

18A:7F-5b

LEGISLATIVE HISTORY CHECKLIST

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LAWS OF: 2003 **CHAPTER:** 92
NJSA: 18A:7F-5b (Temporary local budget cap adjustments)
BILL NO: S906 (Substituted for A624)

SPONSOR(S): Connors and others

DATE INTRODUCED: February 11, 2002

COMMITTEE: **ASSEMBLY:** ----
SENATE: Community and Urban Affairs

AMENDED DURING PASSAGE: Yes

DATE OF PASSAGE: **ASSEMBLY:** May 15, 2003
SENATE: March 20, 2003

DATE OF APPROVAL: June 18, 2003

FOLLOWING ARE ATTACHED IF AVAILABLE:

[FINAL TEXT OF BILL](#) (1st reprint enacted)
(Amendments during passage denoted by superscript numbers)

S906

[SPONSORS STATEMENT:](#) (Begins on page 9 of original bill) [Yes](#)

COMMITTEE STATEMENT: **ASSEMBLY:** No

[SENATE:](#) [Yes](#)

FLOOR AMENDMENT STATEMENTS: No

LEGISLATIVE FISCAL ESTIMATE: No

A624

[SPONSORS STATEMENT:](#) (Begins on page 9 of original bill) [Yes](#)

COMMITTEE STATEMENT: [ASSEMBLY:](#) [Yes](#)

SENATE: No

FLOOR AMENDMENT STATEMENTS: No

LEGISLATIVE FISCAL ESTIMATE: No

VETO MESSAGE: No

GOVERNOR'S PRESS RELEASE ON SIGNING: No

FOLLOWING WERE PRINTED:

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No

P.L. 2003, CHAPTER 92, *approved June 18, 2003*
Senate, No. 906 (*First Reprint*)

1 **AN ACT** concerning municipal, county and school district budgets,
2 amending ¹[and supplementing]¹ P.L.1976, c.68 and
3 supplementing P.L.1996, c.138 (C.18A:7F-1 et seq.).
4

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

8 1. Section 3 of P.L.1976, c.68 (C.40A:4-45.3) is amended to read
9 as follows:

10 3. In the preparation of its budget a municipality shall limit any
11 increase in said budget to 5% or the index rate, whichever is less, over
12 the previous year's final appropriations subject to the following
13 exceptions:

14 a. (Deleted by amendment, P.L.1990, c.89.)

15 b. Capital expenditures, including appropriations for current capital
16 expenditures, whether in the capital improvement fund or as a
17 component of a line item elsewhere in the budget, provided that any
18 such current capital expenditure would be otherwise bondable under
19 the requirements of N.J.S.40A:2-21 and 40A:2-22;

20 c. (1) An increase based upon emergency temporary appropriations
21 made pursuant to N.J.S.40A:4-20 to meet an urgent situation or event
22 which immediately endangers the health, safety or property of the
23 residents of the municipality, and over which the governing body had
24 no control and for which it could not plan and emergency
25 appropriations made pursuant to N.J.S.40A:4-46. Emergency
26 temporary appropriations and emergency appropriations shall be
27 approved by at least two-thirds of the governing body and by the
28 Director of the Division of Local Government Services, and shall not
29 exceed in the aggregate 3% of the previous year's final current
30 operating appropriations.

31 (2) (Deleted by amendment, P.L.1990, c.89.)

32 The approval procedure in this subsection shall not apply to
33 appropriations adopted for a purpose referred to in subsection d. or j.
34 below;

35 d. All debt service, including that of a Type I school district;

36 e. Upon the approval of the Local Finance Board in the Division
37 of Local Government Services, amounts required for funding a
38 preceding year's deficit;

39 f. Amounts reserved for uncollected taxes;

40 g. (Deleted by amendment, P.L.1990, c.89.)

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:

¹ Senate SCU committee amendments adopted March 10, 2003.

- 1 h. Expenditure of amounts derived from new or increased
2 construction, housing, health or fire safety inspection or other service
3 fees imposed by State law, rule or regulation or by local ordinance;
- 4 i. Any amount approved by any referendum;
- 5 j. Amounts required to be paid pursuant to (1) any contract with
6 respect to use, service or provision of any project, facility or public
7 improvement for water, sewerage, parking, senior citizen housing or
8 any similar purpose, or payments on account of debt service therefor,
9 between a municipality and any other municipality, county, school or
10 other district, agency, authority, commission, instrumentality, public
11 corporation, body corporate and politic or political subdivision of this
12 State; (2) the provisions of article 9 of P.L.1968, c.404 (C.13:17-60
13 through 13:17-76) by a constituent municipality to the intermunicipal
14 account; (3) any lease of a facility owned by a county improvement
15 authority when the lease payment represents the proportionate amount
16 necessary to amortize the debt incurred by the authority in providing
17 the facility which is leased, in whole or in part; and (4) any repayments
18 under a loan agreement entered into in accordance with the provisions
19 of section 5 of P.L.1992, c.89;
- 20 k. (Deleted by amendment, P.L.1987, c.74.)
- 21 l. Appropriations of federal, county, independent authority or State
22 funds, or by grants from private parties or nonprofit organizations for
23 a specific purpose, and amounts received or to be received from such
24 sources in reimbursement for local expenditures. If a municipality
25 provides matching funds in order to receive the federal, county,
26 independent authority or State funds, or the grants from private parties
27 or nonprofit organizations for a specific purpose, the amount of the
28 match which is required by law or agreement to be provided by the
29 municipality shall be excepted;
- 30 m. (Deleted by amendment, P.L.1987, c.74.)
- 31 n. (Deleted by amendment, P.L.1987, c.74.)
- 32 o. (Deleted by amendment, P.L.1990, c.89.)
- 33 p. (Deleted by amendment, P.L.1987, c.74.)
- 34 q. (Deleted by amendment, P.L.1990, c.89.)
- 35 r. Amounts expended to fund a free public library established
36 pursuant to the provisions of R.S.40:54-1 through 40:54-29, inclusive;
- 37 s. (Deleted by amendment, P.L.1990, c.89.)
- 38 t. Amounts expended in preparing and implementing a housing
39 element and fair share plan pursuant to the provisions of P.L.1985,
40 c.222 (C.52:27D-301 et al.) and any amounts received by a
41 municipality under a regional contribution agreement pursuant to
42 section 12 of that act;
- 43 u. Amounts expended to meet the standards established pursuant
44 to the "New Jersey Public Employees' Occupational Safety and Health
45 Act," P.L.1983, c.516 (C.34:6A-25 et seq.);
- 46 v. (Deleted by amendment, P.L.1990, c.89.)

- 1 w. Amounts appropriated for expenditures resulting from the
2 impact of a hazardous waste facility as described in subsection c. of
3 section 32 of P.L.1981, c.279 (C.13:1E-80);
- 4 x. Amounts expended to aid privately owned libraries and reading
5 rooms, pursuant to R.S.40:54-35;
- 6 y. (Deleted by amendment, P.L.1990, c.89.)
- 7 z. (Deleted by amendment, P.L.1990, c.89.)
- 8 aa. Extraordinary expenses, approved by the Local Finance Board,
9 required for the implementation of an interlocal services agreement;
- 10 bb. Any expenditure mandated as a result of a natural disaster, civil
11 disturbance or other emergency that is specifically authorized pursuant
12 to a declaration of an emergency by the President of the United States
13 or by the Governor;
- 14 cc. Expenditures for the cost of services mandated by any order of
15 court, by any federal or State statute, or by administrative rule,
16 directive, order, or other legally binding device issued by a State
17 agency which has identified such cost as mandated expenditures on
18 certification to the Local Finance Board by the State agency;
- 19 dd. Expenditures of amounts actually realized in the local budget
20 year from the sale of municipal assets if appropriated for non-recurring
21 purposes or otherwise approved by the director;
- 22 ee. Any local unit which is determined to be experiencing fiscal
23 distress pursuant to the provisions of P.L.1987, c.75
24 (C.52:27D-118.24 et seq.), whether or not a local unit is an "eligible
25 municipality" as defined in section 3 of P.L.1987, c.75
26 (C.52:27D-118.26), and which has available surplus pursuant to the
27 spending limitations imposed by P.L.1976, c.68 (C.40A:4-45.1 et
28 seq.), may appropriate and expend an amount of that surplus approved
29 by the director and the Local Finance Board as an exception to the
30 spending limitation. Any determination approving the appropriation
31 and expenditure of surplus as an exception to the spending limitations
32 shall be based upon:
- 33 1) the local unit's revenue needs for the current local budget year
34 and its revenue raising capacity;
- 35 2) the intended actions of the governing body of the local unit to
36 meet the local unit's revenue needs;
- 37 3) the intended actions of the governing body of the local unit to
38 expand its revenue generating capacity for subsequent local budget
39 years;
- 40 4) the local unit's ability to demonstrate the source and existence
41 of sufficient surplus as would be prudent to appropriate as an
42 exception to the spending limitations to meet the operating expenses
43 for the local unit's current budget year; and
- 44 5) the impact of utilization of surplus upon succeeding budgets of
45 the local unit;
- 46 ff. Amounts expended for the staffing and operation of the

