

52:27D-501 to 52:27D-508

LEGISLATIVE HISTORY CHECKLIST

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LAWS OF: 2007 **CHAPTER:** 54

NJSA: 52:27D-501 to 52:27D-508 (Establishes "Local Unit Alignment, Reorganization, and Consolidation Commission"; establishes measures for local government efficiency; appropriates \$95,000)

BILL NO: A15 (Substituted for S12)

SPONSOR(S) Wisniewski and Others

DATE INTRODUCED: December 7, 2006

COMMITTEE: **ASSEMBLY:**

SENATE:

AMENDED DURING PASSAGE: Yes

DATE OF PASSAGE: **ASSEMBLY:** January 29, 2007

SENATE: January 22, 2007

DATE OF APPROVAL: March 15, 2007

FOLLOWING ARE ATTACHED IF AVAILABLE:

[FINAL TEXT OF BILL](#) (First reprint enacted)

A15

[SPONSOR'S STATEMENT](#): (Begins on page 8 of original bill) [Yes](#)

COMMITTEE STATEMENT: **ASSEMBLY:** No

SENATE: No

[FLOOR AMENDMENT STATEMENT](#): [Yes](#)

LEGISLATIVE FISCAL NOTE: No

S12

[SPONSOR'S STATEMENT](#): (Begins on page 9 of original bill) [Yes](#)

COMMITTEE STATEMENT: **ASSEMBLY:** No

SENATE: No

FLOOR AMENDMENT STATEMENT: No

LEGISLATIVE FISCAL ESTIMATE: No

VETO MESSAGE: No

GOVERNOR'S PRESS RELEASE ON SIGNING: No

FOLLOWING WERE PRINTED:

To check for circulating copies, contact New Jersey State Government Publications at the State Library (609) 278-2640 ext. 103 or <mailto:refdesk@njstatelib.org>.

REPORTS:

Yes

974.90 Committee meeting of Joint Legislative Committee on Government Consolidation and Shared Services:
M966 Assembly bill no. 4, Senate bill no. 42, Assembly bill no. 8, Senate bill no. 49, Assembly bill no. 9, Senate bill no. 46,
2006n Assembly bill no. 10, Senate bill no. 47, Assembly bill no. 11, Senate bill no. 2374, Assembly bill no. 12, Senate bill
no. 45, Assembly bill no. 13, Senate bill no. 48, Assembly bill no. 14, Senate bill no. 39, Assembly bill no. 15, Senate
bill no. 38, Assembly concurrent resolution no. 5, Senate concurrent resolution no. 123. December 7, 2006

HEARINGS:

No

NEWSPAPER ARTICLES:

Yes

"Corzine signs first batch of major tax reform bills," Burlington County Times, March 16, 2007, p.B-1
"Corzine signs first batch of tax reform legislation," Courier News, March 16, 2007, p.A-3
"Corzine signs reform bills aimed at saving money," The Record, March 16, 2007, p.A04
"Corzine signs first batch of tax-reform legislation," The Press, March 16, 2007, p.A4
"Corzine signs first batch of major tax reform bills," The Trentonian, March 16, 2007, p.8
"N.J. getting fiscal watchdog," Home News Tribune, March 16, 2007, p.A5
"Comptroller, 2 other bills in tax-reform effort signed," Asbury Park Press, March 16, 2007, p. A1
"Corzine signs bills liked to tax reform," Courier-Post, March 16, 2007, p.3B
"Corzine signs three key bills," The Times, March 16, 2007, p.01
"Corzine enacts 3 pieces of tax reform," The Star-Ledger, March 16, 2007, p.19

RWH 4-23-08

§§1-8 -
C.52:27D-501 to
52:27D-508
§9 –
C.52:27D-18.2
§11 - Approp.

P.L. 2007, CHAPTER 54, *approved March 15, 2007*
Assembly, No. 15 (*First Reprint*)

1 AN ACT establishing the “Local Unit Alignment, Reorganization,
2 and Consolidation Commission,” performance measures for
3 municipalities, and the Municipal Efficiency Promotion Aid
4 Program, amending P.L.1995, c.247, supplementing chapter 27D
5 of Title 52 of the Revised Statutes, and making an appropriation.
6

7 **BE IT ENACTED** by the Senate and General Assembly of the State
8 of New Jersey:
9

10 1. (New section) The Legislature finds and declares:

11 a. The State of New Jersey currently has 566 municipalities, 616
12 school districts, and 186 fire districts, each with its own layers of
13 local bureaucracy that contribute to the high property tax burden
14 suffered by New Jersey residents.

15 b. Consolidating local units, structurally and administratively
16 streamlining county and municipal government, and transferring
17 services to the most appropriate level of government for delivery
18 would help to alleviate the property tax crisis by reducing the
19 administrative costs of local government and making the delivery of
20 local services more efficient due to economies of scale.

21 c. Due to legal obstacles, conflicting interests, and local
22 concerns about sacrificing community identity, current laws
23 permitting consolidation of municipalities and sharing of services
24 between local units are seldom used.

