

# LEGISLATIVE HISTORY CHECKLIST

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## *LAWS of 1999*

**CHAPTER:** 61

**NJSA:**54:4-8.76 to 54:4-8.81  
("Regional Efficiency Aid Program Act")

**BILL NO:**A14 (Substituted for S1703)

**SPONSOR(S):**Roberts and Lance

**DATE INTRODUCED:** December 3, 1998

**COMMITTEE:**

*ASSEMBLY:*Local Government & Housing; Appropriations

*SENATE:*Budget & Appropriations

**AMENDED DURING PASSAGE:**Yes

**DATE OF PASSAGE:**

*ASSEMBLY:*March 29, 1999

*SENATE:*March 22, 1999

**DATE OF APPROVAL:**April 13, 1999

**THE FOLLOWING ARE ATTACHED IF AVAILABLE:**

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**FINAL TEXT OF BILL:** *Yes*<sup>3<sup>rd</sup></sup> Reprint  
(Amendments during passage denoted by superscript numbers)

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**A14**

**SPONSORS STATEMENT:** *Yes*(Begins on page 8 of original bill)

**COMMITTEE STATEMENT:**

*ASSEMBLY:Yes*

December 3, 1998

February 11, 1999

SENATE:Yes

**FLOOR AMENDMENT STATEMENTS:***Yes*

**LEGISLATIVE FISCAL ESTIMATE:** *Yes*

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**S1703**

**SPONSORS STATEMENT:** *Yes*(Begins on page 7 of original bill)

**COMMITTEE STATEMENT:**

**ASSEMBLY:** *No*

**SENATE:** *Yes*

**February 18, 1999**

**March 18, 1999**

**FLOOR AMENDMENT STATEMENTS:***No*

**LEGISLATIVE FISCAL ESTIMATE:** *Yes*

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**GOVERNOR'S ACTIONS**

**VETO MESSAGE:** *No*

**GOVERNOR'S PRESS RELEASE ON SIGNING:** *Yes*

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**THE FOLLOWING WERE PRINTED:**

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**REPORTS:** *Yes*

**974.90 T235 1998e**

New Jersey. Property Tax Commission.

**Report of recommendations to Governor Christine Todd Whitman.**

September, 1998. Trenton, 1998.

**HEARINGS:** *No*

**NEWSPAPER ARTICLES:** *No*

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P.L. 1999, CHAPTER 61, *approved April 13, 1999*  
Assembly, No. 14 (*Third Reprint*)

1 AN ACT concerning the regionalization of certain local government  
2 services, supplementing P.L.1990, c.61 (C.54:4-8.57 et seq.),  
3 <sup>3</sup>[amending R.S.54:4-65,]<sup>3</sup> <sup>2</sup>and<sup>2</sup> repealing various sections of  
4 law <sup>2</sup>[and making an appropriation]<sup>2</sup>.  
5

6 **BE IT ENACTED** by the Senate and General Assembly of the State  
7 of New Jersey:  
8

9 1. (New section) This act shall be known and may be referred to  
10 as the "Regional Efficiency Aid Program Act."  
11

12 2. (New section) The Legislature finds and declares:

13 a. One of the most effective ways to reduce property taxes is  
14 through the regionalization, consolidation or sharing of services by  
15 local units and school districts.

16 b. Due to institutional and financial limitations on these  
17 governmental units, regionalized, consolidated and shared alternatives  
18 have not been widely adopted, resulting in duplication of services and  
19 excess costs levied on property taxpayers.

20 c. A program of providing State aid to governmental units that  
21 successfully implement strategies to regionalize, consolidate and share  
22 services will be an innovative and important means of providing a  
23 financial incentive to overcome the institutional limitations of local  
24 units and school districts.

25 d. To overcome these institutional limitations and to ensure  
26 property tax relief, the State should provide State aid in the form of a  
27 property tax credit of a sum of money related to property taxes as  
28 authorized by Article VIII, Section I, paragraph 5 of the Constitution  
29 directly to the taxpayer, while the governmental unit realizes the  
30 budgetary savings from shared, regionalized or consolidated services  
31 and passes these additional savings through to taxpayers through a  
32 reduction in property tax obligations.

33 e. Further, combining State-funded property tax relief with fiscal  
34 assistance for the planning and start-up costs associated with new  
35 shared, regionalized or consolidated services will provide additional

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

**Matter underlined thus is new matter.**

**Matter enclosed in superscript numerals has been adopted as follows:**

<sup>1</sup> Assembly ALH committee amendments adopted December 3, 1998.

<sup>2</sup> Assembly AAP committee amendments adopted February 11, 1999.

<sup>3</sup> Senate floor amendments adopted March 22, 1999.

1 incentives for government units to take advantage of the potential  
2 savings.

3

4 3. (New section) For the purposes of this act:

5 "Commissioner" means the Commissioner of Education with regard  
6 to local units that are school districts.

7 "Director" means the Director of the Division of Local Government  
8 Services in the Department of Community Affairs with regard to local  
9 units that are not school districts.

10 "Local unit" means any municipal government, county government,  
11 board of education, fire or other special district that raises or relies  
12 upon property tax revenue as a budget revenue, or joint meeting.

13 "Residential property" means a homestead as defined in P.L.1990,  
14 c.61, s.2 (C.54:4-8.58).

15 "Regional service agreement" means any agreement entered into on  
16 or after <sup>1</sup>【September 1, 1996】 July 1, 1997<sup>1</sup>, between local units, or  
17 local units and authorities, pursuant to the "Interlocal Services Act,"  
18 P.L.1973, c.208 (C.40:8A-1 et seq.), the "Municipal Consolidation  
19 Act," P.L.1977, c.435 (C.40:43-66.35 et seq.), the "Consolidated  
20 Municipal Service Act," P.L.1952, c.72 (C.40:48B-1 et seq.) or any  
21 agreement, entered into on or after <sup>1</sup>【September 1, 1996】 July 1,  
22 1997<sup>1</sup>, between two or more boards of education to provide regional,  
23 consolidated, or joint services as may be allowed by law <sup>2</sup>, which  
24 agreement shall contain projections by the local units or authorities of  
25 their total cost savings anticipated through the agreement <sup>2</sup>.

26

27 4. (New section) a. Local units that enter into regional service  
28 agreements, either as providers or receivers of services after  
29 <sup>1</sup>【September 1, 1996】 July 1, 1997<sup>1</sup>, may apply for State aid to reduce  
30 property taxes owed on residential property as provided in P.L. ,  
31 c. (C. ) (now pending before the Legislature as this bill). Each  
32 residential property shall receive a reduction in the total property tax  
33 obligation during each calendar year in which the local unit receives  
34 aid based on the regional services that are entered into by the local  
35 units serving the residential property. Aid shall be granted for each  
36 calendar year during which a regional service agreement is in effect.  
37 This program shall be known as the "Regional Efficiency Aid  
38 Program" or "REAP."

39 b. The formula for allocating REAP aid shall use the following  
40 variables, where:

41 P = total number of points accumulated for the regional services of  
42 the local unit provided by or to the local unit

43 D = dollar value per point

44 C = latest population of a municipality using the most recent State  
45 population estimates provided by the New Jersey Department of Labor  
46 or the U.S. Bureau of the Census, whichever is most recent.

1 W = weighting factor of fiscal stress

2 T = total aid

3 and the formula shall be:  $T = P \times C \times D \times W$ ;

4 or: Total aid = total number of points times population, times dollar  
5 value of a point, times weighting factor.

