

January 13, 1970

LEGISLATIVE HISTORY OF P.S. 43:3B -1 through 9
(Public employee pension increase)

Previous bills:

1967 A740 - Died in committee.
 S498 - Died in committee.

1968 A247 - Died in committee.
 S145 - Died in committee.
 S278 - Died in committee.
 S829 - Died in committee.

1969 A339 - Died in committee.
 A879 - Died in committee.
 S31 - Died in committee.
 S322 - Died in committee.

The bill which became law was:

L. 1969 - C.169 - A292.

January 27 - Introduced by Wilson and 19 others.
May 12 - Passed Assembly under emergency resolution, amended.
May 15 - Passed in Senate.
September 19 - Approved, chapter 169.
Statement on bill; copy enclosed of original bill.
Amended during passage; copy of original bill and amendment
is attached.
Governor's statement on signing; copy attached.

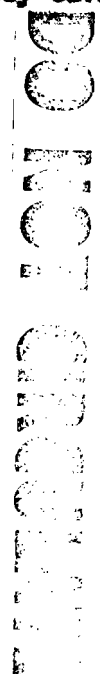
This law was opposed by the New Jersey League of Municipalities and
approved by the New Jersey Education Association and the New Jersey Civil
Service Association.

The sources of their statements are:

974.905 New Jersey League of Municipalities.
L51 Legislative Bulletin
No.4, February 24, 1969, page 6.

974.905 New Jersey Education Association
S35 School Legislation
No.6, May 2, 1969, Page 1.

974.905 New Jersey Civil Service Association
C585 The Shield
September 20, 1969 page 7.



Copies of the above mentioned statements of approval and opposition are enclosed.

No hearings or reports were located.

Clippings from vertical file - New Jersey - Government Employees - Pensions:
The listed are attached.

"Pension Bills in Assembly" Newark Evening News,
January 28, 1969.

"Pension Hikes Breeze through", Star Ledger,
May 13, 1969.

"Hughes Signs Pension Bill With Cost - of - Living Gauge",
by Earl Josephson.
Trenton Evening Times, September 22, 1969.

"Pensioners Income Hike Becomes Law", Newark Evening News,
September 22, 1969

"Hughes OKs Cost - of - Living Pension Hikes",
Philadelphia Inquirer, September

Also enclosed from the vertical file is a statement of opposition to A292 from Miss Ida E. Houseman, Pension Consultant, Author of Pension Facts for Teachers, 1025 Garden Street, Hoboken, New Jersey

Also please find the following articles on this legislation:

From: 974.905 The Spotlighter
S765

"Pension Director Explains Increases", The Spotlighter,
October, 1969.

974.905 The Shield, (Civil Service Newspaper)
C585

"Meyner Urges Hughes: Sign A292 for Retirees"
The Shield, September 20, 1969.

"Wilson Plans Improvements for A292", The Shield,
October 4, 1969,

(3)

"Governor Hughes signs A292 Aiding 26,000 Inflation Trapped Pensioners; Need affidavit", The Shield, October 4, 1969.

974.905
E24

New Jersey Education Association Review

"A major Victory: Cost of Living Adjustments for Pensions."

JH/EH

CHAPTER 169 LAWS OF N. J. 1969
APPROVED 9-19-69

[OFFICIAL COPY REPRINT]
ASSEMBLY, No. 292

STATE OF NEW JERSEY

INTRODUCED JANUARY 27, 1969

By Assemblymen WILSON, AZZOLINA, FIORE and GIMSON

Referred to Committee on State Government

AN ACT to amend and supplement "An act to provide for increases in the retirement allowances of certain retired public employees," approved November 24, 1958 (P. L. 1958, c. 143).

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

1 1. Section 1 of the act of which this act is amendatory (C.
2 43:3B-1) is amended to read as follows:

3 1. As used in this act "retirant" means any person who was
4 employed by the State of New Jersey, any of its instrumentalities,
5 any of its political subdivisions or any of the instrumentalities of
6 its political subdivisions, retired from such employment [in any
7 of the calendar years set forth in this act] and, as a result of such
8 employment, is receiving a retirement allowance *or pension* from a
9 retirement system or [pension fund supported in part or in whole
10 by the State of New Jersey, or is receiving a retirement allowance]
11 under any law *administered by the Division of Pensions of*, the
12 financial support of which comes solely from] the State of New
13 Jersey, *other than one providing for individual annuity contracts*
14 *purchased from private insurers.*

15 "Calendar year" means the 12-month period beginning January
16 1 and ending December 31.