25 d. Tough political decisions are often most expeditiously made
26 through the use of bipartisan commissions, as demonstrated by the
27 success of the federal base realignment and closure (BRAC)
28 procedure.

29 e. Municipalities and other taxing districts are creatures of the
30 Legislature; however, due to the pervasive notion of "home rule"
31 and the political conflicts inherent in mandatory consolidation, it is
32 necessary and proper to establish a bipartisan commission to fairly
33 examine the allocation of responsibilities among local units in order
34 to determine: (1) which level of government is best suited to deliver
35 a given local government service, and (2) when consolidation will
36 reduce the property tax burden for pairs or groups of local units,
37 and to make those recommendations to the Legislature for approval

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

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Senate floor amendments adopted January 22, 2007.

1 by the affected voters in order to make a serious effort to reduce the
2 number of municipalities and other local units in the State.

3 f. Consolidation and mandates for increased efficiency in the
4 delivery of services are complimentary processes, as the former
5 reduces the administrative costs of local government on an external
6 level and the latter does so on an internal level.

7 g. Local governments must be trained to use performance
8 measures for decision making, strategic planning, performance
9 improvement, accountability, and communication, and rewarded for
10 increased efficiencies that result from their use.

11

12 2. (New section) For the purposes of this bill:

13 “Commission” means the "Local Unit Alignment,
14 Reorganization, and Consolidation Commission" established
15 pursuant to section 3 of P.L. , c. (C.) (pending before the
16 Legislature as this bill).

17 “Local unit” means a municipality or fire district, and shall not
18 include a school district, regional school district, or county.

19

20 3. (New section) a. There is established, in but not of the
21 Department of Community Affairs, the “Local Unit Alignment,
22 Reorganization, and Consolidation Commission.”

23 b. The commission shall consist of ¹~~10~~ nine¹ voting members:
24 the Commissioner of Community Affairs (or a designee) and the
25 State Treasurer (or a designee), who shall both serve ex-officio; and
26 ¹~~eight~~ seven¹ public members, and shall be appointed as follows:
27 one member appointed by the President of the Senate, one member
28 appointed by the Minority Leader of the Senate, one member
29 appointed by the Speaker of the General Assembly, one member
30 appointed by the Minority Leader of the General Assembly, and
31 ¹~~four~~ three¹ members, no more than two of whom shall be of the
32 same political party, appointed by the Governor, with the advice
33 and consent of the Senate. ¹Of the three public members appointed
34 by the Governor, one member shall reside in a northern county
35 (Bergen, Essex, Hudson, Morris, Passaic, Union, Sussex, or
36 Warren), one member shall reside in a central county (Hunterdon,
37 Mercer, Middlesex, Monmouth, or Somerset), and one member
38 shall reside in a southern county (Atlantic, Burlington, Camden,
39 Cape May, Cumberland, Gloucester, Ocean, or Salem).¹ No
40 appointee shall be an elected official of a local unit or county unless
41 that person has significant experience in shared service initiatives
42 and demonstrated success at having implemented such agreements
43 at the local level.

44 c. Members of the commission shall serve without
45 compensation, but shall be reimbursed for expenses actually
46 incurred in the performance of their duties.

47 d. The members shall be appointed within 60 days following the
48 effective date of this act. The public members shall serve for terms

1 of five years and until the appointment and qualification of a
2 successor; except that in making the first appointments to the
3 commission, one person shall be appointed to serve for one year,
4 one for two years, one for three years, one for four years, and four
5 for five years. The length of the respective term of each member of
6 the first commission shall be determined by lot at the organization
7 of the first commission. ¹【All public members shall serve until the
8 appointment and qualification of their successor.】¹ A public
9 member may be reappointed. Any vacancy in the membership of
10 the commission shall be filled in the same manner as the original
11 appointment was made for the unexpired term only.

12
13 4. (New section) a. The "Local Unit Alignment,
14 Reorganization, and Consolidation Commission" shall organize as
15 soon as practicable after the appointment of its members and
16 annually shall select a chair from among its members and a
17 secretary, who need not be a member of the commission. The
18 commission shall appoint an executive director, who shall serve at
19 the pleasure of the commission and who shall have expertise in one
20 or more local government subjects, such as planning, local finance,
21 geography, taxation, or other relevant fields. The executive director
22 shall appoint professional staff qualified by training and experience
23 to serve the commission. The executive director and professional
24 staff shall serve at the ¹【commission's】¹ pleasure ¹of the
25 commission¹.

26 b. The commission may meet and hold hearings at the places it
27 designates throughout the State.

28
29 5. (New section) a. (1) The commission shall study and report
30 on the structure and functions of county and municipal government,
31 including local taxing districts, their statutory bases, including the
32 fiscal relationship between local governments, and the appropriate
33 allocation of service delivery responsibilities from the standpoint of
34 efficiency.

35 (2) The commission shall recommend legislative changes which
36 would encourage the more efficient operation of local government.
37 These changes may include the structural and administrative
38 streamlining of county and municipal government functions,
39 including but not limited to, the transfer of functions from one level
40 of government to another, and the use or establishment of regional
41 service delivery entities.