- 1 municipal court;
- 2 gg. Amounts appropriated for the cost of administering a joint
3 insurance fund established pursuant to subsection b. of section 1 of
4 P.L.1983, c.372 (C.40A:10-36), but not including appropriations for
5 claims payments by local member units;
- 6 hh. Amounts appropriated for the cost of implementing an
7 estimated tax billing system and the issuance of tax bills thereunder
8 pursuant to section 3 of P.L.1994, c.72 (C.54:4-66.2);
- 9 ii. Expenditures related to the cost of conducting and implementing
10 a total property tax levy sale pursuant to section 16 of P.L.1997, c.99
11 (C.54:5-113.5);
- 12 jj. Amounts expended for a length of service award program
13 pursuant to P.L.1997, c.388 (C.40A:14-183 et al.);
- 14 kk. Amounts expended to provide municipal services or
15 reimbursement amounts to multifamily dwellings for the collection
16 and disposal of solid waste generated by the residents of the
17 multifamily dwellings. This subsection shall cease to be operative at
18 the end of the first local budget year in which the municipality has fully
19 phased in its reimbursement amount expenses;
- 20 ll. Amounts expended by a municipality under an interlocal services
21 agreement entered into pursuant to the "Interlocal Services Act,"
22 P.L.1973, c.208 (C.40:8A-1 et seq.) entered into after the effective
23 date of P.L.2000, c.126 (C.52:13H-21 et al.). The governing body of
24 the municipality that will receive the service may choose to allow the
25 amount of projected annual savings to be added to the amount of final
26 appropriations upon which its permissible expenditures are calculated
27 pursuant to section 2 of P.L.1976, c.68 (C.40A:4-45.2);
- 28 mm. Amounts expended under a joint contract pursuant to the
29 "Consolidated Municipal Service Act," P.L.1952, c.72 (C.40:48B-1 et
30 seq.) entered into after the effective date of P.L.2000, c.126
31 (C.52:13H-21 et al.). The governing body of each participating
32 municipality may choose to allow the amount of projected annual
33 savings to be added to the amount of final appropriations upon which
34 its permissible expenditures are calculated pursuant to section 2 of
35 P.L.1976, c.68 (C.40A:4-45.2)¹ [.]¹
- 36 nn. ¹Amounts expended to pay the salaries of police officers hired
37 under the federal "Community Oriented Policing Services" program,
38 which was enacted as part of the "Violent Crime Control and Law
39 Enforcement Act of 1994," Pub.L.No. 103, 108 Stat. 1796 (1994);
40 oo.¹ Amounts appropriated in the first three years after the effective
41 date of P.L. , c. (C.) (pending before the Legislature as this
42 bill)for liability insurance, workers compensation insurance and
43 employee group insurance¹ [.]¹
- 44 ¹[oo.] pp.¹ Amounts appropriated in the first three years after the
45 effective date of P.L. , c. (C.)(pending before the Legislature as
46 this bill) for costs of domestic security preparedness and responses to

1 incidents and threats to domestic security.

2 In the first full year when an existing appropriation or expenditure
3 that is subject to budget limitations is made an exception to budget
4 limitations, a municipality shall deduct from its final appropriations
5 upon which its permissible expenditures are calculated pursuant to
6 section 2 of P.L.1976, c.68 (C.40A:4-45.2), the amount which the
7 municipality expended for that purpose during the last full budget year,
8 or portion thereof, in which the purpose so excepted was funded from
9 appropriations in the municipal budget.

10 In the first full year when an existing appropriation or expenditure
11 that is not subject to budget limitations is made subject to budget
12 limitations, a municipality shall add to its final appropriations upon
13 which its permissible expenditures are calculated pursuant to section
14 2 of P.L.1976, c.68 (C.40A:4-45.2), the amount which the
15 municipality expended for that purpose during the last full budget year,
16 or portion thereof, in which the purpose so excepted was funded from
17 appropriations in the municipal budget.

18 (cf: P.L.2001, c.342, s.10)

19

20 2. Section 4 of P.L.1976, c.68 (C.40A:4-45.4) is amended to read
21 as follows:

22 4. In the preparation of its budget, a county may not increase the
23 county tax levy to be apportioned among its constituent municipalities
24 in excess of 5% or the index rate, whichever is less, of the previous
25 year's county tax levy, subject to the following exceptions:

26 a. The amount of revenue generated by the increase in valuations
27 within the county, based solely on applying the preceding year's county
28 tax rate to the apportionment valuation of new construction or
29 improvements within the county, and such increase shall be levied in
30 direct proportion to said valuation;

31 b. Capital expenditures, including appropriations for current capital
32 expenditures, whether in the capital improvement fund or as a
33 component of a line item elsewhere in the budget, provided that any
34 such current capital expenditures would be otherwise bondable under
35 the requirements of N.J.S.40A:2-21 and 40A:2-22;

36 c. (1) An increase based upon emergency temporary appropriations
37 made pursuant to N.J.S.40A:4-20 to meet an urgent situation or event
38 which immediately endangers the health, safety or property of the
39 residents of the county, and over which the governing body had no
40 control and for which it could not plan and emergency appropriations
41 made pursuant to N.J.S.40A:4-46. Emergency temporary
42 appropriations and emergency appropriations shall be approved by at
43 least two-thirds of the governing body and by the Director of the
44 Division of Local Government Services, and shall not exceed in the
45 aggregate 3% of the previous year's final current operating
46 appropriations.

- 1 (2) (Deleted by amendment, P.L.1990, c.89.)
- 2 The approval procedure in this subsection shall not apply to
- 3 appropriations adopted for a purpose referred to in subsection d. or f.
- 4 below;
- 5 d. All debt service;
- 6 e. (Deleted by amendment, P.L.1990, c.89.)
- 7 f. Amounts required to be paid pursuant to (1) any contract with
- 8 respect to use, service or provision of any project, facility or public
- 9 improvement for water, sewerage, parking, senior citizen housing or
- 10 any similar purpose, or payments on account of debt service therefor,
- 11 between a county and any other county, municipality, school or other
- 12 district, agency, authority, commission, instrumentality, public
- 13 corporation, body corporate and politic or political subdivision of this
- 14 State; and (2) any lease of a facility owned by a county improvement
- 15 authority when the lease payment represents the proportionate amount
- 16 necessary to amortize the debt incurred by the authority in providing
- 17 the facility which is leased, in whole or in part;
- 18 g. That portion of the county tax levy which represents funding to
- 19 participate in any federal or State aid program and amounts received
- 20 or to be received from federal, State or other funds in reimbursement
- 21 for local expenditures. If a county provides matching funds in order
- 22 to receive the federal or State or other funds, only the amount of the
- 23 match which is required by law or agreement to be provided by the
- 24 county shall be excepted;
- 25 h. (Deleted by amendment, P.L.1987, c.74.)
- 26 i. (Deleted by amendment, P.L.1990, c.89.)
- 27 j. (Deleted by amendment, P.L.1990, c.89.)
- 28 k. (Deleted by amendment, P.L.1990, c.89.)
- 29 l. Amounts expended to meet the standards established pursuant to
- 30 the "New Jersey Public Employees' Occupational Safety and Health
- 31 Act," P.L.1983, c.516 (C.34:6A-25 et seq.);
- 32 m. (Deleted by amendment, P.L.1990, c.89.)
- 33 n. (Deleted by amendment, P.L.1990, c.89.)
- 34 o. (Deleted by amendment, P.L.1990, c.89.)
- 35 p. Extraordinary expenses, approved by the Local Finance Board,
- 36 required for the implementation of an interlocal services agreement;
- 37 q. Any expenditure mandated as a result of a natural disaster, civil
- 38 disturbance or other emergency that is specifically authorized pursuant
- 39 to a declaration of an emergency by the President of the United States
- 40 or by the Governor;
- 41 r. Expenditures for the cost of services mandated by any order of
- 42 court, by any federal or State statute, or by administrative rule,
- 43 directive, order, or other legally binding device issued by a State
- 44 agency which has identified such cost as mandated expenditures on
- 45 certification to the Local Finance Board by the State agency;
- 46 s. That portion of the county tax levy which represents funding to