17 "Retirement year" is the calendar year 1967 for all detirants
18 who retired before the calendar year 1968; for all retirants who
19 retired after 1967, "retirement year" is the actual calendar year
20 of retirement.

21 "Index" shall mean the annual average over a calendar year of
22 the Consumer Price Index for Urban Wage Earners and Clerical
23 Workers, All Items Series A, of the United States Department of
24 Labor, (1957-1959=100). Should the reference base of said index

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

25 *be changed, the index used to determine the Consumer Price Index*
 26 *as defined herein will be the index converted to the new base by*
 27 *standard statistical methods.*

28 *“Retirement year index” shall be the index of the calendar year*
 29 *1967 for all retirants who retired prior to January 1, 1968 and the*
 30 *Index for the calendar year of retirement for all retirants who*
 31 *retired thereafter.*

32 *This act shall be known and may be cited as the “Pension In-*
 33 *crease Act.”*

1 2. Section 2 of the act of which this act is amendatory (C.
 2 43:3B-2) is amended to read as follows:

3 2. The *monthly* retirement allowance or *pension* [being received
 4 by] *originally granted* to any retirant shall be increased in accord-
 5 ance with the *provisions of* [following formula:] *this act.*

6 [a. The first \$900.00 of the retirement allowance, or the full
 7 retirement allowance if such allowance is less than \$900.00, shall be
 8 increased in accordance with the “ratio of increase” formula in this
 9 act if the retirant shall have had established 25 years of service
 10 credit prior to retirement, or shall have been retired for service-
 11 connected disability.

12 b. If the retirant shall have established less than 25 years of
 13 service credit prior to retirement and shall not have been retired
 14 for service-connected disability, the first \$900.00 of the retirement
 15 allowance, or the full retirement allowance if such allowance is less
 16 than \$900.00, shall be increased in accordance with the “ratio of
 17 increase” formula, except that this increase shall be in the same
 18 proportion to the increase provided under the “ratio of increase”
 19 formula as the number of years of service credit is to 25.]

20 *Pension increases shall not be paid to retirants who are not*
 21 *receiving their regular, full, monthly retirement allowances or pen-*
 22 *sions. The increase granted under the provisions of this act shall be*
 23 *effective only on the first day of a month, shall be paid in monthly*
 24 *installments, and shall not be decreased, increased, revoked or re-*
 25 *pealed except as otherwise provided in this act. No increase shall*
 26 *be due to a retirant or his beneficiary unless it constitutes a pay-*
 27 *ment for an entire month.*

1 3. Section 3 of the act of which this act is amendatory (C.
 2 43:3B-3) is amended to read as follows:

3 3. The “ration of increase” which shall apply to the retirement
 4 allowance or *pension* [a part thereof as specified in section 2 of this
 5 act, being received by] *originally granted* to a retirant shall be
 6 calculated in accordance with the following percentages as deter-
 7 mined by the calendar year in which the retirement became effec-

8 tive; provided that, in no instance shall the amount of the retire-
 9 ment allowance or pension paid to any retirant under this amenda-
 10 tory and supplementary act including payments under future re-
 11 visions be less than the retirement allowance or pension paid under
 12 chapter 143, public laws of 1958 as amended by chapter 144, public
 13 laws of 1961 and chapter 198, public laws of 1964.