42 (3) The commission shall also consider optimal service levels,
43 ratios of employees to population served, cost structures for service
44 delivery, and other best practices.

45 Within two years following the effective date of this act, the
46 commission shall report its findings to the Governor, the President
47 of the Senate, and the Speaker of the General Assembly.

1 b. Based on its findings pursuant to paragraph 3 of subsection a.
2 of this section, the commission shall develop criteria to serve as the
3 basis for recommending the consolidation of specific
4 municipalities, the merger of specific existing autonomous agencies
5 into the parent municipal or county government, or the sharing of
6 services between municipalities or between municipalities and other
7 public entities. Recommendations for sharing services may result
8 from a study focusing exclusively on the sharing of services or may
9 result from a study examining potential consolidation.
10 Municipalities to be considered for consolidation shall be within the
11 same county and shall also be situated within the same legislative
12 district.

13 The criteria to govern a study to examine consolidation or the
14 sharing of services shall include, but need not be limited to:

15 (1) a consideration of geographic factors, such as a shared
16 boundary, or in the case of the recommended consolidation of more
17 than two local units, that the consolidated local unit will have a
18 contiguous boundary;

19 (2) an analysis of the economic costs and benefits of
20 consolidation or the sharing of services, as the case may be,
21 including potential tax savings and reductions in government costs
22 through economies of scale;

23 (3) measures to ensure that costs and benefits of consolidation or
24 service sharing are distributed equitably across the entire
25 community; and

26 (4) measures to safeguard the interests of communities in the
27 municipalities for which consolidation is recommended.

28 The commission shall give priority to local units that volunteer
29 to be studied.

30 c. When a municipal consolidation is recommended by the
31 commission, the commission shall substitute for a joint municipal
32 consolidation study commission that would be formed pursuant to
33 section 7 of the "Municipal Consolidation Act," P.L.1977, c.435
34 (C.40:43-66.41) or any other statute governing municipal
35 consolidation, and no voter approval shall be required ¹to create the
36 study commission.

37 d. When a consolidation or shared service is recommended by
38 the commission, the commission shall recommend for State funding
39 any extraordinary expenses necessitated by the consolidation plan
40 or shared service agreement. The commission shall recommend
41 that this funding be provided either by funds made available to the
42 commission for that purpose or by the Legislature or State
43 Treasurer as part of the annual State budget process¹.

44
45 6. (New section) a. The "Local Unit Alignment,
46 Reorganization, and Consolidation Commission" shall work in
47 conjunction with the Local Finance Board and the Division of Local
48 Government Services in the Department of Community Affairs. To

1 the extent possible, the commission shall be entitled to the
2 assistance and services of the employees of any State department,
3 board, bureau, commission, or agency, as it may require and as may
4 be available to it for its purposes.

5 b. The commission shall be entitled to the cooperation of the
6 officials and employees of every county and municipality as it may
7 require.

8 c. The commission may incur traveling and other miscellaneous
9 expenses necessary to perform its duties, within the limits of funds
10 available to it for its purposes.

11

12 7. (New section) a. The "Local Unit Alignment, Reorganization,
13 and Consolidation Commission" shall annually, by January 31st,
14 submit to the Governor and the Legislature a report summarizing
15 the commission's activities over the course of the previous calendar
16 year.

17 b. In the event that the commission proposes consolidation of
18 local units or a shared services agreement, the commission shall
19 submit a consolidation or shared services proposal to the Governor
20 and the Legislature no later than May 1st of the year in which the
21 proposed consolidation is to be put before the voters pursuant to
22 subsection a. of section 8 of P.L. , c. (C.) (pending before the
23 Legislature as this bill). A municipal consolidation proposal shall
24 include, but not be limited to, a description of the form of
25 government, the election of officers, the apportionment of debts,
26 and other issues between pairs or groups of municipalities which
27 the commission proposes should consolidate or share services.

28 c. A consolidation or shared services proposal shall take effect
29 at the end of a period of 30 calendar days after the date on which
30 the proposal is transmitted to the Senate and General Assembly, on
31 a day on which both thereof shall be meeting in the course of a
32 regular or special session, unless, between the date of transmittal
33 and the end of the 30-day period, the Legislature passes a
34 concurrent resolution stating in substance that the Legislature does
35 not favor the consolidation proposal.

36

37 8. (New section) a. Upon the taking effect of a consolidation or
38 shared services proposal pursuant to subsection b. of section 7 of
39 P.L. , c. (C.) (pending before the Legislature as this bill),
40 each recommendation included therein shall be put before the
41 affected voters at the next general election and shall become
42 effective only upon its adoption by a majority of the voters of each
43 affected municipality.

44 b. In order to effectuate the provisions of subsection a. of this
45 section, the Secretary of State shall forward to the clerk of each
46 county in which the affected local units are located a public
47 question to be included on the ballots at the next general election
48 for the election districts encompassing those affected local units.

1 (1) The question with respect to consolidation shall read as
2 follows:

3 “Shall (insert the names of the participating local units) be
4 consolidated into a single local unit to be known as (insert the name
5 proposed for the consolidated local unit)?

