolidation effectuated through the annexation of land comprising
7 an entire municipality or entire municipalities, to another
8 municipality. ¹The director shall approve the ordinance if he or she
9 determines that the non-recurring expenses are reasonable and
10 permissible by law and that the consolidation will result in long-
11 term savings for the municipality.¹

12 A copy of all ordinances or resolutions as adopted relating to
13 special emergency appropriations shall be filed with the director.
14 (cf: P.L 2015, c.95, s.39)

15
16 ¹2. Section 10 of P.L.2007, c.62 (C.40A:4-45.45) is amended
17 to read as follows

18 10. a. (1) In the preparation of its budget the amount to be raised
19 by taxation by a local unit shall not exceed, except as provided in
20 paragraph (2) of this subsection, the sum of new ratables, the
21 adjusted tax levy, and the total of waivers approved pursuant to
22 section 11 of P.L.2007, c.62 (C.40A:4-45.46); provided, however,
23 that in the case of a county, the amount to be raised by taxation
24 shall not exceed the amount permitted by section 4 of P.L.1976,
25 c.68 (C.40A:4-45.4).

26 (2) A local unit that has not been granted approval for a waiver
27 pursuant to section 11 of P.L.2007, c.62 (C.40A:4-45.46), may add
28 to its adjusted tax levy in any one of the next three succeeding
29 years, the amount of the difference between the maximum
30 allowable amount to be raised by taxation or county purposes tax,
31 as applicable, for the current local budget year pursuant to
32 paragraph (1) of this subsection and the actual amount to be raised
33 by taxation or county purposes tax, as applicable, for the current
34 local budget year.

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

37 increases in amounts required to be raised by taxation for capital
38 expenditures, including debt service as defined by law; increases in
39 pension contributions and accrued liability for pension
40 contributions in excess of 2.0%; increases in health care costs equal
41 to that portion of the actual increase in total health care costs for the
42 budget year that is in excess of 2.0% of the total health care costs in
43 the prior year, but is not in excess of the product of the total health
44 care costs in the prior year and the average percentage increase of
45 the State Health Benefits Program, P.L.1961, c.49 (C.52:14-17.25 et
46 seq.), as annually determined by the Division of Pensions and
47 Benefits in the Department of the Treasury; **[and]** extraordinary
48 costs incurred by a local unit directly related to a declared

1 emergency, as defined by regulation promulgated by the
2 Commissioner of the Department of Community Affairs, in
3 consultation with the Commissioner of Education, as appropriate;
4 and any non-recurring expenses incurred by a municipality to
5 implement a consolidation with another municipality, or
6 municipalities, pursuant to the “Municipal Consolidation Act,”
7 P.L.1977, c.435 (C.40:43-66.35 et seq.); the sparsely populated
8 municipalities law, P.L.1995, c.376 (C.40:43-66.78 et seq.);
9 sections 25 through 29 of the “Uniform Shared Services and
10 Consolidation Act,” P.L.2007, c.63 (C.40A:65-25 through
11 C.40A:65-29); or N.J.S.40A:7-1 et seq., in the case of a
12 consolidation effectuated through the annexation of land comprising
13 an entire municipality or entire municipalities, to another
14 municipality.

15 If there are no exclusions, then the amount of the difference shall
16 reduce the adjusted tax levy by that amount. Any cancelled or
17 unexpended appropriation for any exclusion pursuant to this
18 subsection or waiver pursuant to section 11 of P.L.2007, c.62
19 (C.40A:4-45.46), also shall be deducted from the sum of the
20 exclusions listed in this subsection or directly reduce the adjusted
21 tax levy if there are no exclusions.

22 (cf: P.L.2010, c.44, s.9)¹

23

24 ¹**[3.] 2.**¹ This act shall take effect immediately.

25

26

27

28

29 Authorizes special emergency appropriations for the payment of
30 certain expenses incurred by municipalities to implement a
31 municipal consolidation.