1 a county college in excess of the county tax levy required to fund the
2 county college in local budget year 1992;

3 t. Amounts appropriated for the cost of administering a joint
4 insurance fund established pursuant to subsection b. of section 1 of
5 P.L.1983, c.372 (C.40A:10-36), but not including appropriations for
6 claims payments by local member units;

7 u. Expenditures for the administration of general public assistance
8 pursuant to P.L.1995, c.259 (C.40A:4-6.1 et al.);

9 v. Amounts in a separate line item of a county budget that are
10 expended on tick-borne disease vector management activities
11 undertaken pursuant to P.L.1997, c.52 (C.26:2P-7 et al.);

12 w. Amounts expended by a county under an interlocal services
13 agreement entered into pursuant to the "Interlocal Services Act,"
14 P.L.1973, c.208 (C.40:8A-1 et seq.) entered into after the effective
15 date of P.L.2000, c.126 (C.52:13H-21 et al.) or amounts expended
16 under a joint contract pursuant to the "Consolidated Municipal Service
17 Act," P.L.1952, c.72 (C.40:48B-1 et seq.) entered into after the
18 effective date of P.L.2000, c.126 (C.52:13H-21 et al.).

19 x. Amounts appropriated in the first three years after the effective
20 date of P.L. , c. (C.) (pending before the Legislature as this bill)
21 for liability insurance, workers compensation insurance and employee
22 group insurance.

23 y. Amounts appropriated in the first three years after the effective
24 date of P.L. , c. (C.)(pending before the Legislature as this bill)
25 for costs of domestic security preparedness and responses to incidents
26 and threats to domestic security.

27 In the first full year where an existing appropriation or expenditure
28 that is subject to budget limitations is made an exception to budget
29 limitations, a county shall deduct from its final appropriations upon
30 which its permissible expenditures are calculated pursuant to section
31 2 of P.L.1976, c.68 (C.40A:4-45.2) the amount which the county
32 expended for that purpose during the last full budget year, or portion
33 thereof, in which the purpose so excepted was funded from
34 appropriations in the county budget.

35 In the first full year where an existing appropriation or expenditure
36 that is not subject to budget limitations is made subject to budget
37 limitations, a county shall add to its final appropriations upon which
38 its permissible expenditures are calculated pursuant to section 2 of
39 P.L.1976, c.68 (C.40A:4-45.2) the amount which the county expended
40 for that purpose during the last full budget year, or portion thereof, in
41 which the purpose so excepted was funded from appropriations in the
42 county budget.

43 (cf: P.L.2000, c.126, s.20)

44

45 ¹[3. (New section) A local unit may adopt a resolution declaring
46 a special emergency and authorizing appropriations for the purpose of

1 funding obligations to satisfy accumulated deficits of employee group
2 insurance programs. No such resolution shall be effective unless and
3 until it is approved by the Director of the Division of Local
4 Government Services in the Department of Community Affairs. The
5 special emergency may be funded over three years pursuant to the
6 provisions of either section 3 of P.L.1961, c.22 (C.40A:4-55.3) or
7 section 4 of P.L.1961, c.22 (C.40A:4-55.4), as appropriate. The
8 special emergency appropriations shall be treated as exceptions to the
9 limitations on expenditures pursuant to section 3 of P.L.1976, c.68
10 (C.40A:4-45.3) or section 4 of P.L.1976, c.68 (C.40A:4-45.4). No
11 resolution for the purpose of this section shall be adopted after
12 June 30, 2003.]¹

13

14 ¹[4.] 3.¹ a. (New section) Notwithstanding any provision of
15 subsection d. of section 5 of P.L.1996, c.138 (C.18A:7F-5) to the
16 contrary, for the first three budget years following the effective date
17 of P.L. , c. (C.) (now pending before the Legislature as this bill),
18 any costs incurred by a school district for the budget year for liability
19 insurance, workers compensation insurance and employee group
20 insurance or incurred for domestic security preparedness and
21 responses to incidents and threats to domestic security shall be an
22 adjustment to the district's spending growth limitation.

23 b. For the first budget year in which an expenditure that was
24 subject to the district's spending growth limitation in the prebudget
25 year is made an adjustment to that limitation pursuant to subsection a.
26 of this section, a school district shall deduct from its prebudget year
27 net budget the amount which the district expended for that purpose in
28 that prebudget year.

29 c. For the first budget year in which an expenditure that was an
30 adjustment to the district's spending growth limitation in the prebudget
31 year pursuant to subsection a. of this section is subject to the district's
32 spending growth limitation, the district's prebudget year net budget
33 shall be increased by the amount of that adjustment to the spending
34 growth limitation in the prebudget year.

35

36 ¹[5.] 4.¹ This act shall take effect immediately.

37

38

39

40

41 Provides temporary local budget cap exceptions and school district
42 budget cap adjustments for certain insurance costs and security and
43 public safety costs.

SENATE, No. 906

STATE OF NEW JERSEY 210th LEGISLATURE

INTRODUCED FEBRUARY 11, 2002

Sponsored by:

Senator LEONARD T. CONNORS, JR.

District 9 (Atlantic, Burlington and Ocean)

Senator HENRY P. MCNAMARA

District 40 (Bergen, Essex and Passaic)

Co-Sponsored by:

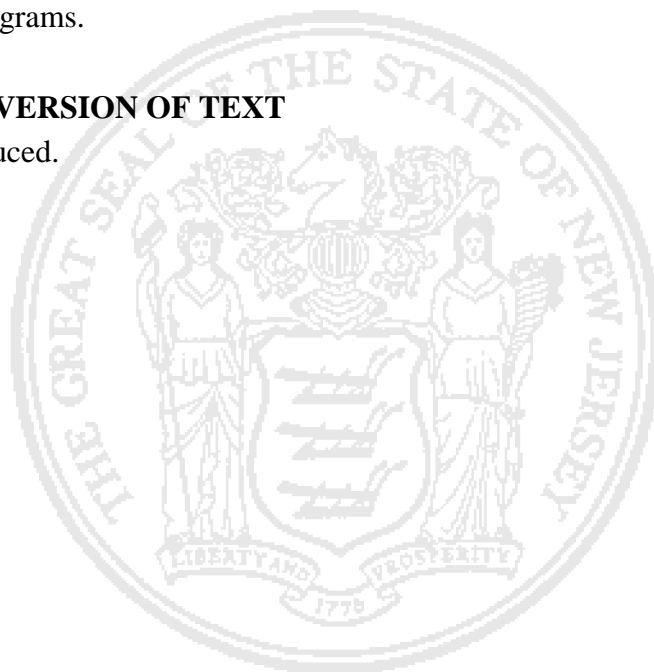
Senator Sweeney

SYNOPSIS

Provides temporary local budget cap exceptions and school district budget cap adjustments for certain insurance costs and security and public safety costs; permits three-year payoff of accumulated deficits of local employee group insurance programs.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 3/22/2002)

1 AN ACT concerning municipal, county and school district budgets,
2 amending and supplementing P.L.1976, c.68 and supplementing
3 P.L.1996, c.138 (C.18A:7F-1 et seq.).

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

7
8 1. Section 3 of P.L.1976, c.68 (C.40A:4-45.3) is amended to read
9 as follows:

10 3. In the preparation of its budget a municipality shall limit any
11 increase in said budget to 5% or the index rate, whichever is less, over
12 the previous year's final appropriations subject to the following
13 exceptions:

14 a. (Deleted by amendment, P.L.1990, c.89.)

15 b. Capital expenditures, including appropriations for current capital
16 expenditures, whether in the capital improvement fund or as a
17 component of a line item elsewhere in the budget, provided that any
18 such current capital expenditure would be otherwise bondable under
19 the requirements of N.J.S.40A:2-21 and 40A:2-22;

20 c. (1) An increase based upon emergency temporary appropriations
21 made pursuant to N.J.S.40A:4-20 to meet an urgent situation or event
22 which immediately endangers the health, safety or property of the
23 residents of the municipality, and over which the governing body had
24 no control and for which it could not plan and emergency
25 appropriations made pursuant to N.J.S.40A:4-46. Emergency
26 temporary appropriations and emergency appropriations shall be
27 approved by at least two-thirds of the governing body and by the
28 Director of the Division of Local Government Services, and shall not
29 exceed in the aggregate 3% of the previous year's final current
30 operating appropriations.