	Year of Retirement	Ratio of Increase	Year of Retirement	Ratio of Increase
14	1915	[185%] 219%	1935	[107%] 137%
15	1916	[179%] 198%	1936	[111%] 134%
16	1917	[166%] 153%	1937	[109%] 126%
17	1918	[142%] 116%	1938	[106%] 130%
18	1919	[116%] 88%	1939	[104%] 134%
19	1920	[88%] 62%	1940	[103%] 132%
20	1921	[72%] 82%	1941	[101%] 120%
21	1922	[64%] 94%	1942	[96%] 99%
22	1923	[61%] 90%	1943	[87%] 88%
23	1924	[61%] 90%	1944	[79%] 85%
24	1925	[66%] 85%	1945	[70%] 80%
25	1926	[66%] 84%	1946	[61%] 66%
26	1927	[65%] 87%	1947	[51%] 45%
27	1928	[65%] 89%	1948	[41%] 35%
28	1929	[65%] 89%	1949	[33%] 36%
29	1930	[66%] 94%	1950	[26%] 35%
30	1931	[71%] 113%	1951	[19%] 25%
31	1932	[79%] 138%	1952	[15%] 22%
32	1933	[89%] 151%	1953	[12%] 21%
33	1934	[99%] 143%	1954	[10%] 21%

1 4. Section 4 of the act of which this act is amendatory (C.
 2 43:3B-4) is amended to read as follows:

3 4. Except in the case of retirants of the Teachers' Pension and
 4 Annuity Fund [and the Consolidated Police and Firemen's Pension
 5 Fund], each employer shall bear the cost of the increase in the
 6 retirement allowances *or pensions* payable to retirants who retired
 7 from the employ of such employer. Certification of the amounts
 8 due shall be made by the Director of the Division of Pensions to
 9 each employer other than the State, prior to December 1 of each
 10 year, commencing with December 1, 1958. Each employer shall
 11 appropriate the amounts so certified in the fiscal year next follow-
 12 ing its fiscal year in which such certification is made. Such amounts
 13 shall be paid by each employer to the Director of the Division of
 14 Pensions by March 30 of each year in the case of employers whose

15 fiscal year extends from January 1 to December 31, and by July 15
 16 of each year in the case of each employer whose fiscal year extends
 17 from July 1 of a given calendar year to June 30 of the following
 18 calendar year. [In the case of retirants of the Consolidated Police
 19 and Firemen's Pension Fund, the employer shall pay $\frac{2}{3}$ of the cost
 20 of the increase in retirement allowances.] In making such certifi-
 21 cations to employers in the years after 1958 the Director of the
 22 Division of Pensions shall take into account payments made by the
 23 employer, payments to retirants of such employer, prospective pay-
 24 ments to be made to such retirants in the following year and neces-
 25 sary administrative costs on behalf of such retirants.

26 The Director of the Division of Pensions shall certify annually
 27 to the Director of the Division of Budget and Accounting the
 28 amount necessary to provide for the remaining cost of the increases
 29 in retirement allowances and necessary administrative costs.

30 *Payment of invoices rendered by the Division of Pensions to pub-*
 31 *lic employers for the amounts required to meet the employers'*
 32 *obligations under the act shall be made payable to "State of New*
 33 *Jersey, Pension Increase Fund."*

34 *If payment of the full amount of such employer obligations is not*
 35 *made within 30 days of the due date, interest at the rate of 4%*
 36 *per annum shall commence to run against the unpaid balance*
 37 *thereof on the first day after such thirtieth day.*

38 *The employer's failure to pay invoices within 30 days after being*
 39 *notified of his delinquency shall result in the suspension of payments*
 40 *under this act to eligible retirants of the employer on the first of*
 41 *the month 30 days subsequent thereto. The office of the Attorney*
 42 *General shall act to collect such outstanding amounts.*

1 5. Section 6 of the act of which this act is amendatory (C.
 2 43:3B-6) is amended to read as follows:

3 6. Any person who is eligible to receive the increased retirement
 4 allowance *or pension* under the provisions of this act may, at any
 5 time, waive his right thereto by filing a written notice of waiver
 6 with the Director of the Division of Pensions. *The application for*
 7 *the waiver of all or part of the increase shall be made by the re-*
 8 *tirant at least 30 days prior to the desired effective date on a form*
 9 *satisfactory to the Division of Pensions and shall be effective on the*
 10 *first day of the following month.* Such waiver may be withdrawn
 11 at any time and upon such withdrawal the increase in the retirement
 12 allowance *or pension* shall commence with the retirement allowance
 13 *or pension* payment for the next following month.