6 c. A system of determining variables in the formula for allocating  
7 State aid, other than for determining the dollar value of a point, shall  
8 be proposed within six months of enactment of this act by the  
9 commissioner and director, and shall be adopted by each as rules  
10 pursuant to the "Administrative Procedure Act," P.L.1968, 410  
11 (C.52:14B-1 et seq.). The dollar value (D) of a point shall be one  
12 dollar per point. The system shall have the following provisions:

13 (1) A schedule of the number of points for each type of service  
14 shall be set by the commissioner or director, as appropriate to the local  
15 government unit.

16 (2) The director or the commissioner may assign the amount of  
17 points for services that are not included on the schedule on a case-by-  
18 case basis.

19 (3) The assignment of the number of points may be based on the  
20 percentage of the cost of the service in the current budget of the local  
21 unit, a relative value scale of the importance of the service, a  
22 combination of the two, or such other criteria that shall be designated  
23 by the commissioner or the director to provide incentives as they deem  
24 necessary or appropriate.

25 (4) An increase to the number of points by an amount not to exceed  
26 25% of the number provided to the recipient, to be granted to the  
27 provider of regional service.

28 (5) A formula for weighting points based on a local unit's degree of  
29 fiscal stress.

30 d. The commissioner and the director shall establish procedures for  
31 the administration of REAP aid and provide for an application and  
32 award process that:

33 (1) is concurrent with the timetable and process of setting property  
34 tax rates;

35 (2) ensures that regional services are bonafide;

36 (3) ensures that to qualify for the receipt of REAP aid under  
37 P.L. , c. (C. ) (now pending before the Legislature as this bill),  
38 regional services result in savings for the cost of services, including  
39 any new capital expenditures, reflected as current or future budget  
40 reductions, limits on future cost increases, minimizing the costs of a  
41 new service, or such other criteria as the commissioner or director may  
42 deem relevant; and

43 (4) provides for monitoring, oversight, and enforcement of the  
44 provisions of REAP.

45 e. Each year the director and commissioner shall review  
46 applications and calculate the allowable number of points accumulated

1 by the respective local units and calculate the amount of REAP aid  
2 each local unit has earned. The commissioner shall properly allocate  
3 aid to ensure that the municipalities constituting sending districts, and  
4 regional and consolidated school districts receive their share of aid  
5 based on their proportion of taxes or tuition paid, or other appropriate  
6 measure.

7 f. All local unit appropriations for regional services for which  
8 REAP aid is provided shall be exempt from the limitations on  
9 appropriations pursuant to the provisions of the laws limiting local unit  
10 expenditures, P.L.1976, c.68 (C.40A:4-45.1 et seq.), and subsection  
11 d. of section 5 of P.L.1996, c.138 (C.18A:7F-5).

12 g. The tax assessor of each taxing district for which a local unit has  
13 applied to receive REAP aid shall identify those parcels that qualify as  
14 residential property.

15 (1) As a condition of eligibility for a REAP property tax credit,  
16 taxpayers of the taxing district may be required to answer  
17 questionnaires and to certify that the property for which a REAP  
18 property tax credit is sought is residential property as defined in  
19 section 3 of P.L. , c. (C. ) (now pending before the Legislature as  
20 this bill). Such questionnaires and certifications may be appended to  
21 the notice required by section 32 of P.L.1991, c.75 (C.54:4-38.1), in  
22 a form to be adopted by the Director of the Division of Taxation. The  
23 assessor may also utilize any other information that will aid in  
24 determining whether a parcel qualifies as residential property. The  
25 determination of the tax assessor as to whether a parcel qualifies as  
26 residential property shall be final unless such determination is appealed  
27 to the county board of taxation.

28 (2) The assessor shall provide to each local unit making its first  
29 application for REAP aid an explanation of how residential properties  
30 shall be identified, which explanation shall be included in the  
31 application.

32 (3) By May 1 of each year, the assessor shall identify to the county  
33 board of taxation the properties which the assessor has identified as  
34 residential property, together with a certification that the assessor has  
35 made good faith efforts in so identifying those properties.

36 h. A REAP property tax credit shall be applied to each residential  
37 property each year as follows:

38 (1) The director and commissioner shall certify to each county  
39 board of taxation, the Director of the Division of Budget and  
40 Accounting, the Legislative Budget and Finance Officer, and the  
41 Senate President and the Speaker of the General Assembly, by May 1  
42 of each year, the amount of REAP aid due to each local unit for that  
43 tax year.

44 (2) When the table of aggregates prepared pursuant to R.S.54:4-  
45 52 for each municipality is prepared, a tax credit rate shall be  
46 calculated using the calculation of total REAP aid divided by the total

1 taxable value of residential property.

2 (3) The tax credit rate shall be multiplied by the taxable value for  
3 each residential property, the product of which shall be deducted from  
4 the total taxes due, before deductions, on each residential property for  
5 the tax year. The tax credit rate and amount of the credit shall be  
6 displayed on the tax bill.

7 i. The total amount of REAP aid shall be paid by the Director of  
8 the Division of Budget and Accounting as State aid to each  
9 municipality in two equal installments payable on August 1 and  
10 November 1 of each year.

11 j. The director shall establish a procedure for information about the  
12 aid program and the amount of REAP aid earned by each taxing  
13 district to be printed on, or mailed with, the tax bill.

14 k. The Director of the Division of Taxation shall assist in  
15 identifying residential properties as defined in this act and may make  
16 any additions to notices of assessments or to other forms or notices as  
17 the Director of the Division of Taxation deems appropriate, and may  
18 promulgate regulations for the identification of residential property,  
19 including a requirement that taxpayers timely complete certifications  
20 or questionnaires in order to be eligible for a REAP tax credit.  
21 Notwithstanding the provisions of R.S.54:50-8 to the contrary, the  
22 Director of the Division of Taxation may provide such information as  
23 he deems necessary to the commissioner, the director or the county  
24 boards of taxation to implement the provisions of P.L. , c. (C. )  
25 (now pending before the Legislature as this bill). The Director of the  
26 Division of Taxation, the director and the commissioner may adopt  
27 rules to effectuate the purposes of P.L. , c. (C. ) (now pending  
28 before the Legislature as this bill) in accordance with the provisions of  
29 the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et  
30 seq.).

31

32 5. (New section) a. There is created a Regional Efficiency Aid  
33 Program within the Property Tax Relief Fund which shall be a  
34 non-lapsing revolving account which shall receive appropriations and  
35 repayments of loans as may be determined necessary by the State  
36 Treasurer.

37 b. <sup>1</sup> [No more than a total of \$1,000,000 from the Regional  
38 Efficiency Aid Program shall be appropriated to the Department of  
39 Education, the Division of Local Government Services, and the  
40 Division of Taxation to be used each year for development and  
41 administration of the REAP and other similar programs that may be  
42 enacted, subject to the approval of the Director of the Division of  
43 Budget and Accounting.

44 c. <sup>1</sup> Each year the Legislature shall appropriate such funds for  
45 REAP as are determined to be appropriate based upon certification by  
46 the commissioner and director, subject to the approval of the State

1 Treasurer.

2

3 6. (New section) In addition to any provisions of the "Tenants'  
4 Property Tax Rebate Act" P.L.1976, c.63 (C.54:4-6.2 et seq.), the  
5 director shall, through rules adopted pursuant to the "Administrative  
6 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), provide that  
7 REAP aid received by owners of residential property under P.L. ,  
8 c. (C. ) (now pending before the Legislature as this bill) shall  
9 be provided to tenants as a tenant property tax rebate.

10

11 <sup>3</sup>[7. R.S.54:4-65 is amended to read as follows:

12 54:4-65. a. The Director of the Division of Local Government  
13 Services in the Department of Community Affairs shall approve the  
14 form and content of property tax bills.