SENATE, No. 956

STATE OF NEW JERSEY 217th LEGISLATURE

INTRODUCED FEBRUARY 4, 2016

Sponsored by:

Senator ROBERT M. GORDON

District 38 (Bergen and Passaic)

Senator CHRISTOPHER "KIP" BATEMAN

District 16 (Hunterdon, Mercer, Middlesex and Somerset)

Assemblyman TIM EUSTACE

District 38 (Bergen and Passaic)

Assemblyman ANDREW ZWICKER

District 16 (Hunterdon, Mercer, Middlesex and Somerset)

Assemblyman DECLAN J. O'SCANLON, JR.

District 13 (Monmouth)

Assemblywoman JOANN DOWNEY

District 11 (Monmouth)

Assemblyman JOHN S. WISNIEWSKI

District 19 (Middlesex)

Assemblywoman NANCY J. PINKIN

District 18 (Middlesex)

Co-Sponsored by:

Senator Beck, Assemblyman Houghtaling and Senator Greenstein

SYNOPSIS

Authorizes special emergency appropriations for the payment of certain expenses incurred by municipalities to implement a municipal consolidation.

CURRENT VERSION OF TEXT

As introduced.

(Sponsorship Updated As Of: 6/27/2017)

1 AN ACT concerning expenses related to the consolidation of
2 municipalities and amending N.J.S.40A:4-53 and P.L.2007, c.62.

3

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

6

7 1. N.J.S.40A:4-53 is amended to read as follows:

8 40A:4-53. A local unit may adopt an ordinance authorizing
9 special emergency appropriations for the carrying out of any of the
10 following purposes:

11 a. Preparation of an approved tax map.

12 b. Preparation and execution of a complete program of
13 revaluation of real property for the use of the local assessor, or of
14 any program to update and make current any previous revaluation
15 program when such is ordered by the county board of taxation.

16 c. Preparation of a revision and codification of its ordinances.

17 d. Engagement of special consultants for the preparation, and
18 the preparation of a master plan or plans, when required to conform
19 to the planning laws of the State.

20 e. Preparation of drainage maps for flood control purposes.

21 f. Preliminary engineering studies and planning necessary for
22 the installation and construction of a sanitary sewer system.

23 g. Authorized expenses of a consolidation commission
24 established pursuant to the "Municipal Consolidation Act,"
25 P.L.1977, c.435 (C.40:43-66.35 et seq.) or sections 25 through 29 of
26 the "Uniform Shared Services and Consolidation Act," **[sections 1**
27 **through 35 of]** P.L.2007, c.63 **[(C.40A:65-1 through C.40A:65-**
28 **35)]** (C.40A:65-25 through C.40A:65-29).

29 h. Contractually required severance liabilities resulting from
30 the layoff or retirement of employees. Such liabilities shall be paid
31 without interest and, at the sole discretion of the local unit, may be
32 paid in equal annual installments over a period not to exceed five
33 years.

34 i. Preparation of a sanitary or storm system map.

35 j. Liabilities incurred to the Department of Labor and
36 Workforce Development for the reimbursement of unemployment
37 benefits paid to former employees.

38 k. Non-recurring expenses incurred by a municipality to
39 implement a consolidation with another municipality, or
40 municipalities, pursuant to the "Municipal Consolidation Act,"
41 P.L.1977, c.435 (C.40:43-66.35 et seq.); the sparsely populated
42 municipalities law, P.L.1995, c.376 (C.40:43-66.78 et seq.);
43 sections 25 through 29 of the "Uniform Shared Services and
44 Consolidation Act," P.L.2007, c.63 (C.40A:65-25 through
45 C.40A:65-29); or N.J.S.40A:7-1 et seq., in the case of a

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 consolidation effectuated through the annexation of land comprising
2 an entire municipality or entire municipalities, to another
3 municipality.

4 A copy of all ordinances or resolutions as adopted relating to
5 special emergency appropriations shall be filed with the director.

6 (cf: P.L 2015, c.95, s.39)

7

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

10 10. a. (1) In the preparation of its budget the amount to be raised
11 by taxation by a local unit shall not exceed, except as provided in
12 paragraph (2) of this subsection, the sum of new ratables, the
13 adjusted tax levy, and the total of waivers approved pursuant to
14 section 11 of P.L.2007, c.62 (C.40A:4-45.46); provided, however,
15 that in the case of a county, the amount to be raised by taxation
16 shall not exceed the amount permitted by section 4 of P.L.1976,
17 c.68 (C.40A:4-45.4).