31 (2) (Deleted by amendment, P.L.1990, c.89.)

32 The approval procedure in this subsection shall not apply to
33 appropriations adopted for a purpose referred to in subsection d. or j.
34 below;

35 d. All debt service, including that of a Type I school district;

36 e. Upon the approval of the Local Finance Board in the Division
37 of Local Government Services, amounts required for funding a
38 preceding year's deficit;

39 f. Amounts reserved for uncollected taxes;

40 g. (Deleted by amendment, P.L.1990, c.89.)

41 h. Expenditure of amounts derived from new or increased
42 construction, housing, health or fire safety inspection or other service
43 fees imposed by State law, rule or regulation or by local ordinance;

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.

- 1 i. Any amount approved by any referendum;
- 2 j. Amounts required to be paid pursuant to (1) any contract with
3 respect to use, service or provision of any project, facility or public
4 improvement for water, sewerage, parking, senior citizen housing or
5 any similar purpose, or payments on account of debt service therefor,
6 between a municipality and any other municipality, county, school or
7 other district, agency, authority, commission, instrumentality, public
8 corporation, body corporate and politic or political subdivision of this
9 State; (2) the provisions of article 9 of P.L.1968, c.404 (C.13:17-60
10 through 13:17-76) by a constituent municipality to the intermunicipal
11 account; (3) any lease of a facility owned by a county improvement
12 authority when the lease payment represents the proportionate amount
13 necessary to amortize the debt incurred by the authority in providing
14 the facility which is leased, in whole or in part; and (4) any repayments
15 under a loan agreement entered into in accordance with the provisions
16 of section 5 of P.L.1992, c.89;
- 17 k. (Deleted by amendment, P.L.1987, c.74.)
- 18 l. Appropriations of federal, county, independent authority or State
19 funds, or by grants from private parties or nonprofit organizations for
20 a specific purpose, and amounts received or to be received from such
21 sources in reimbursement for local expenditures. If a municipality
22 provides matching funds in order to receive the federal, county,
23 independent authority or State funds, or the grants from private parties
24 or nonprofit organizations for a specific purpose, the amount of the
25 match which is required by law or agreement to be provided by the
26 municipality shall be excepted;
- 27 m. (Deleted by amendment, P.L.1987, c.74.)
- 28 n. (Deleted by amendment, P.L.1987, c.74.)
- 29 o. (Deleted by amendment, P.L.1990, c.89.)
- 30 p. (Deleted by amendment, P.L.1987, c.74.)
- 31 q. (Deleted by amendment, P.L.1990, c.89.)
- 32 r. Amounts expended to fund a free public library established
33 pursuant to the provisions of R.S.40:54-1 through 40:54-29, inclusive;
- 34 s. (Deleted by amendment, P.L.1990, c.89.)
- 35 t. Amounts expended in preparing and implementing a housing
36 element and fair share plan pursuant to the provisions of P.L.1985,
37 c.222 (C.52:27D-301 et al.) and any amounts received by a
38 municipality under a regional contribution agreement pursuant to
39 section 12 of that act;
- 40 u. Amounts expended to meet the standards established pursuant
41 to the "New Jersey Public Employees' Occupational Safety and Health
42 Act," P.L.1983, c.516 (C.34:6A-25 et seq.);
- 43 v. (Deleted by amendment, P.L.1990, c.89.)
- 44 w. Amounts appropriated for expenditures resulting from the
45 impact of a hazardous waste facility as described in subsection c. of
46 section 32 of P.L.1981, c.279 (C.13:1E-80);

- 1 x. Amounts expended to aid privately owned libraries and reading
2 rooms, pursuant to R.S.40:54-35;
- 3 y. (Deleted by amendment, P.L.1990, c.89.)
- 4 z. (Deleted by amendment, P.L.1990, c.89.)
- 5 aa. Extraordinary expenses, approved by the Local Finance Board,
6 required for the implementation of an interlocal services agreement;
- 7 bb. Any expenditure mandated as a result of a natural disaster, civil
8 disturbance or other emergency that is specifically authorized pursuant
9 to a declaration of an emergency by the President of the United States
10 or by the Governor;
- 11 cc. Expenditures for the cost of services mandated by any order of
12 court, by any federal or State statute, or by administrative rule,
13 directive, order, or other legally binding device issued by a State
14 agency which has identified such cost as mandated expenditures on
15 certification to the Local Finance Board by the State agency;
- 16 dd. Expenditures of amounts actually realized in the local budget
17 year from the sale of municipal assets if appropriated for non-recurring
18 purposes or otherwise approved by the director;
- 19 ee. Any local unit which is determined to be experiencing fiscal
20 distress pursuant to the provisions of P.L.1987, c.75
21 (C.52:27D-118.24 et seq.), whether or not a local unit is an "eligible
22 municipality" as defined in section 3 of P.L.1987, c.75
23 (C.52:27D-118.26), and which has available surplus pursuant to the
24 spending limitations imposed by P.L.1976, c.68 (C.40A:4-45.1 et
25 seq.), may appropriate and expend an amount of that surplus approved
26 by the director and the Local Finance Board as an exception to the
27 spending limitation. Any determination approving the appropriation
28 and expenditure of surplus as an exception to the spending limitations
29 shall be based upon:
- 30 1) the local unit's revenue needs for the current local budget year
31 and its revenue raising capacity;
- 32 2) the intended actions of the governing body of the local unit to
33 meet the local unit's revenue needs;
- 34 3) the intended actions of the governing body of the local unit to
35 expand its revenue generating capacity for subsequent local budget
36 years;
- 37 4) the local unit's ability to demonstrate the source and existence
38 of sufficient surplus as would be prudent to appropriate as an
39 exception to the spending limitations to meet the operating expenses
40 for the local unit's current budget year; and
- 41 5) the impact of utilization of surplus upon succeeding budgets of
42 the local unit;
- 43 ff. Amounts expended for the staffing and operation of the
44 municipal court;
- 45 gg. Amounts appropriated for the cost of administering a joint
46 insurance fund established pursuant to subsection b. of section 1 of

- 1 P.L.1983, c.372 (C.40A:10-36), but not including appropriations for
2 claims payments by local member units;
- 3 hh. Amounts appropriated for the cost of implementing an
4 estimated tax billing system and the issuance of tax bills thereunder
5 pursuant to section 3 of P.L.1994, c.72 (C.54:4-66.2);
- 6 ii. Expenditures related to the cost of conducting and implementing
7 a total property tax levy sale pursuant to section 16 of P.L.1997, c.99
8 (C.54:5-113.5);
- 9 jj. Amounts expended for a length of service award program
10 pursuant to P.L.1997, c.388 (C.40A:14-183 et al.);
- 11 kk. Amounts expended to provide municipal services or
12 reimbursement amounts to multifamily dwellings for the collection
13 and disposal of solid waste generated by the residents of the
14 multifamily dwellings. This subsection shall cease to be operative at
15 the end of the first local budget year in which the municipality has fully
16 phased in its reimbursement amount expenses;
- 17 ll. Amounts expended by a municipality under an interlocal services
18 agreement entered into pursuant to the "Interlocal Services Act,"
19 P.L.1973, c.208 (C.40:8A-1 et seq.) entered into after the effective
20 date of P.L.2000, c.126 (C.52:13H-21 et al.). The governing body of
21 the municipality that will receive the service may choose to allow the
22 amount of projected annual savings to be added to the amount of final
23 appropriations upon which its permissible expenditures are calculated
24 pursuant to section 2 of P.L.1976, c.68 (C.40A:4-45.2);
- 25 mm. Amounts expended under a joint contract pursuant to the
26 "Consolidated Municipal Service Act," P.L.1952, c.72 (C.40:48B-1 et
27 seq.) entered into after the effective date of P.L.2000, c.126
28 (C.52:13H-21 et al.). The governing body of each participating
29 municipality may choose to allow the amount of projected annual
30 savings to be added to the amount of final appropriations upon which
31 its permissible expenditures are calculated pursuant to section 2 of
32 P.L.1976, c.68 (C.40A:4-45.2).
- 33 nn. Amounts appropriated in the first three years after the effective
34 date of P.L. , c. (C.) (pending before the Legislature as this
35 bill)for liability insurance, workers compensation insurance and
36 employee group insurance.
- 37 oo. Amounts appropriated in the first three years after the effective
38 date of P.L. , c. (C.)(pending before the Legislature as this bill)
39 for costs of domestic security preparedness and responses to incidents
40 and threats to domestic security.
- 41 In the first full year when an existing appropriation or expenditure
42 that is subject to budget limitations is made an exception to budget
43 limitations, a municipality shall deduct from its final appropriations
44 upon which its permissible expenditures are calculated pursuant to
45 section 2 of P.L.1976, c.68 (C.40A:4-45.2), the amount which the
46 municipality expended for that purpose during the last full budget year.