15 b. Each tax bill shall have printed thereon a brief tabulation  
16 showing the distribution of the amount raised by taxation in the taxing  
17 district, in such form as to disclose the rate per \$100.00 of assessed  
18 valuation or the number of cents in each dollar paid by the taxpayer  
19 which is to be used for the payment of State school taxes, other State  
20 taxes, county taxes, local school expenditures and other local  
21 expenditures. The last named item may be further subdivided so as to  
22 show the amount for each of the several departments of the municipal  
23 government. In lieu of printing such information on the tax bill, any  
24 municipality may furnish the tabulation required hereunder and any  
25 other pertinent information in a statement accompanying the mailing  
26 or delivery of the tax bill. There shall be included on or with the tax  
27 bill the delinquent interest rate or rates to be charged and any end of  
28 year penalty that is authorized.

29 c. **[The appropriate tax bill or form mailed with the tax bill shall**  
30 **also contain a statement reporting amounts of State aid and assistance**  
31 **received by the municipality, school districts, special districts and**  
32 **county governments used to offset local tax levies. The director shall**  
33 **provide each tax collector with a certification of the amounts of said**  
34 **State aid and assistance for inclusion in the tax bill.]** (Deleted by  
35 amendment, P.L. , c. ) (now pending before the Legislature as this  
36 bill).

37 d. The tax bill or form mailed with the tax bill shall include thereon  
38 the date upon which each installment is due.

39 (cf: P.L.1997, c.99, s.1)]<sup>3</sup>

40

41 <sup>3</sup>[8.] 7<sup>3</sup> (New section) The following sections of law are repealed:

42 The "Interlocal Services Aid Act," P.L.1973, c.289 (C.40:8B-1  
43 through 40:8B-9);

44 The "Economy in Government Loan Fund Act," sections 3 through  
45 6 of P.L.1981, c.529(<sup>1</sup>[C.40A:8B-10]C.40:8B-10<sup>1</sup> through 40:8B-  
46 13).



1       <sup>2</sup>[9. There shall be appropriated from the Property Tax Relief Fund  
2 a sum approved by the Treasurer pursuant to section 5 of P.L.   , c.  
3 (C.   ) (now pending before the Legislature as this bill), not to exceed  
4 \$25,000,000 into the Regional Efficiency Aid Program within the  
5 Property Tax Relief Fund, which shall be allocated for awards as shall  
6 be authorized by the commissioner and director pursuant to P.L.   ,  
7 c. (C.   ) (now pending before the Legislature as this bill).]<sup>2</sup>

8

9       <sup>2</sup>[10.] <sup>3</sup>[9.<sup>2</sup>] 8.<sup>3</sup> This act shall take effect immediately.

10

11

12

13

14 Establishes Regional Efficiency Aid Program (REAP) to provide aid  
15 to local units that regionalize services.

**ASSEMBLY, No. 14**

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**STATE OF NEW JERSEY**

**208th LEGISLATURE**

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INTRODUCED DECEMBER 3, 1998

**Sponsored by:**

**Assemblyman JOSEPH J. ROBERTS, JR.**

**District 5 (Camden and Gloucester)**

**Assemblyman LEONARD LANCE**

**District 23 (Warren, Hunterdon and Mercer)**

**Co-Sponsored by:**

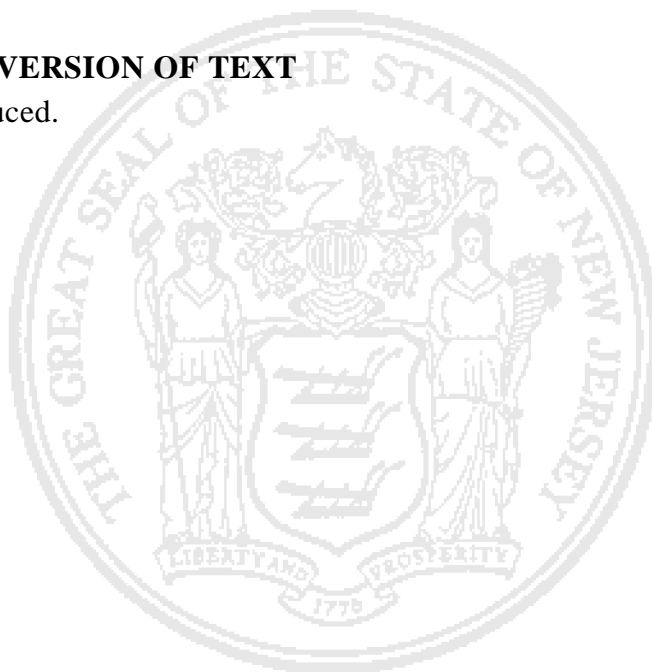
**Assemblymen Talarico, Kramer, Garcia, Thompson, Doria and  
Assemblywoman Wright**

**SYNOPSIS**

Establishes Regional Efficiency Aid Program (REAP) to provide aid to local units that regionalize services; appropriates up to \$25 million.

**CURRENT VERSION OF TEXT**

As introduced.



1 AN ACT concerning the regionalization of certain local government  
2 services, supplementing P.L.1990, c.61 (C.54:4-8.57 et seq.),  
3 amending R.S.54:4-65, repealing various sections of law and  
4 making an appropriation.

5

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

8

9 1. (New section) This act shall be known and may be referred to  
10 as the "Regional Efficiency Aid Program Act."

11

12 2. (New section) The Legislature finds and declares:

13 a. One of the most effective ways to reduce property taxes is  
14 through the regionalization, consolidation or sharing of services by  
15 local units and school districts.

16 b. Due to institutional and financial limitations on these  
17 governmental units, regionalized, consolidated and shared alternatives  
18 have not been widely adopted, resulting in duplication of services and  
19 excess costs levied on property taxpayers.

20 c. A program of providing State aid to governmental units that  
21 successfully implement strategies to regionalize, consolidate and share  
22 services will be an innovative and important means of providing a  
23 financial incentive to overcome the institutional limitations of local  
24 units and school districts.

25 d. To overcome these institutional limitations and to ensure  
26 property tax relief, the State should provide State aid in the form of a  
27 property tax credit of a sum of money related to property taxes as  
28 authorized by Article VIII, Section I, paragraph 5 of the Constitution  
29 directly to the taxpayer, while the governmental unit realizes the  
30 budgetary savings from shared, regionalized or consolidated services  
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32 reduction in property tax obligations.

33 e. Further, combining State-funded property tax relief with fiscal  
34 assistance for the planning and start-up costs associated with new  
35 shared, regionalized or consolidated services will provide additional  
36 incentives for government units to take advantage of the potential  
37 savings.

38

39 3. (New section) For the purposes of this act:

40 "Commissioner" means the Commissioner of Education with regard  
41 to local units that are school districts.

42 "Director" means the Director of the Division of Local Government  
43 Services in the Department of Community Affairs with regard to local

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

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1 units that are not school districts.

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3 board of education, fire or other special district that raises or relies  
4 upon property tax revenue as a budget revenue, or joint meeting.

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17 4. (New section) a. Local units that enter into regional service  
18 agreements, either as providers or receivers of services after  
19 September 1, 1996, may apply for State aid to reduce property taxes  
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21 (now pending before the Legislature as this bill). Each residential  
22 property shall receive a reduction in the total property tax obligation  
23 during each calendar year in which the local unit receives aid based on  
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27 shall be known as the "Regional Efficiency Aid Program" or "REAP."

28 b. The formula for allocating REAP aid shall use the following  
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30 P = total number of points accumulated for the regional services of  
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33 C = latest population of a municipality using the most recent State  
34 population estimates provided by the New Jersey Department of Labor  
35 or the U.S. Bureau of the Census, whichever is most recent.