1 6. On or before October 1, 1969 and by the same date in each
 2 subsequent year, the Director of the Division of Pensions shall re-

3 view the index and determine the percentum of change in the index
4 from the retirement year index. In determining the percentum of
5 change the director shall use the index for the calendar year pre-
6 ceding the date of review, dividing such index by the retirement
7 year index for the year for which the increase is being calculated
8 and then subtracting 100% from the resulting quotient expressed
9 to the nearest $\frac{1}{100}$ of 1%. The percentage of adjustment in the
10 retirement allowances or pensions shall be $\frac{1}{2}$ of the percentum
11 of change.

12 The director shall include (a) in his corpus appropriation request
13 for the administration of the act on behalf of those retirants for
14 whom the State assumes the costs attributable to this act, and,
15 (b) in his certification of amounts due from each employer in ac-
16 cordance with section 4 of the Pension Increase Act, amounts suf-
17 ficient to adjust the retirement allowances or pensions payable to
18 all eligible retirants by $\frac{1}{2}$ of the percentum of change in the index
19 as such retirement allowances or pensions may have been originally
20 granted, or increased for certain retirants in accordance with sec-
21 tion 3 of the Pension Increase Act. In no instance shall the amount
22 of the retirement allowance or pension originally granted and pay-
23 able to any retirant be reduced as a result of this adjustment.

24 For purposes of this section a "retirant" shall include all re-
25 tirants except those whose retirement allowance or pension com-
26 menced within the 3 calendar years prior to the first of the month
27 in which the adjustment is to become effective in any year.

1 7. If legislation is adopted providing for a blanket increase in
2 the original retirement allowances or pensions or for minimum al-
3 lowances or pensions to any group of retirants eligible for benefits
4 under the Pension Increase Act, all increases provided under this
5 act shall be terminated on the first of the month when such blanket
6 increases or minimum pensions are payable, except in those in-
7 stances where the retirant's original allowance plus the increases
8 provided under the Pension Increase Act will exceed the amounts
9 payable to such retirants as a result of such other legislation; in
10 such event the amount payable under the Pension Increase Act shall
11 be the difference between the new allowance or pension payable
12 by the respective retirement system and the amount which would
13 otherwise have been paid under this act. Any subsequent annual
14 review of amounts payable under the Pension Increase Act for such
15 retirants shall continue to be determined on the basis of the original
16 allowance or pension as granted by the respective retirement sys-
17 tem prior to any blanket increase or provision for minimum pension

18 for any group of retirants eligible for benefits under the Pension
19 Increase Act. **Retirants who have a gross income from any and all
20 sources in excess of \$6,000.00 per year are ineligible for the in-
21 crease in pension or retirement allowances provided herein, sub-
22 ject to the provisions of section 3 of this act.*

23 *Any person eligible to receive retirement allowances or pensions
24 under the provisions of this act shall execute an affidavit, as may
25 be prescribed by the Director of the Division of Pensions, attest-
26 ing to total income from any and all sources allowable under the
27 provisions of this act providing for additional pension benefits
28 equal to 1/2 of the percentum of change in the Consumer Price
29 Index as prescribed herein.**

1 8. The Director of the Division of Pensions shall promulgate such
2 rules and regulations, not inconsistent with the provisions of this
3 act, as he shall deem necessary for the effective operation of the
4 program. He shall include a report of the operation of the Pension
5 Increase Act in his annual report submitted to the Governor and
6 the Legislature regarding all of the operations of the Division of
7 Pensions.

1 9. This act shall be effective immediately but the first adjustment
2 as contemplated by this amendatory and supplementary act shall
3 be effective ***[July]*** **January** 1, 1970, provided that funds are
4 appropriated in accordance with section 4 of the Pension Increase
5 Act.

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ASSEMBLY, No. 292

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5 any of its political subdivisions or any of the instrumentalities of
6 its political subdivisions, retired from such employment [in any
7 of the calendar years set forth in this act] and, as a result of such
8 employment, is receiving a retirement allowance *or pension* from a
9 retirement system or [pension fund supported in part or in whole
10 by the State of New Jersey, or is receiving a retirement allowance]
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 9 each employer other than the State, prior to December 1 of each
 10 year, commencing with December 1, 1958. Each employer shall
 11 appropriate the amounts so certified in the fiscal year next follow-
 12 ing its fiscal year in which such certification is made. Such amounts
 13 shall be paid by each employer to the Director of the Division of
 14 Pensions by March 30 of each year in the case of employers whose

15 fiscal year extends from January 1 to December 31, and by July 15
16 of each year in the case of each employer whose fiscal year extends
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18 calendar year. [In the case of retirants of the Consolidated Police
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25 sary administrative costs on behalf of such retirants.