1 or portion thereof, in which the purpose so excepted was funded from
2 appropriations in the municipal budget.

3 In the first full year when an existing appropriation or expenditure
4 that is not subject to budget limitations is made subject to budget
5 limitations, a municipality shall add to its final appropriations upon
6 which its permissible expenditures are calculated pursuant to section
7 2 of P.L.1976, c.68 (C.40A:4-45.2), the amount which the
8 municipality expended for that purpose during the last full budget year,
9 or portion thereof, in which the purpose so excepted was funded from
10 appropriations in the municipal budget.

11 (cf: P.L.2001, c.25, s.5)

12

13 2. Section 4 of P.L.1976, c.68 (C.40A:4-45.4) is amended to read
14 as follows:

15 4. In the preparation of its budget, a county may not increase the
16 county tax levy to be apportioned among its constituent municipalities
17 in excess of 5% or the index rate, whichever is less, of the previous
18 year's county tax levy, subject to the following exceptions:

19 a. The amount of revenue generated by the increase in valuations
20 within the county, based solely on applying the preceding year's county
21 tax rate to the apportionment valuation of new construction or
22 improvements within the county, and such increase shall be levied in
23 direct proportion to said valuation;

24 b. Capital expenditures, including appropriations for current capital
25 expenditures, whether in the capital improvement fund or as a
26 component of a line item elsewhere in the budget, provided that any
27 such current capital expenditures would be otherwise bondable under
28 the requirements of N.J.S.40A:2-21 and 40A:2-22;

29 c. (1) An increase based upon emergency temporary appropriations
30 made pursuant to N.J.S.40A:4-20 to meet an urgent situation or event
31 which immediately endangers the health, safety or property of the
32 residents of the county, and over which the governing body had no
33 control and for which it could not plan and emergency appropriations
34 made pursuant to N.J.S.40A:4-46. Emergency temporary
35 appropriations and emergency appropriations shall be approved by at
36 least two-thirds of the governing body and by the Director of the
37 Division of Local Government Services, and shall not exceed in the
38 aggregate 3% of the previous year's final current operating
39 appropriations.

40 (2) (Deleted by amendment, P.L.1990, c.89.)

41 The approval procedure in this subsection shall not apply to
42 appropriations adopted for a purpose referred to in subsection d. or f.
43 below;

44 d. All debt service;

45 e. (Deleted by amendment, P.L.1990, c.89.)

46 f. Amounts required to be paid pursuant to (1) any contract with

1 respect to use, service or provision of any project, facility or public
2 improvement for water, sewerage, parking, senior citizen housing or
3 any similar purpose, or payments on account of debt service therefor,
4 between a county and any other county, municipality, school or other
5 district, agency, authority, commission, instrumentality, public
6 corporation, body corporate and politic or political subdivision of this
7 State; and (2) any lease of a facility owned by a county improvement
8 authority when the lease payment represents the proportionate amount
9 necessary to amortize the debt incurred by the authority in providing
10 the facility which is leased, in whole or in part;

11 g. That portion of the county tax levy which represents funding to
12 participate in any federal or State aid program and amounts received
13 or to be received from federal, State or other funds in reimbursement
14 for local expenditures. If a county provides matching funds in order
15 to receive the federal or State or other funds, only the amount of the
16 match which is required by law or agreement to be provided by the
17 county shall be excepted;

18 h. (Deleted by amendment, P.L.1987, c.74.)

19 i. (Deleted by amendment, P.L.1990, c.89.)

20 j. (Deleted by amendment, P.L.1990, c.89.)

21 k. (Deleted by amendment, P.L.1990, c.89.)

22 l. Amounts expended to meet the standards established pursuant to
23 the "New Jersey Public Employees' Occupational Safety and Health
24 Act," P.L.1983, c.516 (C.34:6A-25 et seq.);

25 m. (Deleted by amendment, P.L.1990, c.89.)

26 n. (Deleted by amendment, P.L.1990, c.89.)

27 o. (Deleted by amendment, P.L.1990, c.89.)

28 p. Extraordinary expenses, approved by the Local Finance Board,
29 required for the implementation of an interlocal services agreement;

30 q. Any expenditure mandated as a result of a natural disaster, civil
31 disturbance or other emergency that is specifically authorized pursuant
32 to a declaration of an emergency by the President of the United States
33 or by the Governor;

34 r. Expenditures for the cost of services mandated by any order of
35 court, by any federal or State statute, or by administrative rule,
36 directive, order, or other legally binding device issued by a State
37 agency which has identified such cost as mandated expenditures on
38 certification to the Local Finance Board by the State agency;

39 s. That portion of the county tax levy which represents funding to
40 a county college in excess of the county tax levy required to fund the
41 county college in local budget year 1992;

42 t. Amounts appropriated for the cost of administering a joint
43 insurance fund established pursuant to subsection b. of section 1 of
44 P.L.1983, c.372 (C.40A:10-36), but not including appropriations for
45 claims payments by local member units;

46 u. Expenditures for the administration of general public assistance

1 pursuant to P.L.1995, c.259 (C.40A:4-6.1 et al.);

2 v. Amounts in a separate line item of a county budget that are
3 expended on tick-borne disease vector management activities
4 undertaken pursuant to P.L.1997, c.52 (C.26:2P-7 et al.);

5 w. Amounts expended by a county under an interlocal services
6 agreement entered into pursuant to the "Interlocal Services Act,"
7 P.L.1973, c.208 (C.40:8A-1 et seq.) entered into after the effective
8 date of P.L.2000, c.126 (C.52:13H-21 et al.) or amounts expended
9 under a joint contract pursuant to the "Consolidated Municipal Service
10 Act," P.L.1952, c.72 (C.40:48B-1 et seq.) entered into after the
11 effective date of P.L.2000, c.126 (C.52:13H-21 et al.).

12 x. Amounts appropriated in the first three years after the effective
13 date of P.L. , c. (C.) (pending before the Legislature as this bill)
14 for liability insurance, workers compensation insurance and employee
15 group insurance.

16 y. Amounts appropriated in the first three years after the effective
17 date of P.L. , c. (C.) (pending before the Legislature as this bill)
18 for costs of domestic security preparedness and responses to incidents
19 and threats to domestic security.

20 In the first full year where an existing appropriation or expenditure
21 that is subject to budget limitations is made an exception to budget
22 limitations, a county shall deduct from its final appropriations upon
23 which its permissible expenditures are calculated pursuant to section
24 2 of P.L.1976, c.68 (C.40A:4-45.2) the amount which the county
25 expended for that purpose during the last full budget year, or portion
26 thereof, in which the purpose so excepted was funded from
27 appropriations in the county budget.

28 In the first full year where an existing appropriation or expenditure
29 that is not subject to budget limitations is made subject to budget
30 limitations, a county shall add to its final appropriations upon which
31 its permissible expenditures are calculated pursuant to section 2 of
32 P.L.1976, c.68 (C.40A:4-45.2) the amount which the county expended
33 for that purpose during the last full budget year, or portion thereof, in
34 which the purpose so excepted was funded from appropriations in the
35 county budget.

36 (cf: P.L.2000, c.126, s.20)

37

38 3. (New section) A local unit may adopt a resolution declaring a
39 special emergency and authorizing appropriations for the purpose of
40 funding obligations to satisfy accumulated deficits of employee group
41 insurance programs. No such resolution shall be effective unless and
42 until it is approved by the Director of the Division of Local
43 Government Services in the Department of Community Affairs. The
44 special emergency may be funded over three years pursuant to the
45 provisions of either section 3 of P.L.1961, c.22 (C.40A:4-55.3) or
46 section 4 of P.L.1961, c.22 (C.40A:4-55.4), as appropriate. The

1 special emergency appropriations shall be treated as exceptions to the
2 limitations on expenditures pursuant to section 3 of P.L.1976, c.68
3 (C.40A:4-45.3) or section 4 of P.L.1976, c.68 (C.40A:4-45.4). No
4 resolution for the purpose of this section shall be adopted after
5 June 30, 2003.