18 (2) A local unit that has not been granted approval for a waiver
19 pursuant to section 11 of P.L.2007, c.62 (C.40A:4-45.46), may add
20 to its adjusted tax levy in any one of the next three succeeding
21 years, the amount of the difference between the maximum
22 allowable amount to be raised by taxation or county purposes tax,
23 as applicable, for the current local budget year pursuant to
24 paragraph (1) of this subsection and the actual amount to be raised
25 by taxation or county purposes tax, as applicable, for the current
26 local budget year.

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

29 increases in amounts required to be raised by taxation for capital
30 expenditures, including debt service as defined by law; increases in
31 pension contributions and accrued liability for pension
32 contributions in excess of 2.0%; increases in health care costs equal
33 to that portion of the actual increase in total health care costs for the
34 budget year that is in excess of 2.0% of the total health care costs in
35 the prior year, but is not in excess of the product of the total health
36 care costs in the prior year and the average percentage increase of
37 the State Health Benefits Program, P.L.1961, c.49 (C.52:14-17.25 et
38 seq.), as annually determined by the Division of Pensions and
39 Benefits in the Department of the Treasury; **[and]** extraordinary
40 costs incurred by a local unit directly related to a declared
41 emergency, as defined by regulation promulgated by the
42 Commissioner of the Department of Community Affairs, in
43 consultation with the Commissioner of Education, as appropriate;
44 and any non-recurring expenses incurred by a municipality to
45 implement a consolidation with another municipality, or
46 municipalities, pursuant to the "Municipal Consolidation Act,"
47 P.L.1977, c.435 (C.40:43-66.35 et seq.); the sparsely populated
48 municipalities law, P.L.1995, c.376 (C.40:43-66.78 et seq.);

1 sections 25 through 29 of the “Uniform Shared Services and
2 Consolidation Act,” P.L.2007, c.63 (C.40A:65-25 through
3 C.40A:65-29); or N.J.S.40A:7-1 et seq., in the case of a
4 consolidation effectuated through the annexation of land comprising
5 an entire municipality or entire municipalities, to another
6 municipality.

7 If there are no exclusions, then the amount of the difference shall
8 reduce the adjusted tax levy by that amount. Any cancelled or
9 unexpended appropriation for any exclusion pursuant to this
10 subsection or waiver pursuant to section 11 of P.L.2007, c.62
11 (C.40A:4-45.46), also shall be deducted from the sum of the
12 exclusions listed in this subsection or directly reduce the adjusted
13 tax levy if there are no exclusions.

14 (cf: P.L.2010, c.44, s.9)

15

16 3. This act shall take effect immediately.

17

18

19

STATEMENT

20

21 This bill would authorize a municipality to adopt an ordinance
22 authorizing special emergency appropriations for the payment of
23 non-recurring expenses incurred by that municipality to implement
24 a consolidation with another municipality, or municipalities,
25 pursuant to the “Municipal Consolidation Act,” P.L.1977, c.435
26 (C.40:43-66.35 et seq.); the sparsely populated municipalities law,
27 P.L.1995, c.376 (C.40:43-66.78 et seq.); or sections 25 through 29
28 of the “Uniform Shared Services and Consolidation Act,” P.L.2007,
29 c.63 (C.40A:65-25 through C.40A:65-29); or N.J.S.40A:7-1 et seq.,
30 in the case of a consolidation effectuated through the annexation of
31 land comprising an entire municipality or entire municipalities, to
32 another municipality.

33 Under current law, special emergency appropriations are paid for
34 through the issuance of “special emergency notes,” which must be
35 paid off in five years. The use of special emergency appropriations,
36 and the issuance of special emergency notes to fund the non-
37 recurring costs and expenses associated with the consolidation
38 process will allow consolidating municipalities to *immediately*
39 begin to experience the financial savings of municipal consolidation
40 by spreading the effect of the non-recurring costs associated with
41 municipal consolidation over a five-year period.