36 W = weighting factor of fiscal stress

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38 and the formula shall be:  $T = P \times C \times D \times W$ ;

39 or: Total aid = total number of points times population, times dollar  
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41 c. A system of determining variables in the formula for allocating  
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31 deem relevant; and

32 (4) provides for monitoring, oversight, and enforcement of the  
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16 to the county board of taxation.

17 (2) The assessor shall provide to each local unit making its first  
18 application for REAP aid an explanation of how residential properties  
19 shall be identified, which explanation shall be included in the  
20 application.

21 (3) By May 1 of each year, the assessor shall identify to the county  
22 board of taxation the properties which the assessor has identified as  
23 residential property, together with a certification that the assessor has  
24 made good faith efforts in so identifying those properties.

25 h. A REAP property tax credit shall be applied to each residential  
26 property each year as follows:

27 (1) The director and commissioner shall certify to each county  
28 board of taxation, the Director of the Division of Budget and  
29 Accounting, the Legislative Budget and Finance Officer, and the  
30 Senate President and the Speaker of the General Assembly, by May 1  
31 of each year, the amount of REAP aid due to each local unit for that  
32 tax year.

33 (2) When the table of aggregates prepared pursuant to R.S.54:4-  
34 52 for each municipality is prepared, a tax credit rate shall be  
35 calculated using the calculation of total REAP aid divided by the total  
36 taxable value of residential property.

37 (3) The tax credit rate shall be multiplied by the taxable value for  
38 each residential property, the product of which shall be deducted from  
39 the total taxes due, before deductions, on each residential property for  
40 the tax year. The tax credit rate and amount of the credit shall be  
41 displayed on the tax bill.

42 i. The total amount of REAP aid shall be paid by the Director of  
43 the Division of Budget and Accounting as State aid to each  
44 municipality in two equal installments payable on August 1 and  
45 November 1 of each year.

46 j. The director shall establish a procedure for information about the

1 aid program and the amount of REAP aid earned by each taxing  
2 district to be printed on, or mailed with, the tax bill.

3 k. The Director of the Division of Taxation shall assist in  
4 identifying residential properties as defined in this act and may make  
5 any additions to notices of assessments or to other forms or notices as  
6 the Director of the Division of Taxation deems appropriate, and may  
7 promulgate regulations for the identification of residential property,  
8 including a requirement that taxpayers timely complete certifications  
9 or questionnaires in order to be eligible for a REAP tax credit.  
10 Notwithstanding the provisions of R.S.54:50-8 to the contrary, the  
11 Director of the Division of Taxation may provide such information as  
12 he deems necessary to the commissioner, the director or the county  
13 boards of taxation to implement the provisions of P.L. , c.  
14 (C. ) (now pending before the Legislature as this bill). The  
15 Director of the Division of Taxation, the director and the  
16 commissioner may adopt rules to effectuate the purposes of P.L. ,  
17 c. (C. ) (now pending before the Legislature as this bill) in  
18 accordance with the provisions of the "Administrative Procedure Act,"  
19 P.L.1968, c.410 (C.52:14B-1 et seq.).

20

21 5. (New section) a. There is created a Regional Efficiency Aid  
22 Program within the Property Tax Relief Fund which shall be a  
23 non-lapsing revolving account which shall receive appropriations and  
24 repayments of loans as may be determined necessary by the State  
25 Treasurer.

26 b. No more than a total of \$1,000,000 from the Regional Efficiency  
27 Aid Program shall be appropriated to the Department of Education,  
28 the Division of Local Government Services, and the Division of  
29 Taxation to be used each year for development and administration of  
30 the REAP and other similar programs that may be enacted, subject to  
31 the approval of the Director of the Division of Budget and  
32 Accounting.

33 c. Each year the Legislature shall appropriate such funds for REAP  
34 as are determined to be appropriate based upon certification by the  
35 commissioner and director, subject to the approval of the State  
36 Treasurer.

37

38 6. (New section) In addition to any provisions of the "Tenants'  
39 Property Tax Rebate Act" P.L.1976, c. 63 (C.54:4-6.2 et seq.), the  
40 director shall, through rules adopted pursuant to the "Administrative  
41 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), provide that  
42 REAP aid received by owners of residential property under P.L. ,  
43 c. (C. ) (now pending before the Legislature as this bill) shall  
44 be provided to tenants as a tenant property tax rebate.

45

46 7. R.S.54:4-65 is amended to read as follows:

1 54:4-65. a. The Director of the Division of Local Government  
2 Services in the Department of Community Affairs shall approve the  
3 form and content of property tax bills.

4 b. Each tax bill shall have printed thereon a brief tabulation  
5 showing the distribution of the amount raised by taxation in the taxing  
6 district, in such form as to disclose the rate per \$100.00 of assessed  
7 valuation or the number of cents in each dollar paid by the taxpayer  
8 which is to be used for the payment of State school taxes, other State  
9 taxes, county taxes, local school expenditures and other local  
10 expenditures. The last named item may be further subdivided so as to  
11 show the amount for each of the several departments of the municipal  
12 government. In lieu of printing such information on the tax bill, any  
13 municipality may furnish the tabulation required hereunder and any  
14 other pertinent information in a statement accompanying the mailing  
15 or delivery of the tax bill. There shall be included on or with the tax  
16 bill the delinquent interest rate or rates to be charged and any end of  
17 year penalty that is authorized.

18 c. [The appropriate tax bill or form mailed with the tax bill shall  
19 also contain a statement reporting amounts of State aid and assistance  
20 received by the municipality, school districts, special districts and  
21 county governments used to offset local tax levies. The director shall  
22 provide each tax collector with a certification of the amounts of said  
23 State aid and assistance for inclusion in the tax bill.] (Deleted by  
24 amendment, P.L. , c. ) (now pending before the Legislature as this  
25 bill).

26 d. The tax bill or form mailed with the tax bill shall include thereon  
27 the date upon which each installment is due.

28 (cf: P.L.1997, c.99, s.1)

29

30 8. (New section) The following sections of law are repealed:

31 The "Interlocal Services Aid Act," P.L.1973, c.289 (C.40:8B-1  
32 through 40:8B-9);

33 The "Economy in Government Loan Fund Act," sections 3 through  
34 6 of P.L.1981, c.529 (C.40A:8B-10 through 40:8B-13).

35

36 9. There shall be appropriated from the Property Tax Relief Fund  
37 a sum approved by the Treasurer pursuant to section 5 of P.L. , c.  
38 (C. ) (now pending before the Legislature as this bill), not to exceed  
39 \$25,000,000 into the Regional Efficiency Aid Program within the  
40 Property Tax Relief Fund, which shall be allocated for awards as shall  
41 be authorized by the commissioner and director pursuant to P.L. ,  
42 c. (C. ) (now pending before the Legislature as this bill).

43

44 10. This act shall take effect immediately.



STATEMENT

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This bill is intended to promote regionalization, consolidation and shared services by local units through State aid distributed to taxing districts, and reported to property taxpayers, based on a dollar-point system. The bill establishes the Regional Efficiency Aid Program (REAP) to reward local units that participate, either as providers or receivers, in consolidation, regionalization and shared services efforts. Regionalization, consolidation and shared services agreements entered into after September 1, 1996, would qualify for REAP aid. To ensure that REAP aid is used to reduce property taxes, REAP aid that is awarded and distributed to a local unit taxing district will be applied as a property tax credit against each parcel of residential property within that district. An amount approved by the State Treasurer, not to exceed \$25, million is appropriated for REAP aid. The bill repeals the "Interlocal Services Aid Act," P.L.1973, c.289 (C.40:8B-1 through 40:8B-9) and the "Economy in Government Loan Fund Act," sections 3 through 6 of P.L.1981, c.529 (C.40A:8B-10 through 40:8B-13), which acts REAP is intended to replace.