6 (2) The question with respect to shared services shall read as
7 follows:

8 “Shall (insert the services to be shared) be jointly undertaken
9 ‘[with] between’ (insert the ‘[name of the entity with] names of
10 the entities between’ which sharing is to occur)?”

11 c. The consolidation of pairs or groups of local units
12 recommended for consolidation under subsection a. of this section
13 shall be accomplished within 14 months following the voter
14 approval of the consolidation recommendation.

15 d. The adoption of a form of government, the election of
16 officers, the apportionment of debts, and other issues between pairs
17 or groups of municipalities required to consolidate pursuant to an
18 approved consolidation recommendation under subsection c. of this
19 section shall be determined by the commission, as far as
20 practicable, in accordance with the procedures set forth in the
21 “Municipal Consolidation Act,” P.L.1977, c.435 (C.40:43-66.35 et
22 seq.) or any other statute governing municipal consolidation.

23 e. For a period of 10 years from the consolidation of a pair or
24 group of municipalities pursuant to a consolidation recommendation
25 approved under subsection c. of this section, and notwithstanding
26 any law to the contrary, the residents of those municipalities, or
27 portions thereof, shall not have the right to secede to form a new
28 municipality, or to consolidate with, or annex themselves to, any
29 other municipality.

30

31 9. (New section) a. Within 12 months of the effective date of
32 this act, the Local Finance Board shall promulgate rules and
33 regulations establishing performance measures to promote cost
34 savings in the delivery of services by municipal governments. In
35 developing these measurements, the board shall take into account
36 differing size, demographic, and geographic characteristics of
37 municipalities that may have an impact on the demand for, and
38 delivery of, specific services. In addition, these rules and
39 regulations shall include consideration of the measurement process,
40 identification of performance indicators, and design of data
41 collection forms in order to assure consistency of information. In
42 promulgating efficiency benchmarks, the Local Finance Board shall
43 also include a training module for key municipal staff in order to
44 facilitate the institutionalization of performance measurement.

45 b. The Commissioner of Community Affairs shall be authorized
46 to finance the development of the performance measures and
47 training modules promulgated pursuant to subsection a. of this
48 section by using funds from the Regional Efficiency Development

1 Incentive Program (REDI) established pursuant to P.L.1999, c.60
2 (C.40:8B-14 et seq.) and the Regional Efficiency Aid Program
3 (REAP) established pursuant to P.L.1999, c.61 (C.54:4-8.76 et
4 seq.).

5 c. Following the promulgation of the performance measures and
6 training modules pursuant to subsection a. of this section, every
7 municipality shall submit an annual performance report to the Local
8 Finance Board setting forth an assessment of its performance of
9 local government services. Each report also shall be posted on the
10 municipality's official web site. The board shall provide that
11 reporting of performance measurement data to the board shall be
12 done through electronic submission over the Internet.

13 Funding for the costs of development of performance measures,
14 training programs, and the implementation of the reporting system
15 shall be appropriated from the "Sharing Available Resources
16 Efficiently" account within the Property Tax Relief Fund.

17 d. Within two years of adopting rules implementing
18 performance measures, the Local Finance Board shall develop and
19 electronically publish on the Department of Community Affairs
20 website a municipal report card, indicating a municipality's
21 performance relative to efficiency standards, and how its efficiency
22 changes over time.

23

24 10. Section 1 of P.L.1995, c.247 (C.52:27D-181.1) is amended
25 to read as follows:

26 1. There shall be appropriated annually by the Legislature for
27 each State fiscal year an amount not less than **[\$33,000,000]**
28 \$34,825,000 for the **[Legislative Initiative]** Municipal Efficiency
29 Promotion **[Block Grant]** Aid Program. **[The]** Prior to the
30 adoption of rules and regulations by the Local Finance Board
31 pursuant to section '10] 9' of P.L. , c. (C.) (pending before
32 the Legislature as this bill), the amount appropriated shall be
33 distributed to municipalities on or before September 1 of the State
34 fiscal year in proportion to the number of residents of each
35 municipality as determined pursuant to the most recent federal
36 decennial census. In the second year following the adoption of
37 regulations by the Local Finance Board pursuant to section '10] 9'
38 of P.L. , c. (C.) (pending before the Legislature as this bill),
39 amounts appropriated to municipalities shall be distributed as aid to
40 reward those municipalities that meet the performance measures
41 promulgated by the board. The payment of **[Legislative Initiative]**
42 Municipal Efficiency Promotion **[Block Grant]** Aid Program aid
43 shall be used solely and exclusively by each municipality for the
44 purpose of reducing the amount the municipality is required to raise
45 by local property tax levy for municipal purposes. If the amount of
46 the payment exceeds the amount required to be raised by local
47 property tax levy for municipal purposes, the balance of the

1 payment shall be used to reduce the amount the municipality is
2 required to collect for county purposes, notwithstanding the
3 provisions of this or any other law to the contrary. The Local
4 Finance Board shall certify annually that each municipality has
5 complied with the requirements set forth herein.