42 This bill also provides that non-recurring expenses incurred by a
43 municipality to implement a consolidation with another
44 municipality, or municipalities, shall be exempt from the 2%
45 property tax levy cap.

ASSEMBLY STATE AND LOCAL GOVERNMENT
COMMITTEE

STATEMENT TO

SENATE, No. 956

STATE OF NEW JERSEY

DATED: MARCH 6, 2017

The Assembly State and Local Government Committee reports favorably Senate Bill No. 956.

This bill would authorize a municipality to adopt an ordinance authorizing special emergency appropriations for the payment of non-recurring expenses incurred by that municipality to implement a consolidation with another municipality, or municipalities, pursuant to the “Municipal Consolidation Act,” P.L.1977, c.435 (C.40:43-66.35 et seq.); the sparsely populated municipalities law, P.L.1995, c.376 (C.40:43-66.78 et seq.); or sections 25 through 29 of the “Uniform Shared Services and Consolidation Act,” P.L.2007, c.63 (C.40A:65-25 through C.40A:65-29); or N.J.S.40A:7-1 et seq., in the case of a consolidation effectuated through the annexation of land comprising an entire municipality or entire municipalities, to another municipality.

Under current law, special emergency appropriations are paid for through the issuance of “special emergency notes,” which must be paid off in five years. The use of special emergency appropriations, and the issuance of special emergency notes to fund the non-recurring costs and expenses associated with the consolidation process will allow consolidating municipalities to *immediately* begin to experience the financial savings of municipal consolidation by spreading the effect of the non-recurring costs associated with municipal consolidation over a five-year period.

The bill would also provide that non-recurring expenses incurred by a municipality to implement a consolidation with another municipality, or municipalities, shall be exempt from the 2% property tax levy cap.

This bill is identical to Assembly Bill No. 2202, also before the committee for consideration at this meeting.

SENATE STATE GOVERNMENT, WAGERING, TOURISM &
HISTORIC PRESERVATION COMMITTEE

STATEMENT TO

SENATE, No. 956

STATE OF NEW JERSEY

DATED: MARCH 3, 2016

The Senate State Government, Wagering, Tourism and Historic Preservation Committee reports favorably Senate Bill No. 956.

This bill would authorize a municipality to adopt an ordinance authorizing special emergency appropriations for the payment of non-recurring expenses incurred by that municipality to implement a consolidation with another municipality, or municipalities, pursuant to the “Municipal Consolidation Act,” P.L.1977, c.435 (C.40:43-66.35 et seq.); the sparsely populated municipalities law, P.L.1995, c.376 (C.40:43-66.78 et seq.); or sections 25 through 29 of the “Uniform Shared Services and Consolidation Act,” P.L.2007, c.63 (C.40A:65-25 through C.40A:65-29); or N.J.S.40A:7-1 et seq., in the case of a consolidation effectuated through the annexation of land comprising an entire municipality or entire municipalities, to another municipality.

Under current law, special emergency appropriations are paid for through the issuance of “special emergency notes,” which must be paid off in five years. The use of special emergency appropriations, and the issuance of special emergency notes to fund the non-recurring costs and expenses associated with the consolidation process will allow consolidating municipalities to immediately begin to experience the financial savings of municipal consolidation by spreading the effect of the non-recurring costs associated with municipal consolidation over a five-year period.

This bill also provides that non-recurring expenses incurred by a municipality to implement a consolidation with another municipality, or municipalities, shall be exempt from the 2% property tax levy cap.

ASSEMBLY, No. 2202

STATE OF NEW JERSEY 217th LEGISLATURE

INTRODUCED JANUARY 27, 2016

Sponsored by:

**Assemblyman TIM EUSTACE
District 38 (Bergen and Passaic)**

SYNOPSIS

Authorizes special emergency appropriations for the payment of certain expenses incurred by municipalities to implement a municipal consolidation.

CURRENT VERSION OF TEXT

As introduced.



A2202 EUSTACE

2

1 AN ACT concerning expenses related to the consolidation of
2 municipalities and amending N.J.S.40A:4-53 and P.L.2007, c.62.