ASSEMBLY LOCAL GOVERNMENT AND HOUSING  
COMMITTEE

STATEMENT TO

**ASSEMBLY, No. 14**

with committee amendments

**STATE OF NEW JERSEY**

DATED: DECEMBER 3, 1998

The Assembly Local Government and Housing Committee reports favorably with committee amendments Assembly Bill No. 14.

This bill, as amended by the committee, is intended to promote regionalization, consolidation and shared services by local units through State aid distributed to taxing districts, and reported to property taxpayers, based on a dollar-point system. The bill establishes the Regional Efficiency Aid Program (REAP) to reward local units that participate, either as providers or receivers, in consolidation, regionalization and shared services efforts. Regionalization, consolidation and shared services agreements entered into after July 1, 1997, would qualify for REAP aid. To ensure that REAP aid is used to reduce property taxes, REAP aid that is awarded and distributed to a local unit taxing district will be applied as a property tax credit against each parcel of residential property within that district. The bill allows for an appropriation in an amount approved by the State Treasurer, but not exceeding \$25 million, for REAP aid. The bill repeals the "Interlocal Services Aid Act," P.L. 1973, c.289 (C.40:8B-1 through 40:8B-9) and the "Economy in Government Loan Fund Act," sections 3 through 6 of P.L.1981, c. 529 (C.40:8B-10 through 40:8B-13), which acts REAP is intended to replace.

The committee amended the bill, upon the recommendation of the Department of the Treasury, to remove the specific \$1 million allocation in subsection b. in section 5 of the bill for administrative costs. As amended, appropriations for administrative costs could be made pursuant to the general authority in the renumbered subsection b. of section 5. The committee also amended sections 3 and 4 of the bill to change the cut-off date for interlocal services agreements that qualify for REAP aid from September 1, 1996 to July 1, 1997. Finally, the committee made a technical amendment to section 8 to correct a citation.

This bill implements section 2.2 of the September, 1998, Property Tax Commission Report.

# ASSEMBLY APPROPRIATION COMMITTEE

## STATEMENT TO

[First Reprint]

## ASSEMBLY, No. 14

with Assembly committee amendments

# STATE OF NEW JERSEY

DATED: FEBRUARY 11, 1999

The Assembly Appropriation Committee reports favorably Assembly Bill No. 14 (1R) with committee amendments.

Assembly Bill No. 14 (1R), as amended, will promote regionalization, consolidation and shared services by local units through the distribution of State aid to taxing districts, which will be reported to property taxpayers, based on a dollar-point system. The bill establishes the Regional Efficiency Aid Program (REAP) to reward local units that participate, either as providers or receivers, in consolidation, regionalization and shared services efforts. Regionalization, consolidation and shared services agreements entered into after July 1, 1997, will qualify for REAP aid. To ensure that REAP aid is used to reduce property taxes, REAP aid that is awarded and distributed to a local unit taxing district will be applied as a property tax credit against each parcel of residential property within that district. The bill repeals the "Interlocal Services Aid Act," P.L.1973, c.289 (C.40:8B-1 through 40:8B-9) and the "Economy in Government Loan Fund Act," sections 3 through 6 of P.L.1981, c.529 (C.40:8B-10 through 40:8B-13), which acts REAP is intended to replace.

This bill implements section 2.2 of the Property Tax Commission Report of September of 1998.

### FISCAL IMPACT:

The amendments remove language which would have appropriated from the Property Tax Relief Fund up to \$25 million for the REAP program. The appropriation is part of the Governor's FY2000 Budget Recommendation.

### COMMITTEE AMENDMENTS

The committee amendments delete the appropriation because the Governor's proposed FY2000 Budget provides funding for this proposed program. The amendments also specify that the agreements which will be entered into by local units or authorities will contain cost savings projections.

# SENATE BUDGET AND APPROPRIATIONS COMMITTEE

## STATEMENT TO

[Second Reprint]

## ASSEMBLY, No. 14

# STATE OF NEW JERSEY

DATED: MARCH 18, 1999

The Senate Budget and Appropriations Committee reports favorably Assembly Bill No. 14 (2R).

Assembly Bill No. 14 (2R) will promote regionalization, consolidation and shared services by local units through the distribution of State aid to taxing districts, which will be reported to property taxpayers, based on a dollar-point system. The bill establishes the Regional Efficiency Aid Program (REAP) to reward local units that participate, either as providers or receivers, in consolidation, regionalization and shared services efforts. Regionalization, consolidation and shared services agreements entered into after July 1, 1997, will qualify for REAP aid. To ensure that REAP aid is used to reduce property taxes, REAP aid that is awarded and distributed to a local unit taxing district will be applied as a property tax credit against each parcel of residential property within that district. The bill repeals the "Interlocal Services Aid Act," P.L.1973, c.289 (C.40:8B-1 through 40:8B-9) and the "Economy in Government Loan Fund Act," sections 3 through 6 of P.L.1981, c.529 (C.40:8B-10 through 40:8B-13), which acts REAP is intended to replace.

This bill implements Recommendation 2.2 of the Property Tax Commission September 16, 1998 report to the Governor.

This bill is identical to Senate Bill No. 1703.

### FISCAL IMPACT:

The Department of Community Affairs (DCA) has advised the Office of Legislative Services (OLS) that it has no information about the potential cost of the bill to the State, because the cost will depend upon the number of municipalities that enter into regional service agreements, either as providers or receivers, and apply for a share of the REAP funds.

The Governor's FY2000 Budget Recommendation includes an appropriation of \$25 million for the REAP program.

STATEMENT TO  
[Second Reprint]  
**ASSEMBLY, No. 14**

with Senate Floor Amendments  
(Proposed By Senator ADLER)

ADOPTED: MARCH 22, 1999

These amendments would omit section 7 from the bill in order to continue the requirement that property tax bills contain a statement reporting amounts of State aid and assistance received by municipalities, school districts, special districts and county governments used to offset local tax levies. Without these amendments, the bill would eliminate this requirement from current law. The amendments also renumber the other sections of the bill as appropriate to the elimination of section 7.

# LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

## **ASSEMBLY, No. 14**

# **STATE OF NEW JERSEY**

## **208th LEGISLATURE**

DATED: APRIL 15, 1999

Assembly Bill No. 14 (1R) of 1998 establishes the Regional Efficiency Aid Program (REAP) to reward local units that participate, either as providers or receivers, in consolidation, regionalization and shared services efforts. Regionalization, consolidation and shared services agreements entered into after July 1, 1997, would qualify for REAP aid. To ensure that REAP aid is used to reduce property taxes, REAP aid that is awarded and distributed to a local unit will be applied as a property tax credit against each parcel of residential property within that local unit. The bill allows for an appropriation in an amount approved by the State Treasurer, but not exceeding \$25 million, for REAP aid.

The Department of Community Affairs (DCA) has advised the Office of Legislative Services (OLS) that it has no information about the potential cost of the bill to the State, because the cost will depend upon the number of municipalities that enter into regional service agreements, either as providers or receivers, and apply for a share of the \$25,000,000 sum of REAP funds.

The OLS concurs with the DCA's analysis.

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67.

**SENATE, No. 1703**

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**STATE OF NEW JERSEY**  
**208th LEGISLATURE**

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INTRODUCED FEBRUARY 18, 1999

**Sponsored by:**

**Senator NORMAN M. ROBERTSON**

**District 34 (Essex and Passaic)**

**Senator BERNARD F. KENNY**

**District 33 (Hudson)**

**Co-Sponsored by:**

**Senators Matheussen and Kyrillos**

**SYNOPSIS**

Establishes Regional Efficiency Aid Program (REAP) to provide aid to local units that regionalize services.