6 (cf: P.L.1995, c.247, s.1)

7

8 11. There is appropriated from the General Fund to the
9 Department of the Treasury the sum of \$95,000 to effectuate the
10 purposes of sections 2 through 8 of this act.

11

12 12. This act shall take effect immediately.

13

14

15

16

17 Establishes "Local Unit Alignment, Reorganization, and
18 Consolidation Commission"; establishes measures for local
19 government efficiency; appropriates \$95,000.

ASSEMBLY, No. 15

STATE OF NEW JERSEY

212th LEGISLATURE

INTRODUCED DECEMBER 7, 2006

Sponsored by:

Assemblyman JOHN S. WISNIEWSKI
District 19 (Middlesex)
Assemblyman ROBERT M. GORDON
District 38 (Bergen)
Assemblyman JOSEPH R. MALONE, III
District 30 (Burlington, Mercer, Monmouth and Ocean)
Assemblyman GARY S. SCHAER
District 36 (Bergen, Essex and Passaic)
Assemblywoman PAMELA R. LAMPITT
District 6 (Camden)
Assemblyman DAVID R. MAYER
District 4 (Camden and Gloucester)
Assemblyman LOUIS D. GREENWALD
District 6 (Camden)
Assemblywoman NILSA CRUZ-PEREZ
District 5 (Camden and Gloucester)
Assemblywoman BONNIE WATSON COLEMAN
District 15 (Mercer)
Assemblyman JOHN J. BURZICHELLI
District 3 (Salem, Cumberland and Gloucester)
Assemblywoman LINDA R. GREENSTEIN
District 14 (Mercer and Middlesex)
Assemblyman JOSEPH VAS
District 19 (Middlesex)

Co-Sponsored by:

Assemblyman Panter, Senators B.Smith and Sweeney

SYNOPSIS

Establishes "Local Unit Alignment, Reorganization, and Consolidation Commission"; establishes measures for local government efficiency; appropriates \$95,000.

CURRENT VERSION OF TEXT

As introduced.

(Sponsorship Updated As Of: 1/23/2007)

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2 and Consolidation Commission,” performance measures for
3 municipalities, and the Municipal Efficiency Promotion Aid
4 Program, amending P.L.1995, c.247, supplementing chapter 27D
5 of Title 52 of the Revised Statutes, and making an appropriation.
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7 **BE IT ENACTED** by the Senate and General Assembly of the State
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15 b. Consolidating local units, structurally and administratively
16 streamlining county and municipal government, and transferring
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18 would help to alleviate the property tax crisis by reducing the
19 administrative costs of local government and making the delivery of
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22 concerns about sacrificing community identity, current laws
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26 through the use of bipartisan commissions, as demonstrated by the
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34 to determine: (1) which level of government is best suited to deliver
35 a given local government service, and (2) when consolidation will
36 reduce the property tax burden for pairs or groups of local units,
37 and to make those recommendations to the Legislature for approval
38 by the affected voters in order to make a serious effort to reduce the
39 number of municipalities and other local units in the State.

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41 delivery of services are complimentary processes, as the former
42 reduces the administrative costs of local government on an external
43 level and the latter does so on an internal level.

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Matter underlined thus is new matter.

1 improvement, accountability, and communication, and rewarded for
2 increased efficiencies that result from their use.

3

4 2. (New section) For the purposes of this bill:

5 "Commission" means the "Local Unit Alignment,
6 Reorganization, and Consolidation Commission" established
7 pursuant to section 3 of P.L. , c. (C.) (pending before the
8 Legislature as this bill).

9 "Local unit" means a municipality or fire district, and shall not
10 include a school district, regional school district, or county.

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12 3. (New section) a. There is established, in but not of the
13 Department of Community Affairs, the "Local Unit Alignment,
14 Reorganization, and Consolidation Commission."

15 b. The commission shall consist of 10 voting members: the
16 Commissioner of Community Affairs (or a designee) and the State
17 Treasurer (or a designee), who shall both serve ex-officio; and eight
18 public members, and shall be appointed as follows: one member
19 appointed by the President of the Senate, one member appointed by
20 the Minority Leader of the Senate, one member appointed by the
21 Speaker of the General Assembly, one member appointed by the
22 Minority Leader of the General Assembly, and four members, no
23 more than two of whom shall be of the same political party,
24 appointed by the Governor, with the advice and consent of the
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26 county unless that person has significant experience in shared
27 service initiatives and demonstrated success at having implemented
28 such agreements at the local level.

29 c. Members of the commission shall serve without compensation,
30 but shall be reimbursed for expenses actually incurred in the
31 performance of their duties.

32 d. The members shall be appointed within 60 days following the
33 effective date of this act. The public members shall serve for terms
34 of five years and until the appointment and qualification of a
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43 district.