3

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

6

7 1. N.J.S.40A:4-53 is amended to read as follows:

8 40A:4-53. A local unit may adopt an ordinance authorizing
9 special emergency appropriations for the carrying out of any of the
10 following purposes:

11 a. Preparation of an approved tax map.

12 b. Preparation and execution of a complete program of
13 revaluation of real property for the use of the local assessor, or of
14 any program to update and make current any previous revaluation
15 program when such is ordered by the county board of taxation.

16 c. Preparation of a revision and codification of its ordinances.

17 d. Engagement of special consultants for the preparation, and
18 the preparation of a master plan or plans, when required to conform
19 to the planning laws of the State.

20 e. Preparation of drainage maps for flood control purposes.

21 f. Preliminary engineering studies and planning necessary for
22 the installation and construction of a sanitary sewer system.

23 g. Authorized expenses of a consolidation commission
24 established pursuant to the "Municipal Consolidation Act,"
25 P.L.1977, c.435 (C.40:43-66.35 et seq.) or sections 25 through 29 of
26 the "Uniform Shared Services and Consolidation Act," P.L.2007,
27 c.63 (C.40A:65-25 through C.40A:65-29).

28 h. Contractually required severance liabilities resulting from
29 the layoff or retirement of employees. Such liabilities shall be paid
30 without interest and, at the sole discretion of the local unit, may be
31 paid in equal annual installments over a period not to exceed five
32 years.

33 i. Preparation of a sanitary or storm system map.

34 j. Non-recurring expenses incurred by a municipality to
35 implement a consolidation with another municipality, or
36 municipalities, pursuant to the "Municipal Consolidation Act,"
37 P.L.1977, c.435 (C.40:43-66.35 et seq.); the sparsely populated
38 municipalities law, P.L.1995, c.376 (C.40:43-66.78 et seq.);
39 sections 25 through 29 of the "Uniform Shared Services and
40 Consolidation Act," P.L.2007, c.63 (C.40A:65-25 through
41 C.40A:65-29); or N.J.S.40A:7-1 et seq., in the case of a
42 consolidation effectuated through the annexation of land comprising
43 an entire municipality or entire municipalities, to another
44 municipality.

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Matter underlined thus is new matter.

A2202 EUSTACE

1 A copy of all ordinances or resolutions as adopted relating to
2 special emergency appropriations shall be filed with the director.

3 (cf: P.L.2010, c.46, s.1)

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

7 10. a. (1) In the preparation of its budget the amount to be
8 raised by taxation by a local unit shall not exceed, except as
9 provided in paragraph (2) of this subsection, the sum of new
10 ratables, the adjusted tax levy, and the total of waivers approved
11 pursuant to section 11 of P.L.2007, c.62 (C.40A:4-45.46); provided,
12 however, that in the case of a county, the amount to be raised by
13 taxation shall not exceed the amount permitted by section 4 of
14 P.L.1976, c.68 (C.40A:4-45.4).

15 (2) A local unit that has not been granted approval for a waiver
16 pursuant to section 11 of P.L.2007, c.62 (C.40A:4-45.46), may add
17 to its adjusted tax levy in any one of the next three succeeding
18 years, the amount of the difference between the maximum
19 allowable amount to be raised by taxation or county purposes tax,
20 as applicable, for the current local budget year pursuant to
21 paragraph (1) of this subsection and the actual amount to be raised
22 by taxation or county purposes tax, as applicable, for the current
23 local budget year.

24 b. The following exclusions shall be added to the calculation of
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26 increases in amounts required to be raised by taxation for capital
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29 contributions in excess of 2.0%; increases in health care costs equal
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33 care costs in the prior year and the average percentage increase of
34 the State Health Benefits Program, P.L.1961, c.49 (C.52:14-17.25 et
35 seq.), as annually determined by the Division of Pensions and
36 Benefits in the Department of the Treasury; **and** extraordinary
37 costs incurred by a local unit directly related to a declared
38 emergency, as defined by regulation promulgated by the
39 Commissioner of the Department of Community Affairs, in
40 consultation with the Commissioner of Education, as appropriate;
41 and any non-recurring expenses incurred by a municipality to
42 implement a consolidation with another municipality, or
43 municipalities, pursuant to the "Municipal Consolidation Act,"
44 P.L.1977, c.435 (C.40:43-66.35 et seq.); the sparsely populated
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46 sections 25 through 29 of the "Uniform Shared Services and
47 Consolidation Act," P.L.2007, c.63 (C.40A:65-25 through
48 C.40A:65-29); or N.J.S.40A:7-1 et seq., in the case of a

1 consolidation effectuated through the annexation of land comprising
2 an entire municipality or entire municipalities, to another
3 municipality.