6
7 4. a. (New section) Notwithstanding any provision of subsection
8 d. of section 5 of P.L.1996, c.138 (C.18A:7F-5) to the contrary, for
9 the first three budget years following the effective date of P.L. , c.
10 (C.) (now pending before the Legislature as this bill), any costs
11 incurred by a school district for the budget year for liability insurance,
12 workers compensation insurance and employee group insurance or
13 incurred for domestic security preparedness and responses to incidents
14 and threats to domestic security shall be an adjustment to the district's
15 spending growth limitation.

16 b. For the first budget year in which an expenditure that was
17 subject to the district's spending growth limitation in the prebudget
18 year is made an adjustment to that limitation pursuant to subsection a.
19 of this section, a school district shall deduct from its prebudget year
20 net budget the amount which the district expended for that purpose in
21 that prebudget year.

22 c. For the first budget year in which an expenditure that was an
23 adjustment to the district's spending growth limitation in the prebudget
24 year pursuant to subsection a. of this section is subject to the district's
25 spending growth limitation, the district's prebudget year net budget
26 shall be increased by the amount of that adjustment to the spending
27 growth limitation in the prebudget year.

28
29 5. This act shall take effect immediately.
30
31

32 STATEMENT
33

34 This bill would establish "cap" exceptions for amounts appropriated
35 by counties, municipalities and school districts in the first three years
36 after this bill is enacted, for liability insurance, workers compensation
37 insurance and employee group insurance, as well as amounts
38 appropriated for costs associated with domestic security preparedness
39 and public safety responses to terrorist threats. It is necessary to
40 remove insurance costs from the local budget "cap" because of
41 dramatic increases in premiums in the aftermath of September 11th.
42 Additionally, the bill would require a local unit or school district to
43 decrease its "cap-base" or base budget in the first full year that a cost
44 is exempted.

45 Finally, the bill would allow a local unit to fund accumulated
46 deficits of employee group insurance programs over a period of three

S906 CONNORS, MCNAMARA

10

- 1 years, subject to the approval of the Director of the Division of Local
- 2 government Services in the Department of Community Affairs, if the
- 3 local unit adopts a resolution to do so by June 30, 2003.

SENATE COMMUNITY AND URBAN AFFAIRS COMMITTEE

STATEMENT TO

SENATE, No. 906

with committee amendments

STATE OF NEW JERSEY

DATED: MARCH 10, 2003

The Senate Community and Urban Affairs Committee reports favorably and with committee amendments Senate Bill No. 906.

As amended by the committee, this bill would establish "cap" exceptions for amounts appropriated by counties, municipalities and school districts in the first three years after this bill is enacted, for liability insurance, workers compensation insurance and employee group insurance, as well as amounts appropriated for costs associated with domestic security preparedness and public safety responses to terrorist threats.

It is necessary to remove insurance costs from the local budget "cap" because of dramatic increases in premiums in the aftermath of September 11th. Additionally, the bill would require a local unit or school district to decrease its "cap-base" or base budget in the first full year that a cost is exempted.

The committee amended the bill to delete from the bill a provision that would have allowed a local unit to fund accumulated deficits of employee group insurance programs over a period of three years, subject to the approval of the Director of the Division of Local government Services in the Department of Community Affairs, if the local unit would have adopted the resolution to do so by June 30, 2003. That section is nearly duplicative of a section of law adopted as P.L.2002, c.22. Additionally, the committee amendments inserted a subsection of N.J.S.A.40A:11-5 concerning police salaries which subsection was added to the law after the date of the bill's introduction.

As amended by the committee, this bill is identical to Assembly, No. 624 with committee amendments, released from the Assembly Housing and Local Government Committee on March 10, 2003.

ASSEMBLY, No. 624

STATE OF NEW JERSEY 210th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2002 SESSION

Sponsored by:

Assemblyman MICHAEL J. ARNONE

District 12 (Mercer and Monmouth)

Assemblywoman NILSA CRUZ-PEREZ

District 5 (Camden and Gloucester)

Co-Sponsored by:

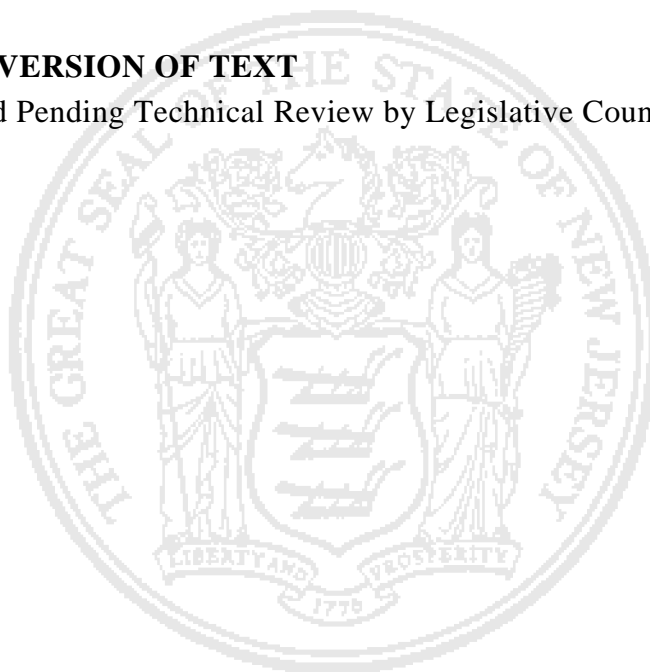
Assemblymen DeCroce and Pennacchio

SYNOPSIS

Provides local budget cap exceptions for certain insurance costs and domestic security preparedness and public safety costs; permits three-year payoff of accumulated deficits of local employee group insurance programs.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



(Sponsorship Updated As Of: 3/26/2002)

1 AN ACT concerning municipal and county budgets and amending and
2 supplementing P.L.1976, c.68.

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

6
7 1. Section 3 of P.L.1976, c.68 (C.40A:4-45.3) is amended to read
8 as follows:

9 3. In the preparation of its budget a municipality shall limit any
10 increase in said budget to 5% or the index rate, whichever is less, over
11 the previous year's final appropriations subject to the following
12 exceptions:

13 a. (Deleted by amendment, P.L.1990, c.89.)

14 b. Capital expenditures, including appropriations for current capital
15 expenditures, whether in the capital improvement fund or as a
16 component of a line item elsewhere in the budget, provided that any
17 such current capital expenditure would be otherwise bondable under
18 the requirements of N.J.S.40A:2-21 and 40A:2-22;

19 c. (1) An increase based upon emergency temporary appropriations
20 made pursuant to N.J.S.40A:4-20 to meet an urgent situation or event
21 which immediately endangers the health, safety or property of the
22 residents of the municipality, and over which the governing body had
23 no control and for which it could not plan and emergency
24 appropriations made pursuant to N.J.S.40A:4-46. Emergency
25 temporary appropriations and emergency appropriations shall be
26 approved by at least two-thirds of the governing body and by the
27 Director of the Division of Local Government Services, and shall not
28 exceed in the aggregate 3% of the previous year's final current
29 operating appropriations.

30 (2) (Deleted by amendment, P.L.1990, c.89.)

31 The approval procedure in this subsection shall not apply to
32 appropriations adopted for a purpose referred to in subsection d. or j.
33 below;

34 d. All debt service, including that of a Type I school district;

35 e. Upon the approval of the Local Finance Board in the Division
36 of Local Government Services, amounts required for funding a
37 preceding year's deficit;

38 f. Amounts reserved for uncollected taxes;

39 g. (Deleted by amendment, P.L.1990, c.89.)

40 h. Expenditure of amounts derived from new or increased
41 construction, housing, health or fire safety inspection or other service
42 fees imposed by State law, rule or regulation or by local ordinance;

43 i. Any amount approved by any referendum;

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.