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6 increases or minimum pensions are payable, except in those in-
7 stances where the retirant's original allowance plus the increases
8 provided under the Pension Increase Act will exceed the amounts
9 payable to such retirants as a result of such other legislation; in
10 such event the amount payable under the Pension Increase Act shall
11 be the difference between the new allowance or pension payable
12 by the respective retirement system and the amount which would
13 otherwise have been paid under this act. Any subsequent annual
14 review of amounts payable under the Pension Increase Act for such
15 retirants shall continue to be determined on the basis of the original
16 allowance or pension as granted by the respective retirement sys-
17 tem prior to any blanket increase or provision for minimum pension

18 for any group of retirants eligible for benefits under the Pension
19 Increase Act.

1 8. The Director of the Division of Pensions shall promulgate such
2 rules and regulations, not inconsistent with the provisions of this
3 act, as he shall deem necessary for the effective operation of the
4 program. He shall include a report of the operation of the Pension
5 Increase Act in his annual report submitted to the Governor and
6 the Legislature regarding all of the operations of the Division of
7 Pensions.

1 9. This act shall be effective immediately but the first adjustment
2 as contemplated by this amendatory and supplementary act shall
3 be effective July 1, 1970, provided that funds are appropriated in
4 accordance with section 4 of the Pension Increase Act.

STATEMENT

This bill will help protect retired public employees against excessive loss of purchasing power caused by inflation. The bill is partially based on existing legislation which provides for fixed increases to certain public pensioners. This bill does the following:

1. It provides that those who retired prior to 1955 (prior to the establishment of guaranteed benefits, Class B service credit, Social Security coverage, law enforcement officer credit, group life insurance and the other innovations of the last decade) will receive an increase in accordance with the changes in the cost of living appropriate to their calendar year of retirement as such percentage of increase will be applied to the full allowance of the retirant rather than to any part of that allowance.

2. It permits adjustments for most retirants effective July 1, 1970 if funds are appropriated to provide for such increases.

3. It requires the Director of the Division of Pensions to review the increase in the cost of living based on the Consumer Price Index issued by the United States Department of Labor and to include in his appropriation request of the State and of local employers amounts sufficient to increase the retirement allowances or pensions of eligible retirants by $\frac{1}{2}$ of the percentum of change in the index.

4. The legislation contemplates an annual review of the index and permits adjustments upwards or downwards, as the case may be, in order to maintain the purchasing power of the retired public employee.

5. No retirant will be eligible for benefits under this legislation if his retirement allowance or pension commenced within 3 calendar

years prior to the first of the month in which the adjustment is to become effective in any year.

6. It makes provision for those situations where any group of retirants eligible for benefits under this legislation have been awarded minimum pensions or have received blanket increases under other legislation.

FISCAL NOTE TO
ASSEMBLY, No. 292

STATE OF NEW JERSEY

DATED: MARCH 6, 1969

Assembly Bill No. 292 amends and supplements "An act to provide for increases in the retirement allowances of certain retired public employees" (P. L. 1958, c. 143). It is designed to help protect retired public employees against excessive loss of purchasing power caused by inflation.

Enactment of this legislation would have no financial effect until fiscal 1970-1971. For that year, the Treasury Department estimates that enactment would require a State expenditure of \$2,075,880.00 and an expenditure by local governments of \$1,364,250.00. Assuming a 5% annual increase in the cost of living, the department projects the State costs to be the following:

1971-72	\$3,181,008 00
1972-73	4,329,204 00
1973-74	5,542,992 00
1974-75	6,852,084 00

Using the same assumption as to the anticipated rise in living costs, local government costs are estimated to increase to \$3,719,298.00 in fiscal 1974-75.

In compliance with written request received, there is hereby submitted a fiscal estimate for the above bill, pursuant to P. L. 1962, c. 27.