**CURRENT VERSION OF TEXT**

As introduced.



**(Sponsorship Updated As Of: 3/19/1999)**

S1703 ROBERTSON, KENNY

2

1 AN ACT concerning the regionalization of certain local government  
2 services, supplementing P.L.1990, c.61 (C.54:4-8.57 et seq.),  
3 amending R.S.54:4-65, and repealing various sections of law.

4

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

7

8 1. (New section) This act shall be known and may be referred to  
9 as the "Regional Efficiency Aid Program Act."

10

11 2. (New section) The Legislature finds and declares:

12 a. One of the most effective ways to reduce property taxes is  
13 through the regionalization, consolidation or sharing of services by  
14 local units and school districts.

15 b. Due to institutional and financial limitations on these  
16 governmental units, regionalized, consolidated and shared alternatives  
17 have not been widely adopted, resulting in duplication of services and  
18 excess costs levied on property taxpayers.

19 c. A program of providing State aid to governmental units that  
20 successfully implement strategies to regionalize, consolidate and share  
21 services will be an innovative and important means of providing a  
22 financial incentive to overcome the institutional limitations of local  
23 units and school districts.

24 d. To overcome these institutional limitations and to ensure  
25 property tax relief, the State should provide State aid in the form of a  
26 property tax credit of a sum of money related to property taxes as  
27 authorized by Article VIII, Section I, paragraph 5 of the Constitution  
28 directly to the taxpayer, while the governmental unit realizes the  
29 budgetary savings from shared, regionalized or consolidated services  
30 and passes these additional savings through to taxpayers through a  
31 reduction in property tax obligations.

32 e. Further, combining State-funded property tax relief with fiscal  
33 assistance for the planning and start-up costs associated with new  
34 shared, regionalized or consolidated services will provide additional  
35 incentives for government units to take advantage of the potential  
36 savings.

37

38 3. (New section) For the purposes of this act:

39 "Commissioner" means the Commissioner of Education with regard  
40 to local units that are school districts.

41 "Director" means the Director of the Division of Local Government  
42 Services in the Department of Community Affairs with regard to local  
43 units that are not school districts.

**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 "Local unit" means any municipal government, county government,  
2 board of education, fire or other special district that raises or relies  
3 upon property tax revenue as a budget revenue, or joint meeting.

4 "Residential property" means a homestead as defined in P.L.1990,  
5 c.61, s.2 (C.54:4-8.58).

6 "Regional service agreement" means any agreement entered into on  
7 or after July 1, 1997, between local units, or local units and  
8 authorities, pursuant to the "Interlocal Services Act," P.L.1973, c.208  
9 (C.40:8A-1 et seq.), the "Municipal Consolidation Act," P.L.1977,  
10 c.435 (C.40:43-66.35 et seq.), the "Consolidated Municipal Service  
11 Act," P.L.1952, c.72 (C.40:48B-1 et seq.) or any agreement, entered  
12 into on or after July 1, 1997, between two or more boards of  
13 education to provide regional, consolidated, or joint services as may  
14 be allowed by law, which agreement shall contain projections by the  
15 local units or authorities of their total cost savings anticipated through  
16 the agreement.

17  
18 4. (New section) a. Local units that enter into regional service  
19 agreements, either as providers or receivers of services after July 1,  
20 1997, may apply for State aid to reduce property taxes owed on  
21 residential property as provided in P.L. , c. (C. ) (now  
22 pending before the Legislature as this bill). Each residential property  
23 shall receive a reduction in the total property tax obligation during  
24 each calendar year in which the local unit receives aid based on the  
25 regional services that are entered into by the local units serving the  
26 residential property. Aid shall be granted for each calendar year  
27 during which a regional service agreement is in effect. This program  
28 shall be known as the "Regional Efficiency Aid Program" or "REAP."

29 b. The formula for allocating REAP aid shall use the following  
30 variables, where:

31 P = total number of points accumulated for the regional services of  
32 the local unit provided by or to the local unit

33 D = dollar value per point

34 C = latest population of a municipality using the most recent State  
35 population estimates provided by the New Jersey Department of Labor  
36 or the U.S. Bureau of the Census, whichever is most recent.

37 W = weighting factor of fiscal stress

38 T = total aid

39 and the formula shall be:  $T = P \times C \times D \times W$ ;

40 or: Total aid = total number of points times population, times dollar  
41 value of a point, times weighting factor.

42 c. A system of determining variables in the formula for allocating  
43 State aid, other than for determining the dollar value of a point, shall  
44 be proposed within six months of enactment of this act by the  
45 commissioner and director, and shall be adopted by each as rules  
46 pursuant to the "Administrative Procedure Act," P.L.1968, c.410

1 (C.52:14B-1 et seq.). The dollar value (D) of a point shall be one  
2 dollar per point. The system shall have the following provisions:

3 (1) A schedule of the number of points for each type of service  
4 shall be set by the commissioner or director, as appropriate to the local  
5 government unit.

6 (2) The director or the commissioner may assign the amount of  
7 points for services that are not included on the schedule on a case-by-  
8 case basis.

9 (3) The assignment of the number of points may be based on the  
10 percentage of the cost of the service in the current budget of the local  
11 unit, a relative value scale of the importance of the service, a  
12 combination of the two, or such other criteria that shall be designated  
13 by the commissioner or the director to provide incentives as they deem  
14 necessary or appropriate.

15 (4) An increase to the number of points by an amount not to  
16 exceed 25% of the number provided to the recipient, to be granted to  
17 the provider of regional service.

18 (5) A formula for weighting points based on a local unit's degree  
19 of fiscal stress.

20 d. The commissioner and the director shall establish procedures for  
21 the administration of REAP aid and provide for an application and  
22 award process that:

23 (1) is concurrent with the timetable and process of setting property  
24 tax rates;

25 (2) ensures that regional services are bonafide;

26 (3) ensures that to qualify for the receipt of REAP aid under  
27 P.L. , c. (C. ) (now pending before the Legislature as this bill),  
28 regional services result in savings for the cost of services, including  
29 any new capital expenditures, reflected as current or future budget  
30 reductions, limits on future cost increases, minimizing the costs of a  
31 new service, or such other criteria as the commissioner or director may  
32 deem relevant; and

33 (4) provides for monitoring, oversight, and enforcement of the  
34 provisions of REAP.

35 e. Each year the director and commissioner shall review  
36 applications and calculate the allowable number of points accumulated  
37 by the respective local units and calculate the amount of REAP aid  
38 each local unit has earned. The commissioner shall properly allocate  
39 aid to ensure that the municipalities constituting sending districts, and  
40 regional and consolidated school districts receive their share of aid  
41 based on their proportion of taxes or tuition paid, or other appropriate  
42 measure.

43 f. All local unit appropriations for regional services for which  
44 REAP aid is provided shall be exempt from the limitations on  
45 appropriations pursuant to the provisions of the laws limiting local unit  
46 expenditures, P.L.1976, c.68 (C.40A:4-45.1 et seq.), and subsection

1 d. of section 5 of P.L.1996, c.138 (C.18A:7F-5).

2 g. The tax assessor of each taxing district for which a local unit has  
3 applied to receive REAP aid shall identify those parcels that qualify as  
4 residential property.

5 (1) As a condition of eligibility for a REAP property tax credit,  
6 taxpayers of the taxing district may be required to answer  
7 questionnaires and to certify that the property for which a REAP  
8 property tax credit is sought is residential property as defined in  
9 section 3 of P.L. , c. (C. ) (now pending before the Legislature as  
10 this bill). Such questionnaires and certifications may be appended to  
11 the notice required by section 32 of P.L.1991, c.75 (C.54:4-38.1), in  
12 a form to be adopted by the Director of the Division of Taxation. The  
13 assessor may also utilize any other information that will aid in  
14 determining whether a parcel qualifies as residential property. The  
15 determination of the tax assessor as to whether a parcel qualifies as  
16 residential property shall be final unless such determination is appealed  
17 to the county board of taxation.