4 If there are no exclusions, then the amount of the difference shall
5 reduce the adjusted tax levy by that amount. Any cancelled or
6 unexpended appropriation for any exclusion pursuant to this
7 subsection or waiver pursuant to section 11 of P.L.2007, c.62
8 (C.40A:4-45.46), also shall be deducted from the sum of the
9 exclusions listed in this subsection or directly reduce the adjusted
10 tax levy if there are no exclusions.

11 (cf: P.L.2010, c.44, s.9)

12

13 3. This act shall take effect immediately.

14

15

16

STATEMENT

17

18 This bill would authorize a municipality to adopt an ordinance
19 authorizing special emergency appropriations for the payment of
20 non-recurring expenses incurred by that municipality to implement
21 a consolidation with another municipality, or municipalities,
22 pursuant to the "Municipal Consolidation Act," P.L.1977, c.435
23 (C.40:43-66.35 et seq.); the sparsely populated municipalities law,
24 P.L.1995, c.376 (C.40:43-66.78 et seq.); or sections 25 through 29
25 of the "Uniform Shared Services and Consolidation Act," P.L.2007,
26 c.63 (C.40A:65-25 through C.40A:65-29); or N.J.S.40A:7-1 et seq.,
27 in the case of a consolidation effectuated through the annexation of
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30 Under current law, special emergency appropriations are paid for
31 through the issuance of "special emergency notes," which must be
32 paid off in five years. The use of special emergency appropriations,
33 and the issuance of special emergency notes to fund the non-
34 recurring costs and expenses associated with the consolidation
35 process will allow consolidating municipalities to *immediately*
36 begin to experience the financial savings of municipal consolidation
37 by spreading the effect of the non-recurring costs associated with
38 municipal consolidation over a five-year period.

39 The bill would also provide that non-recurring expenses incurred
40 by a municipality to implement a consolidation with another
41 municipality, or municipalities, shall be exempt from the 2%
42 property tax levy cap.

ASSEMBLY STATE AND LOCAL GOVERNMENT
COMMITTEE

STATEMENT TO
ASSEMBLY, No. 2202

with committee amendments

STATE OF NEW JERSEY

DATED: MARCH 6, 2017

The Assembly State and Local Government Committee reports favorably, and with committee amendments, Assembly Bill No. 2202.

As amended by the committee, this bill would authorize a municipality to adopt an ordinance authorizing special emergency appropriations for the payment of non-recurring expenses incurred by that municipality to implement a consolidation with another municipality, or municipalities, pursuant to the “Municipal Consolidation Act,” P.L.1977, c.435 (C.40:43-66.35 et seq.); the sparsely populated municipalities law, P.L.1995, c.376 (C.40:43-66.78 et seq.); or sections 25 through 29 of the “Uniform Shared Services and Consolidation Act,” P.L.2007, c.63 (C.40A:65-25 through C.40A:65-29); or N.J.S.40A:7-1 et seq., in the case of a consolidation effectuated through the annexation of land comprising an entire municipality or entire municipalities, to another municipality.

Under current law, special emergency appropriations are paid for through the issuance of “special emergency notes,” which must be paid off in five years. The use of special emergency appropriations, and the issuance of special emergency notes to fund the non-recurring costs and expenses associated with the consolidation process will allow consolidating municipalities to *immediately* begin to experience the financial savings of municipal consolidation by spreading the effect of the non-recurring costs associated with municipal consolidation over a five-year period.