44 The criteria to govern a study to examine consolidation or the
45 sharing of services shall include, but need not be limited to:

46 (1) a consideration of geographic factors, such as a shared
47 boundary, or in the case of the recommended consolidation of more
48 than two local units, that the consolidated local unit will have a

1 contiguous boundary;

2 (2) an analysis of the economic costs and benefits of
3 consolidation or the sharing of services, as the case may be,
4 including potential tax savings and reductions in government costs
5 through economies of scale;

6 (3) measures to ensure that costs and benefits of consolidation or
7 service sharing are distributed equitably across the entire
8 community; and

9 (4) measures to safeguard the interests of communities in the
10 municipalities for which consolidation is recommended.

11 The commission shall give priority to local units that volunteer
12 to be studied.

13 c. When a municipal consolidation is recommended by the
14 commission, the commission shall substitute for a joint municipal
15 consolidation study commission that would be formed pursuant to
16 section 7 of the "Municipal Consolidation Act," P.L.1977, c.435
17 (C.40:43-66.41) or any other statute governing municipal
18 consolidation, and no voter approval shall be required.

19

20 6. (New section) a. The "Local Unit Alignment,
21 Reorganization, and Consolidation Commission" shall work in
22 conjunction with the Local Finance Board and the Division of Local
23 Government Services in the Department of Community Affairs. To
24 the extent possible, the commission shall be entitled to the
25 assistance and services of the employees of any State department,
26 board, bureau, commission, or agency, as it may require and as may
27 be available to it for its purposes.

28 b. The commission shall be entitled to the cooperation of the
29 officials and employees of every county and municipality as it may
30 require.

31 c. The commission may incur traveling and other miscellaneous
32 expenses necessary to perform its duties, within the limits of funds
33 available to it for its purposes.

34

35 7. (New section) a. The "Local Unit Alignment, Reorganization,
36 and Consolidation Commission" shall annually, by January 31st,
37 submit to the Governor and the Legislature a report summarizing
38 the commission's activities over the course of the previous calendar
39 year.

40 b. In the event that the commission proposes consolidation of
41 local units or a shared services agreement, the commission shall
42 submit a consolidation or shared services proposal to the Governor
43 and the Legislature no later than May 1st of the year in which the
44 proposed consolidation is to be put before the voters pursuant to
45 subsection a. of section 8 of P.L. , c. (C.) (pending before the
46 Legislature as this bill). A municipal consolidation proposal shall
47 include, but not be limited to a description of the form of
48 government, the election of officers, the apportionment of debts,

1 and other issues between pairs or groups of municipalities which
2 the commission proposes should consolidate or share services.

3 c. A consolidation or shared services proposal shall take effect
4 at the end of a period of 30 calendar days after the date on which
5 the proposal is transmitted to the Senate and General Assembly, on
6 a day on which both thereof shall be meeting in the course of a
7 regular or special session, unless, between the date of transmittal
8 and the end of the 30-day period, the Legislature passes a
9 concurrent resolution stating in substance that the Legislature does
10 not favor the consolidation proposal.

11

12 8. (New section) a. Upon the taking effect of a consolidation or
13 shared services proposal pursuant to subsection b. of section 7 of
14 P.L. , c. (C.) (pending before the Legislature as this bill),
15 each recommendation included therein shall be put before the
16 affected voters at the next general election and shall become
17 effective only upon its adoption by a majority of the voters of each
18 affected municipality.

19 b. In order to effectuate the provisions of subsection a. of this
20 section, the Secretary of State shall forward to the clerk of each
21 county in which the affected local units are located a public
22 question to be included on the ballots at the next general election
23 for the election districts encompassing those affected local units.

24 (1) The question with respect to consolidation shall read as
25 follows:

26

27 "Shall (insert the names of the participating local units) be
28 consolidated into a single local unit to be known as (insert the name
29 proposed for the consolidated local unit)?"

30

31 (2) The question with respect to shared services shall read as
32 follows:

33

34 "Shall (insert the services to be shared) be jointly undertaken
35 with (insert the name of the entity with which sharing is to occur)?"

36

37 c. The consolidation of pairs or groups of local units
38 recommended for consolidation under subsection a. of this section
39 shall be accomplished within 14 months following the voter
40 approval of the consolidation recommendation.

41 d. The adoption of a form of government, the election of
42 officers, the apportionment of debts, and other issues between pairs
43 or groups of municipalities required to consolidate pursuant to an
44 approved consolidation recommendation under subsection c. of this
45 section shall be determined by the commission, as far as
46 practicable, in accordance with the procedures set forth in the
47 "Municipal Consolidation Act," P.L.1977, c.435 (C.40:43-66.35 et
48 seq.) or any other statute governing municipal consolidation.

1 e. For a period of 10 years from the consolidation of a pair or
2 group of municipalities pursuant to a consolidation recommendation
3 approved under subsection c. of this section, and notwithstanding
4 any law to the contrary, the residents of those municipalities, or
5 portions thereof, shall not have the right to secede to form a new
6 municipality, or to consolidate with, or annex themselves to, any
7 other municipality.