18 (2) The assessor shall provide to each local unit making its first  
19 application for REAP aid an explanation of how residential properties  
20 shall be identified, which explanation shall be included in the  
21 application.

22 (3) By May 1 of each year, the assessor shall identify to the county  
23 board of taxation the properties which the assessor has identified as  
24 residential property, together with a certification that the assessor has  
25 made good faith efforts in so identifying those properties.

26 h. A REAP property tax credit shall be applied to each residential  
27 property each year as follows:

28 (1) The director and commissioner shall certify to each county  
29 board of taxation, the Director of the Division of Budget and  
30 Accounting, the Legislative Budget and Finance Officer, and the  
31 Senate President and the Speaker of the General Assembly, by May 1  
32 of each year, the amount of REAP aid due to each local unit for that  
33 tax year.

34 (2) When the table of aggregates prepared pursuant to R.S.54:4-  
35 52 for each municipality is prepared, a tax credit rate shall be  
36 calculated using the calculation of total REAP aid divided by the total  
37 taxable value of residential property.

38 (3) The tax credit rate shall be multiplied by the taxable value for  
39 each residential property, the product of which shall be deducted from  
40 the total taxes due, before deductions, on each residential property for  
41 the tax year. The tax credit rate and amount of the credit shall be  
42 displayed on the tax bill.

43 i. The total amount of REAP aid shall be paid by the Director of  
44 the Division of Budget and Accounting as State aid to each  
45 municipality in two equal installments payable on August 1 and  
46 November 1 of each year.

1 j. The director shall establish a procedure for information about the  
2 aid program and the amount of REAP aid earned by each taxing  
3 district to be printed on, or mailed with, the tax bill.

4 k. The Director of the Division of Taxation shall assist in  
5 identifying residential properties as defined in this act and may make  
6 any additions to notices of assessments or to other forms or notices as  
7 the Director of the Division of Taxation deems appropriate, and may  
8 promulgate regulations for the identification of residential property,  
9 including a requirement that taxpayers timely complete certifications  
10 or questionnaires in order to be eligible for a REAP tax credit.  
11 Notwithstanding the provisions of R.S.54:50-8 to the contrary, the  
12 Director of the Division of Taxation may provide such information as  
13 he deems necessary to the commissioner, the director or the county  
14 boards of taxation to implement the provisions of P.L. , c.  
15 (C. ) (now pending before the Legislature as this bill). The  
16 Director of the Division of Taxation, the director and the  
17 commissioner may adopt rules to effectuate the purposes of P.L. ,  
18 c. (C. ) (now pending before the Legislature as this bill) in  
19 accordance with the provisions of the "Administrative Procedure Act,"  
20 P.L.1968, c.410 (C.52:14B-1 et seq.).

21  
22 5. (New section) a. There is created a Regional Efficiency Aid  
23 Program within the Property Tax Relief Fund which shall be a  
24 non-lapsing revolving account which shall receive appropriations and  
25 repayments of loans as may be determined necessary by the State  
26 Treasurer.

27 b. Each year the Legislature shall appropriate such funds for REAP  
28 as are determined to be appropriate based upon certification by the  
29 commissioner and director, subject to the approval of the State  
30 Treasurer.

31  
32 6. (New section) In addition to any provisions of the "Tenants'  
33 Property Tax Rebate Act" P.L.1976, c.63 (C.54:4-6.2 et seq.), the  
34 director shall, through rules adopted pursuant to the "Administrative  
35 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), provide that  
36 REAP aid received by owners of residential property under P.L. ,  
37 c. (C. ) (now pending before the Legislature as this bill) shall  
38 be provided to tenants as a tenant property tax rebate.

39  
40 7. R.S.54:4-65 is amended to read as follows:

41 54:4-65. a. The Director of the Division of Local Government  
42 Services in the Department of Community Affairs shall approve the  
43 form and content of property tax bills.

44 b. Each tax bill shall have printed thereon a brief tabulation  
45 showing the distribution of the amount raised by taxation in the taxing  
46 district, in such form as to disclose the rate per \$100.00 of assessed

1 valuation or the number of cents in each dollar paid by the taxpayer  
2 which is to be used for the payment of State school taxes, other State  
3 taxes, county taxes, local school expenditures and other local  
4 expenditures. The last named item may be further subdivided so as to  
5 show the amount for each of the several departments of the municipal  
6 government. In lieu of printing such information on the tax bill, any  
7 municipality may furnish the tabulation required hereunder and any  
8 other pertinent information in a statement accompanying the mailing  
9 or delivery of the tax bill. There shall be included on or with the tax  
10 bill the delinquent interest rate or rates to be charged and any end of  
11 year penalty that is authorized.

12 c. **【**The appropriate tax bill or form mailed with the tax bill shall  
13 also contain a statement reporting amounts of State aid and assistance  
14 received by the municipality, school districts, special districts and  
15 county governments used to offset local tax levies. The director shall  
16 provide each tax collector with a certification of the amounts of said  
17 State aid and assistance for inclusion in the tax bill.**】** (Deleted by  
18 amendment, P.L. , c. ) (now pending before the Legislature as this  
19 bill).

20 d. The tax bill or form mailed with the tax bill shall include thereon  
21 the date upon which each installment is due.

22 (cf: P.L.1997, c.99, s.1)

23

24 8. (New section) The following sections of law are repealed:

25 The "Interlocal Services Aid Act," P.L.1973, c.289 (C.40:8B-1  
26 through 40:8B-9);

27 The "Economy in Government Loan Fund Act," sections 3 through  
28 6 of P.L.1981, c.529 (C.40:8B-10 through 40:8B-13).

29

30 9. This act shall take effect immediately.

31

32

33

#### STATEMENT

34

35 This bill would implement section 2.2 of the Property Tax  
36 Commission Report of September 1998. The bill would promote  
37 regionalization, consolidation and shared services by local units  
38 through the distribution of State aid to taxing districts, which would  
39 be reported to property taxpayers, based on a dollar-point system.  
40 The bill would establish the Regional Efficiency Aid Program (REAP)  
41 to reward local units that participate, either as providers or receivers,  
42 in consolidation, regionalization and shared services efforts.  
43 Regionalization, consolidation and shared services agreements entered  
44 into after July 1, 1997, would qualify for REAP aid. To ensure that  
45 REAP aid is used to reduce property taxes, REAP aid that is awarded  
46 and distributed to a local unit taxing district would be applied as a

**S1703 ROBERTSON, KENNY**

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1 property tax credit against each parcel of residential property within  
2 that district. The bill would repeal the "Interlocal Services Aid Act,"  
3 P.L.1973, c.289 (C.40:8B-1 through 40:8B-9) and the "Economy in  
4 Government Loan Fund Act," sections 3 through 6 of P.L.1981, c. 529  
5 (C.40:8B-10 through 40:8B-13), which acts REAP is intended to  
6 replace.

# SENATE COMMUNITY AND URBAN AFFAIRS COMMITTEE

## STATEMENT TO

### SENATE, No. 1703

# STATE OF NEW JERSEY

DATED: FEBRUARY 18, 1999

The Senate Community and Urban Affairs Committee reports favorably Senate Bill No. 1703.