- 1 j. Amounts required to be paid pursuant to (1) any contract with
2 respect to use, service or provision of any project, facility or public
3 improvement for water, sewerage, parking, senior citizen housing or
4 any similar purpose, or payments on account of debt service therefor,
5 between a municipality and any other municipality, county, school or
6 other district, agency, authority, commission, instrumentality, public
7 corporation, body corporate and politic or political subdivision of this
8 State; (2) the provisions of article 9 of P.L.1968, c.404 (C.13:17-60
9 through 13:17-76) by a constituent municipality to the intermunicipal
10 account; (3) any lease of a facility owned by a county improvement
11 authority when the lease payment represents the proportionate amount
12 necessary to amortize the debt incurred by the authority in providing
13 the facility which is leased, in whole or in part; and (4) any repayments
14 under a loan agreement entered into in accordance with the provisions
15 of section 5 of P.L.1992, c.89;
- 16 k. (Deleted by amendment, P.L.1987, c.74.)
- 17 l. Appropriations of federal, county, independent authority or State
18 funds, or by grants from private parties or nonprofit organizations for
19 a specific purpose, and amounts received or to be received from such
20 sources in reimbursement for local expenditures. If a municipality
21 provides matching funds in order to receive the federal, county,
22 independent authority or State funds, or the grants from private parties
23 or nonprofit organizations for a specific purpose, the amount of the
24 match which is required by law or agreement to be provided by the
25 municipality shall be excepted;
- 26 m. (Deleted by amendment, P.L.1987, c.74.)
- 27 n. (Deleted by amendment, P.L.1987, c.74.)
- 28 o. (Deleted by amendment, P.L.1990, c.89.)
- 29 p. (Deleted by amendment, P.L.1987, c.74.)
- 30 q. (Deleted by amendment, P.L.1990, c.89.)
- 31 r. Amounts expended to fund a free public library established
32 pursuant to the provisions of R.S.40:54-1 through 40:54-29, inclusive;
- 33 s. (Deleted by amendment, P.L.1990, c.89.)
- 34 t. Amounts expended in preparing and implementing a housing
35 element and fair share plan pursuant to the provisions of P.L.1985,
36 c.222 (C.52:27D-301 et al.) and any amounts received by a
37 municipality under a regional contribution agreement pursuant to
38 section 12 of that act;
- 39 u. Amounts expended to meet the standards established pursuant
40 to the "New Jersey Public Employees' Occupational Safety and Health
41 Act," P.L.1983, c.516 (C.34:6A-25 et seq.);
- 42 v. (Deleted by amendment, P.L.1990, c.89.)
- 43 w. Amounts appropriated for expenditures resulting from the
44 impact of a hazardous waste facility as described in subsection c. of
45 section 32 of P.L.1981, c.279 (C.13:1E-80);

- 1 x. Amounts expended to aid privately owned libraries and reading
2 rooms, pursuant to R.S.40:54-35;
- 3 y. (Deleted by amendment, P.L.1990, c.89.)
- 4 z. (Deleted by amendment, P.L.1990, c.89.)
- 5 aa. Extraordinary expenses, approved by the Local Finance Board,
6 required for the implementation of an interlocal services agreement;
- 7 bb. Any expenditure mandated as a result of a natural disaster, civil
8 disturbance or other emergency that is specifically authorized pursuant
9 to a declaration of an emergency by the President of the United States
10 or by the Governor;
- 11 cc. Expenditures for the cost of services mandated by any order of
12 court, by any federal or State statute, or by administrative rule,
13 directive, order, or other legally binding device issued by a State
14 agency which has identified such cost as mandated expenditures on
15 certification to the Local Finance Board by the State agency;
- 16 dd. Expenditures of amounts actually realized in the local budget
17 year from the sale of municipal assets if appropriated for non-recurring
18 purposes or otherwise approved by the director;
- 19 ee. Any local unit which is determined to be experiencing fiscal
20 distress pursuant to the provisions of P.L.1987, c.75
21 (C.52:27D-118.24 et seq.), whether or not a local unit is an "eligible
22 municipality" as defined in section 3 of P.L.1987, c.75
23 (C.52:27D-118.26), and which has available surplus pursuant to the
24 spending limitations imposed by P.L.1976, c.68 (C.40A:4-45.1 et
25 seq.), may appropriate and expend an amount of that surplus approved
26 by the director and the Local Finance Board as an exception to the
27 spending limitation. Any determination approving the appropriation
28 and expenditure of surplus as an exception to the spending limitations
29 shall be based upon:
- 30 1) the local unit's revenue needs for the current local budget year
31 and its revenue raising capacity;
- 32 2) the intended actions of the governing body of the local unit to
33 meet the local unit's revenue needs;
- 34 3) the intended actions of the governing body of the local unit to
35 expand its revenue generating capacity for subsequent local budget
36 years;
- 37 4) the local unit's ability to demonstrate the source and existence
38 of sufficient surplus as would be prudent to appropriate as an
39 exception to the spending limitations to meet the operating expenses
40 for the local unit's current budget year; and
- 41 5) the impact of utilization of surplus upon succeeding budgets of
42 the local unit;
- 43 ff. Amounts expended for the staffing and operation of the
44 municipal court;
- 45 gg. Amounts appropriated for the cost of administering a joint
46 insurance fund established pursuant to subsection b. of section 1 of

- 1 P.L.1983, c.372 (C.40A:10-36), but not including appropriations for
2 claims payments by local member units;
- 3 hh. Amounts appropriated for the cost of implementing an
4 estimated tax billing system and the issuance of tax bills thereunder
5 pursuant to section 3 of P.L.1994, c.72 (C.54:4-66.2);
- 6 ii. Expenditures related to the cost of conducting and implementing
7 a total property tax levy sale pursuant to section 16 of P.L.1997, c.99
8 (C.54:5-113.5);
- 9 jj. Amounts expended for a length of service award program
10 pursuant to P.L.1997, c.388 (C.40A:14-183 et al.);
- 11 kk. Amounts expended to provide municipal services or
12 reimbursement amounts to multifamily dwellings for the collection
13 and disposal of solid waste generated by the residents of the
14 multifamily dwellings. This subsection shall cease to be operative at
15 the end of the first local budget year in which the municipality has fully
16 phased in its reimbursement amount expenses;
- 17 ll. Amounts expended by a municipality under an interlocal services
18 agreement entered into pursuant to the "Interlocal Services Act,"
19 P.L.1973, c.208 (C.40:8A-1 et seq.) entered into after the effective
20 date of P.L.2000, c.126 (C.52:13H-21 et al.). The governing body of
21 the municipality that will receive the service may choose to allow the
22 amount of projected annual savings to be added to the amount of final
23 appropriations upon which its permissible expenditures are calculated
24 pursuant to section 2 of P.L.1976, c.68 (C.40A:4-45.2);
- 25 mm. Amounts expended under a joint contract pursuant to the
26 "Consolidated Municipal Service Act," P.L.1952, c.72 (C.40:48B-1 et
27 seq.) entered into after the effective date of P.L.2000, c.126
28 (C.52:13H-21 et al.). The governing body of each participating
29 municipality may choose to allow the amount of projected annual
30 savings to be added to the amount of final appropriations upon which
31 its permissible expenditures are calculated pursuant to section 2 of
32 P.L.1976, c.68 (C.40A:4-45.2).
- 33 nn. Amounts appropriated for liability insurance, workers
34 compensation insurance and employee group insurance.
- 35 oo. Amounts appropriated for costs of domestic security
36 preparedness and responses to incidents and threats to domestic
37 security.
- 38 In the first full year when an existing appropriation or expenditure
39 that is subject to budget limitations is made an exception to budget
40 limitations, a municipality shall deduct from its final appropriations
41 upon which its permissible expenditures are calculated pursuant to
42 section 2 of P.L.1976, c.68 (C.40A:4-45.2), the amount which the
43 municipality expended for that purpose during the last full budget year,
44 or portion thereof, in which the purpose so excepted was funded from
45 appropriations in the municipal budget.
- 46 (cf: P.L.2001, c.25, s.5)

1 2. Section 4 of P.L.1976, c.68 (C.40A:4-45.4) is amended to read
2 as follows:

3 4. In the preparation of its budget, a county may not increase the
4 county tax levy to be apportioned among its constituent municipalities
5 in excess of 5% or the index rate, whichever is less, of the previous
6 year's county tax levy, subject to the following exceptions:

7 a. The amount of revenue generated by the increase in valuations
8 within the county, based solely on applying the preceding year's county
9 tax rate to the apportionment valuation of new construction or
10 improvements within the county, and such increase shall be levied in
11 direct proportion to said valuation;

12 b. Capital expenditures, including appropriations for current capital
13 expenditures, whether in the capital improvement fund or as a
14 component of a line item elsewhere in the budget, provided that any
15 such current capital expenditures would be otherwise bondable under
16 the requirements of N.J.S.40A:2-21 and 40A:2-22;

17 c. (1) An increase based upon emergency temporary appropriations
18 made pursuant to N.J.S.40A:4-20 to meet an urgent situation or event
19 which immediately endangers the health, safety or property of the
20 residents of the county, and over which the governing body had no
21 control and for which it could not plan and emergency appropriations
22 made pursuant to N.J.S.40A:4-46. Emergency temporary
23 appropriations and emergency appropriations shall be approved by at
24 least two-thirds of the governing body and by the Director of the
25 Division of Local Government Services, and shall not exceed in the
26 aggregate 3% of the previous year's final current operating
27 appropriations.