8
9 9. (New section) a. Within 12 months of the effective date of
10 this act, the Local Finance Board shall promulgate rules and
11 regulations establishing performance measures to promote cost
12 savings in the delivery of services by municipal governments. In
13 developing these measurements, the board shall take into account
14 differing size, demographic, and geographic characteristics of
15 municipalities that may have an impact on the demand for, and
16 delivery of, specific services. In addition, these rules and
17 regulations shall include consideration of the measurement process,
18 identification of performance indicators, and design of data
19 collection forms in order to assure consistency of information. In
20 promulgating efficiency benchmarks, the Local Finance Board shall
21 also include a training module for key municipal staff in order to
22 facilitate the institutionalization of performance measurement.

23 b. The Commissioner of Community Affairs shall be authorized
24 to finance the development of the performance measures and
25 training modules promulgated pursuant to subsection a. of this
26 section by using funds from the Regional Efficiency Development
27 Incentive Program (REDI) established pursuant to P.L.1999, c.60
28 (C.40:8B-14 et seq.) and the Regional Efficiency Aid Program
29 (REAP) established pursuant to P.L.1999, c.61 (C.54:4-8.76 et
30 seq.).

31 c. Following the promulgation of the performance measures and
32 training modules pursuant to subsection a. of this section, every
33 municipality shall submit an annual performance report to the Local
34 Finance Board setting forth an assessment of its performance of
35 local government services. Each report also shall be posted on the
36 municipality's official web site. The board shall provide that
37 reporting of performance measurement data to the board shall be
38 done through electronic submission over the Internet.

39 Funding for the costs of development of performance measures,
40 training programs, and the implementation of the reporting system
41 shall be appropriated from the "Sharing Available Resources
42 Efficiently" account within the Property Tax Relief Fund.

43 d. Within two years of adopting rules implementing
44 performance measures, the Local Finance Board shall develop and
45 electronically publish on the Department of Community Affairs
46 website a municipal report card, indicating a municipality's
47 performance relative to efficiency standards, and how its efficiency
48 changes over time.

1 10. Section 1 of P.L.1995, c.247 (C.52:27D-181.1) is amended
2 to read as follows:

3 1. There shall be appropriated annually by the Legislature for
4 each State fiscal year an amount not less than **[\$33,000,000]**
5 \$34,825,000 for the **[Legislative Initiative]** Municipal Efficiency
6 Promotion **[Block Grant]** Aid Program. **[The]** Prior to the
7 adoption of rules and regulations by the Local Finance Board
8 pursuant to section 10 of P.L. , c. (C.) (pending before the
9 Legislature as this bill), the amount appropriated shall be
10 distributed to municipalities on or before September 1 of the State
11 fiscal year in proportion to the number of residents of each
12 municipality as determined pursuant to the most recent federal
13 decennial census. In the second year following the adoption of
14 regulations by the Local Finance Board pursuant to section 10 of
15 P.L. , c. (C.) (pending before the Legislature as this bill),
16 amounts appropriated to municipalities shall be distributed as aid to
17 reward those municipalities that meet the performance measures
18 promulgated by the board. The payment of **[Legislative Initiative]**
19 Municipal Efficiency Promotion **[Block Grant]** Aid Program aid
20 shall be used solely and exclusively by each municipality for the
21 purpose of reducing the amount the municipality is required to raise
22 by local property tax levy for municipal purposes. If the amount of
23 the payment exceeds the amount required to be raised by local
24 property tax levy for municipal purposes, the balance of the
25 payment shall be used to reduce the amount the municipality is
26 required to collect for county purposes, notwithstanding the
27 provisions of this or any other law to the contrary. The Local
28 Finance Board shall certify annually that each municipality has
29 complied with the requirements set forth herein.
30 (cf: P.L.1995, c.247, s.1)

31
32 11. There is appropriated from the General Fund to the
33 Department of the Treasury the sum of \$95,000 to effectuate the
34 purposes of sections 2 through 8 of this act.

35
36 12. This act shall take effect immediately.

37

38

39

STATEMENT

40

41 This bill establishes three measures to promote efficiencies in
42 local government. The bill establishes a "Local Unit Alignment,
43 Reorganization, and Consolidation Commission." It would be the
44 duty of the commission to develop a proposal to effectuate the
45 consolidation of, and sharing of services among, pairs or groups of
46 municipalities, fire districts, and other taxing districts in the State.
47 The commission would consist of 10 members, including two ex
48 officio members and eight public members with expertise in various

1 local government fields.

2 The bill also requires the Local Finance Board to promulgate
3 rules and regulations establishing performance measures to promote
4 cost savings in the delivery of services by municipal governments.
5 In developing these measurements, the board shall take into account
6 differing size, demographic, and geographic characteristics of
7 municipalities that may have an impact on the demand for, and
8 delivery of, specific services. In addition, these rules and
9 regulations shall include consideration of the measurement process,
10 identification of performance indicators, and design of data
11 collection forms in order to assure consistency of information. In
12 promulgating efficiency benchmarks, the Local Finance Board shall
13 also include a training module for key municipal staff in order to
14 facilitate the institutionalization of performance measurement.

15 The Commissioner of Community Affairs shall be authorized to
16 finance the development of these performance measures and
17 training modules using funds from the Regional Efficiency
18 Development Incentive Program (REDI) and the Regional
19 Efficiency Aid Program (REAP).