This bill would implement section 2.2 of the Property Tax Commission Report of September of 1998. It is intended to promote regionalization, consolidation and shared services by local units through the distribution of State aid to taxing districts, which would be reported to property taxpayers, based on a dollar-point system. The bill would establish the Regional Efficiency Aid Program (REAP) to reward local units that participate, either as providers or receivers, in consolidation, regionalization and shared services efforts. Regionalization, consolidation and shared services agreements entered into after July 1, 1997 would qualify for REAP aid. To ensure that REAP aid is used to reduce property taxes, REAP aid that is awarded and distributed to a local unit taxing district would be applied as a property tax credit against each parcel of residential property within that district. The bill would repeal the "Interlocal Services Aid Act," P.L.1973, c.289 (C.40:8B-1 through 40:8B-9) and the "Economy in Government Loan Fund Act," sections 3 through 6 of P.L.1981, c. 529 (C.40:8B-10 through 40:8B-13), which acts REAP is intended to replace.

This bill is identical to Assembly Bill No. 14 (2R).

# SENATE BUDGET AND APPROPRIATIONS COMMITTEE

## STATEMENT TO

### SENATE, No. 1703

# STATE OF NEW JERSEY

DATED: MARCH 18, 1999

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 1703.

Senate Bill No. 1703 will promote regionalization, consolidation and shared services by local units through the distribution of State aid to taxing districts, which will be reported to property taxpayers, based on a dollar-point system. The bill establishes the Regional Efficiency Aid Program (REAP) to reward local units that participate, either as providers or receivers, in consolidation, regionalization and shared services efforts. Regionalization, consolidation and shared services agreements entered into after July 1, 1997, will qualify for REAP aid. To ensure that REAP aid is used to reduce property taxes, REAP aid that is awarded and distributed to a local unit taxing district will be applied as a property tax credit against each parcel of residential property within that district. The bill repeals the "Interlocal Services Aid Act," P.L.1973, c.289 (C.40:8B-1 through 40:8B-9) and the "Economy in Government Loan Fund Act," sections 3 through 6 of P.L.1981, c.529 (C.40:8B-10 through 40:8B-13), which acts REAP is intended to replace.

This bill implements Recommendation 2.2 of the Property Tax Commission September 16, 1998 report to the Governor.

This bill is identical to Assembly Bill No. 14 (2R).

#### FISCAL IMPACT:

The Department of Community Affairs (DCA) has advised the Office of Legislative Services (OLS) that it has no information about the potential cost of the bill to the State, because the cost will depend upon the number of municipalities that enter into regional service agreements, either as providers or receivers, and apply for a share of the REAP funds.

The Governor's FY2000 Budget Recommendation includes an appropriation of \$25 million for the REAP program.



# LEGISLATIVE FISCAL ESTIMATE

## SENATE, No. 1703

# STATE OF NEW JERSEY

## 208th LEGISLATURE

DATED: MAY 3, 1999

Senate Bill No. 1703 of 1999 establishes the Regional Efficiency Aid Program (REAP) to reward local units that participate, either as providers or receivers, in consolidation, regionalization and shared services efforts. Regionalization, consolidation and shared services agreements entered into after July 1, 1997, would qualify for REAP aid. To ensure that REAP aid is used to reduce property taxes, REAP aid that is awarded and distributed to a local unit will be applied as a property tax credit against each parcel of residential property within that local unit. While the bill does not contain an appropriation, the Governor's budget for FY 2000 allows for an expenditure of funds not to exceed \$25 million for REAP aid.

The Department of Community Affairs (DCA) has advised the Office of Legislative Services (OLS) that it has no information about the potential cost of the bill to the State, because the cost will depend upon the number of municipalities that enter into regional service agreements, either as providers or receivers, and apply for a share of the REAP funds.

The OLS concurs with the DCA's analysis.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67.

PO BOX 004  
TRENTON, NJ 08625

*Office of the Governor*  
**NEWS RELEASE**

CONTACT: Jayne O'Connor  
609-777-2600  
Tom Damm @ DCA  
(609) 292-6055

RELEASE: April 13, 1999

**Governor Signs Bills to Reward Towns, Taxpayers for Sharing Services  
\$35 Million Package a Key to Property Tax**

Gov. Christie Whitman today signed legislation providing \$35 million in state aid to encourage local governments to share services and to reward taxpayers in communities that take such steps.

The Governor said the new laws will promote government efficiency and taxpayer savings in a state crowded with more than 1,600 units of local government.

"With these programs, local officials can begin to make the fundamental changes in service delivery that will lead to long- term property tax reform," said Gov. Whitman.

The bills include a \$10 million Regional Efficiency Development Incentive (REDI) program to finance shared services actions and a \$25 million Regional Efficiency Aid Program (REAP) to provide tax credits to citizens in communities that combine services. The funds are included in the Governor's proposed state budget.

The Governor signed two other bills to remove regulatory stumbling blocks to shared service agreements and consolidation efforts. The bills are an outgrowth of recommendations by the Governor's Property Tax Commission, which offered 60 proposals for controlling property taxes, many of which focused on shared services, consolidation and regionalization.

The Governor today signed the following bills:

**A-13**, sponsored by Assembly Members Scott Garrett (R-Sussex/Hunterdon/Morris) and Paul Kramer (R-Mercer/Middlesex) and Senators Leonard Connors (R-Atlantic/Burlington/Ocean) and Edward O'Connor (R-Hudson), creates the REDI program. REDI will provide \$10 million in grants and loans to finance studies or start-up costs for new shared or regional service agreements.

**A-14**, sponsored by Assembly Members Leonard Lance (R-Warren/Hunterdon/Mercer) and Joseph Roberts (D-Camden/Gloucester) and Senators Norman Robertson (R-Essex/Passaic) and Bernard Kenny (D-Hudson), creates the REAP initiative. REAP will provide \$25 million as additional, permanent state aid based on specific shared service initiatives. The amount of REAP aid earned will be apportioned among all residential taxpayers and will be reflected on their local property tax bills.

**A-12**, sponsored by Assembly Members Michael Arnone (R- Monmouth) and Gerald Luongo (R-Camden/Gloucester) and Senators Nicholas Sacco (D-Bergen/Hudson) and Walter Kavanaugh (R-

Morris/Somerset), permits municipalities, counties and certain school districts to offer an early retirement incentive to employees affected by regionalization efforts.

**A-11**, sponsored by Assembly Member Samuel Thompson (R-Middlesex/Monmouth) and Guy Talarico (R-Bergen) and Senators John Lynch (D-Middlesex/Somerset/Union) and Martha Bark (R-Atlantic/Burlington/Camden), streamlines the municipal consolidation process and lets municipal officials create commissions to study consolidation by ordinance rather than through referendum.

State Department of Community Affairs Commissioner Jane M. Kenny said the new programs will help local governments work together on behalf of their taxpayers.

"Local officials will now have the resources to wage battle against the glut of government and redundancy in service that unfairly burden their taxpayers," said Commissioner Kenny. "As the Property Tax Commission found, local leaders must be willing to take a hard look at how services are provided if we are to realize property tax reform. These laws are designed to make that process easier and more beneficial."

The REDI program will be administered by the state Division of Local Government Services in the Department of Community Affairs and by the state Department of Education. Any county, municipality, school district or fire or special district is eligible to apply for REDI funds.

Because of the anticipated appeal of REDI program, the legislation authorizes DCA and the Commissioner of Education to negotiate combinations of grants and loans, depending on the types and costs of the projects proposed. Both departments will provide technical assistance to help local officials develop regional and shared programs.

The REAP assistance, meanwhile, will be based on a formula that considers points for the specific service to be shared; the community's population; the dollar value of each point awarded, and bonus points if the community is fiscally distressed.

REAP aid will be payable to the residents of any county, municipality, school district or fire or special district that entered into a new shared or regional service agreement after July 1, 1997. The aid will be paid directly to residential taxpayers as a credit on their local property tax bills for each calendar year in which the regional service agreement is in effect.