28 (2) (Deleted by amendment, P.L.1990, c.89.)

29 The approval procedure in this subsection shall not apply to
30 appropriations adopted for a purpose referred to in subsection d. or f.
31 below;

32 d. All debt service;

33 e. (Deleted by amendment, P.L.1990, c.89.)

34 f. Amounts required to be paid pursuant to (1) any contract with
35 respect to use, service or provision of any project, facility or public
36 improvement for water, sewerage, parking, senior citizen housing or
37 any similar purpose, or payments on account of debt service therefor,
38 between a county and any other county, municipality, school or other
39 district, agency, authority, commission, instrumentality, public
40 corporation, body corporate and politic or political subdivision of this
41 State; and (2) any lease of a facility owned by a county improvement
42 authority when the lease payment represents the proportionate amount
43 necessary to amortize the debt incurred by the authority in providing
44 the facility which is leased, in whole or in part;

45 g. That portion of the county tax levy which represents funding to
46 participate in any federal or State aid program and amounts received

- 1 or to be received from federal, State or other funds in reimbursement
2 for local expenditures. If a county provides matching funds in order
3 to receive the federal or State or other funds, only the amount of the
4 match which is required by law or agreement to be provided by the
5 county shall be excepted;
- 6 h. (Deleted by amendment, P.L.1987, c.74.)
 - 7 i. (Deleted by amendment, P.L.1990, c.89.)
 - 8 j. (Deleted by amendment, P.L.1990, c.89.)
 - 9 k. (Deleted by amendment, P.L.1990, c.89.)
 - 10 l. Amounts expended to meet the standards established pursuant to
11 the "New Jersey Public Employees' Occupational Safety and Health
12 Act," P.L.1983, c.516 (C.34:6A-25 et seq.);
 - 13 m. (Deleted by amendment, P.L.1990, c.89.)
 - 14 n. (Deleted by amendment, P.L.1990, c.89.)
 - 15 o. (Deleted by amendment, P.L.1990, c.89.)
 - 16 p. Extraordinary expenses, approved by the Local Finance Board,
17 required for the implementation of an interlocal services agreement;
 - 18 q. Any expenditure mandated as a result of a natural disaster, civil
19 disturbance or other emergency that is specifically authorized pursuant
20 to a declaration of an emergency by the President of the United States
21 or by the Governor;
 - 22 r. Expenditures for the cost of services mandated by any order of
23 court, by any federal or State statute, or by administrative rule,
24 directive, order, or other legally binding device issued by a State
25 agency which has identified such cost as mandated expenditures on
26 certification to the Local Finance Board by the State agency;
 - 27 s. That portion of the county tax levy which represents funding to
28 a county college in excess of the county tax levy required to fund the
29 county college in local budget year 1992;
 - 30 t. Amounts appropriated for the cost of administering a joint
31 insurance fund established pursuant to subsection b. of section 1 of
32 P.L.1983, c.372 (C.40A:10-36), but not including appropriations for
33 claims payments by local member units;
 - 34 u. Expenditures for the administration of general public assistance
35 pursuant to P.L.1995, c.259 (C.40A:4-6.1 et al.);
 - 36 v. Amounts in a separate line item of a county budget that are
37 expended on tick-borne disease vector management activities
38 undertaken pursuant to P.L.1997, c.52 (C.26:2P-7 et al.);
 - 39 w. Amounts expended by a county under an interlocal services
40 agreement entered into pursuant to the "Interlocal Services Act,"
41 P.L.1973, c.208 (C.40:8A-1 et seq.) entered into after the effective
42 date of P.L.2000, c.126 (C.52:13H-21 et al.) or amounts expended
43 under a joint contract pursuant to the "Consolidated Municipal Service
44 Act," P.L.1952, c.72 (C.40:48B-1 et seq.) entered into after the
45 effective date of P.L.2000, c.126 (C.52:13H-21 et al.).

1 x. Amounts appropriated for liability insurance, workers
2 compensation insurance and employee group insurance.

3 y. Amounts appropriated for costs of domestic security
4 preparedness and responses to incidents and threats to domestic
5 security.

6 In the first full year where an existing appropriation or expenditure
7 that is subject to budget limitations is made an exception to budget
8 limitations, a county shall deduct from its final appropriations upon
9 which its permissible expenditures are calculated pursuant to section
10 2 of P.L.1976, c.68 (C.40A:4-45.2) the amount which the county
11 expended for that purpose during the last full budget year, or portion
12 thereof, in which the purpose so excepted was funded from
13 appropriations in the county budget.

14 (cf: P.L.2000, c.126, s.20)

15
16 3. (New section) A local unit may adopt a resolution declaring a
17 special emergency and authorizing appropriations for the purpose of
18 funding obligations to satisfy accumulated deficits of employee group
19 insurance programs. No such resolution shall be effective unless and
20 until it is approved by the Director of the Division of Local
21 Government Services in the Department of Community Affairs. The
22 special emergency may be funded over three years pursuant to the
23 provisions of either section 3 of P.L.1961, c.22 (C.40A:4-55.3) or
24 section 4 of P.L.1961, c.22 (C.40A:4-55.4), as appropriate. The
25 special emergency appropriations shall be treated as exceptions to the
26 limitations on expenditures pursuant to section 3 of P.L.1976, c.68
27 (C.40A:4-45.3) or section 4 of P.L.1976, c.68 (C.40A:4-45.4). No
28 resolution for the purpose of this section shall be adopted after
29 June 30, 2003.

30
31 4. This act shall take effect immediately.
32
33

34 STATEMENT
35

36 This bill would establish local budget "cap" exceptions for amounts
37 appropriated for liability insurance, workers compensation insurance
38 and employee group insurance, as well as amounts appropriated for
39 costs associated with domestic security preparedness and public safety
40 responses to terrorist threats. It is necessary to remove insurance
41 costs from the local budget "cap" because of dramatic increases in
42 premiums in the aftermath of September 11th. Additionally, the bill
43 would require a local unit to decrease its "cap-base" in the first full
44 year that a cost is exempted from the local budget "cap." Finally, the
45 bill would allow a local unit to fund accumulated deficits of employee
46 group insurance programs over a period of three years, subject to the

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9

- 1 approval of the Director of the Division of Local government Services
- 2 in the Department of Community Affairs, if the local unit adopts a
- 3 resolution to do so by June 30, 2003.

ASSEMBLY HOUSING AND LOCAL GOVERNMENT
COMMITTEE

STATEMENT TO

ASSEMBLY, No. 624

with committee amendments

STATE OF NEW JERSEY

DATED: MARCH 10, 2003

The Assembly Housing and Local Government Committee reports favorably and with committee amendments Assembly Bill No. 624.

This bill, as amended by the committee, would establish "cap" exceptions for amounts appropriated by counties, municipalities and school districts in the first three years after this bill is enacted, for liability insurance, workers compensation insurance and employee group insurance, as well as amounts appropriated for costs associated with domestic security preparedness and public safety responses to terrorist threats.

It is necessary to remove insurance costs from the local budget "cap" because the dramatic increases in premiums in the aftermath of September 11th disproportionately drain the permissible increase in appropriations away from other important local government purposes that are subject to the budget "cap." Additionally, the bill would require a local unit or school district to decrease its "cap-base" or base budget in the first full year that a cost is exempted. This decrease ensures that the annual permissible increase in appropriations will not be calculated by using an amount that is no longer within the budget "cap."

Committee Amendments

The committee amended the bill to insert a supplemental provision granting a cap exception that is equivalent to the municipal and county cap exceptions to school districts for any costs incurred in the budget year for liability insurance, workers compensation insurance and employee group insurance, as well as costs incurred for domestic security preparedness and responses to terrorist threats.

The committee also amended the bill to delete a provision that would have allowed a local unit to fund accumulated deficits of employee group insurance programs over a period of three years, subject to the approval of the Director of the Division of Local government Services in the Department of Community Affairs, if the

local unit would have adopted the resolution to do so by June 30, 2003. That section is nearly duplicative of a section of law adopted as P.L.2002, c.22.

The committee also made a technical amendment to the bill to insert a subsection into section 3 of P.L.1976, c.68 (C.40A:4-45.3), concerning police salaries, which was enacted by section 10 of P.L.2001, c.342, after the bill was introduced.

As amended by the committee, Assembly Bill No. 624 is identical to Senate Bill No. 906 with committee amendments, released from the Senate Community and Urban Affairs Committee on March 10, 2003.

This bill was prefiled for introduction in the 2002 session pending technical review. As reported, the bill includes changes required by technical review, which has been performed.