ASSEMBLY COMMITTEE AMENDMENTS TO
ASSEMBLY, No. 292

STATE OF NEW JERSEY

ADOPTED MAY 12, 1969

Amend page 6, section 7, line 19, add a new sentence as follows:

“Retirants who have a gross income from any and all sources in excess of \$6,000.00 per year are ineligible for the increase in pension or retirement allowances provided herein, subject to the provisions of section 3 of this act.

Any person eligible to receive retirement allowances or pensions under the provisions of this act shall execute an affidavit, as may be prescribed by the Director of the Division of Pensions, attesting to total income from any and all sources allowable under the provisions of this act providing for additional pension benefits equal to $\frac{1}{2}$ of the percentum of change in the Consumer Price Index as prescribed herein.”

Amend page 6, section 9, line 3, omit “July”, insert “January”.

Governor Richard J. Hughes on Friday, September 19, 1969, signed into law Assembly Bill No. 292. In connection with his approval of this bill, the Governor made the following remarks:

"I have today signed Assembly Bill No. 292, which amends the "Pension Increase Act" to provide for increases in pensions granted to retirants of state-administered pension systems by amounts equal to one half of any change in the Consumer Price Index. My Seventh Annual Message to the Legislature called for the adoption of such a measure, and I am pleased to be able today to approve this bill -- the second authorization for pension increases during my term of office as Governor.

"Although conforming largely to the suggestions I made in my Annual Message, the measure I have signed today is not without fault -- the product of hastily prepared amendments adopted at the last moment in the Assembly. The amendments bar any pensioner whose gross income exceeds \$6,000 per year from eligibility for any pension increase that would result from changes in the Consumer Price Index. While obviously designed to impose some limitation on the fiscal consequences of the pension increase program authorized by Assembly Bill No. 292, the amendments present serious problems of both substance and procedure.

"It is all too obvious that inflation, with its upward pull on the daily cost of living, has eroded the value of everyone's dollar, as every housewife knows, every time she buys food or clothing for her family. The dollars of those New Jersey senior citizens who are public employee pensioners and whose incomes exceed \$6,000 are no less vulnerable to inflation. To the extent that Assembly Bill No. 292 is designed to counteract the effects of inflation upon retirants, the \$6,000 limitation serves little purpose beyond that of an extremely arbitrary dividing line. Indeed, I find it exceedingly difficult to explain to one public pensioner whose income is \$5,999.99 that he is entitled to a pension increase under this bill, while explaining to another pensioner whose income is \$6,000.01 that he will not enjoy any pension increase under

this bill. While the pension dollars allotted to both of them have been eroded with equal force by inflation, the Legislature has decided that only one of them is entitled to some offsetting increase.

"I have been advised by the Division of Pensions that the vast majority of our pensioners have incomes less than \$5,000, and that a very small minority of our retirants will not benefit from the pension increases authorized by this bill. Since such a small number of people would be affected by the arbitrary discrimination written into the law by the Legislature, I have concluded that the interests of many more people would be served by my approval of Assembly Bill No. 292. I take this occasion, however, to state my intention to press the legislators to repeal this limitation they have imposed, and to make all retirants of public pension systems eligible for the pension increases authorized by this bill. My office has already prepared appropriate legislation which will be presented to the Legislature when it reconvenes in November.

"Two other factors concerning Assembly Bill No. 292 as amended and enacted by the Legislature are worthy of mention at this point. Some concern has been voiced that public employee groups may interpret the \$6,000 limitation contained in this bill as a commitment by the Legislature to make \$6,000 the minimum pension for all retirants of public employee pension systems. While such a goal may be desirable, my approval of this bill should not be taken as indicating support for such a minimum pension level at the present time. The State of New Jersey and other public employers simply do not have now -- and will not have in the near future -- sufficient financial resources to meet any such commitment.

"Indeed, the Legislature did not even appropriate to the Division of Pensions, funds sufficient to cover the added administrative burden it will have to bear as a result of the \$6,000 limitation. As now written, Assembly Bill No. 292 obligates the Division to secure from approximately 26,000 retirants, certified statements of their respective gross incomes. It is not at all unlikely that I may find it necessary to request the Legislature for

a small supplemental appropriation sufficient to cover this administrative burden if the Legislature does not decide to eliminate the \$6,000 limitation."

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