The amended bill would also provide that non-recurring expenses incurred by a municipality to implement a consolidation with another municipality, or municipalities, shall be exempt from the 2% property tax levy cap.

As amended by the committee, this bill is identical to Senate Bill No. 956, also before the committee for consideration at this meeting.

COMMITTEE AMENDMENTS

The committee made technical amendments to section 1 of the bill to reflect changes in the language of N.J.S.40A:4-53 resulting from the enactment of P.L.2015, c.95.

SENATE BILL NO. 956

To the Senate:

Pursuant to Article V, Section I, Paragraph 14 of the New Jersey Constitution, I am returning Senate Bill No. 956 with my recommendations for reconsideration.

Municipal consolidation is an underutilized mechanism for reducing local government costs. This bill encourages municipal consolidation by providing an avenue for municipalities to facilitate the consolidation process and more readily realize the savings associated with consolidation. Specifically, the bill would enable municipalities to authorize special emergency appropriations for payment of non-recurring expenses incurred by that municipality to implement a consolidation, which would be spread out over five years through special emergency notes. In addition, it would exempt these non-recurring costs from the two percent property tax levy cap so that the cap does not cause short-term expenses to prevent the long-term savings that could be realized upon consolidation.

Consistent with a central aim of my Administration, municipal consolidations can ease the burden on local property taxpayers. As a result, I wholeheartedly endorse the sponsors' efforts to create an environment that enhances municipalities' ability to consolidate and removes potential roadblocks in the process. However, I am concerned that this bill's provisions could inadvertently be utilized to circumvent the cost-savings that municipal consolidation is designed to achieve.

In 2010, I signed landmark legislation capping property tax increases at two percent and drastically reducing exemptions and waivers to the cap. Since then, my Administration has consistently opposed efforts to add new exemptions that allow a municipality to increase its expenditures beyond the cap. I

cannot support creating additional loopholes that allow municipalities to evade fiscal responsibility. This bill's exemption is particularly unnecessary because the bill's special emergency appropriations provision will enable municipalities to ensure that the cap does not allow short-term expenses to frustrate long-term cost savings. Because municipalities would be permitted to spread the non-recurring consolidation costs over five years, there is no need to exempt these costs from the two percent cap. Accordingly, I am recommending this exemption be removed from the bill.

In addition, the authorization of special emergency appropriations for non-recurring consolidation expenses should be subject to the approval of the Director of the Division of Local Government Services. This change will strengthen the bill by providing reasonable oversight over municipal action, while ensuring that municipalities can take advantage of the bill's special emergency appropriations mechanism in circumstances where consolidation will achieve cost savings.

Accordingly, I herewith return Senate Bill No. 956 and recommend that it be amended as follows:

<u>Page 2, Title, Line 2:</u>	Delete "and P.L.2007, c.62"
<u>Page 2, Section 1, Line 38:</u>	Delete "Non-recurring" and insert "Subject to approval by the Director of the Division of Local Government Services, non-recurring"
<u>Page 3, Section 1, Line 3:</u>	After "municipality." insert "The director shall approve the ordinance if he or she determines that the non-recurring expenses are reasonable and permissible by law and that the consolidation will result in long-term savings for the municipality."

Page 3, Section 2, Lines 8-48:

Delete in their entirety

Page 4, Section 2, Lines 1-14:

Delete in their entirety

Page 4, Section 3, Line 16:

Delete "3." and insert
"2."

[seal]

Respectfully,

/s/ Chris Christie

Governor

Attest:

/s/ Gregory L. Acquaviva

Chief Counsel to the Governor

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Trenton, NJ - Governor Chris Christie today announced that he has taken action on the following pending legislation:

BILL SIGNINGS:

S-956wGR/A-2202 (Gordon, Bateman/Eustace, Zwicker, O'Scanlon, Downey, Wisniewski, Pinkin) – Authorizes special emergency appropriations for the payment of certain expenses incurred by municipalities to implement a municipal consolidation

A-4352wGR/S-2843 (Burzichelli, Taliaferro/Sweeney) – Provides for elimination of newly formed non-operating school districts; establishes procedures for eliminating deficit that existed prior to merger; authorizes renting of school building for 10 years

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