20 Following the promulgation of these performance measures and
21 training modules, every municipality shall submit an annual
22 performance report to the Local Finance Board, which sets forth an
23 assessment of its performance of local government services. Each
24 report shall also be posted on the municipality's official web site.

25 Within two years of the effective date of this act, the Local
26 Finance Board shall develop a municipal report card, indicating a
27 municipality's performance relative to efficiency standards and how
28 its efficiency changes over time.

29 Finally, the bill creates the Municipal Efficiency Promotion Aid
30 Program to reward municipalities that meet State-established
31 performance measures to promote cost savings in the delivery of
32 services by municipal governments. This bill authorizes the Local
33 Finance Board to adopt rules and regulations establishing and
34 governing the performance measures to be employed by municipal
35 governments in order to promote cost savings in the delivery of
36 services. In addition, the board also is required to develop a
37 training module for key municipal staff in order to facilitate the
38 institutionalization of performance measurement.

STATEMENT TO

ASSEMBLY, No. 15

with Senate Floor Amendment
(Proposed By Senator SMITH)

ADOPTED: JANUARY 22, 2007

These amendments make Assembly, No. 15 identical to Senate, No. 12.

The amendments provide the Governor with three rather than two appointments to the membership of the “Local Unit Alignment, Reorganization, and Consolidation Commission,” and remove the Chief Justice’s appointment to the Commission. The amendments would also provide regional representation of the Commission by requiring that, of the three public members appointed to the Committee by the Governor, one member shall reside in a northern county (Bergen, Essex, Hudson, Morris, Passaic, Union, Sussex, or Warren), one member shall reside in a central county (Hunterdon, Mercer, Middlesex, Monmouth, or Somerset), and one member shall reside in a southern county (Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean, or Salem).

The amendments also provide that when a consolidation or shared service is recommended by the commission, the commission shall recommend for State funding any extraordinary expenses necessitated by the consolidation plan or shared service agreement. The commission shall recommend that this funding be provided either by funds made available to the commission for that purpose or by the Legislature or State Treasurer as part of the annual State budget process.

Finally, the amendments clarify the language of the public question concerning shared services.

SENATE, No. 12

STATE OF NEW JERSEY 212th LEGISLATURE

INTRODUCED JANUARY 9, 2007

Sponsored by:

Senator BOB SMITH

District 17 (Middlesex and Somerset)

Senator STEPHEN M. SWEENEY

District 3 (Salem, Cumberland and Gloucester)

SYNOPSIS

Establishes “Local Unit Alignment, Reorganization, and Consolidation Commission”; establishes measures for local government efficiency; appropriates \$95,000.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 1/23/2007)

1 AN ACT establishing the “Local Unit Alignment, Reorganization,
2 and Consolidation Commission,” performance measures for
3 municipalities, and the Municipal Efficiency Promotion Aid
4 Program, amending P.L.1995, c.247, supplementing chapter 27D
5 of Title 52 of the Revised Statutes, and making an appropriation.
6

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

- 9
- 10 1. (New section) The Legislature finds and declares:
- 11 a. The State of New Jersey currently has 566 municipalities,
12 616 school districts, and 186 fire districts, each with its own layers
13 of local bureaucracy that contribute to the high property tax burden
14 suffered by New Jersey residents.
- 15 b. Consolidating local units, structurally and administratively
16 streamlining county and municipal government, and transferring
17 services to the most appropriate level of government for delivery
18 would help to alleviate the property tax crisis by reducing the
19 administrative costs of local government and making the delivery of
20 local services more efficient due to economies of scale.
- 21 c. Due to legal obstacles, conflicting interests, and local
22 concerns about sacrificing community identity, current laws
23 permitting consolidation of municipalities and sharing of services
24 between local units are seldom used.
- 25 d. Tough political decisions are often most expeditiously made
26 through the use of bipartisan commissions, as demonstrated by the
27 success of the federal base realignment and closure (BRAC)
28 procedure.
- 29 e. Municipalities and other taxing districts are creatures of the
30 Legislature; however, due to the pervasive notion of “home rule”
31 and the political conflicts inherent in mandatory consolidation, it is
32 necessary and proper to establish a bipartisan commission to fairly
33 examine the allocation of responsibilities among local units in order
34 to determine: (1) which level of government is best suited to deliver
35 a given local government service, and (2) when consolidation will
36 reduce the property tax burden for pairs or groups of local units,
37 and to make those recommendations to the Legislature for approval
38 by the affected voters in order to make a serious effort to reduce the
39 number of municipalities and other local units in the State.
- 40 f. Consolidation and mandates for increased efficiency in the
41 delivery of services are complimentary processes, as the former
42 reduces the administrative costs of local government on an external
43 level and the latter does so on an internal level.
- 44 g. Local governments must be trained to use performance
45 measures for decision making, strategic planning, performance

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 improvement, accountability, and communication, and rewarded for
2 increased efficiencies that result from their use.

3

4 2. (New section) For the purposes of this bill:

5 “Commission” means the “Local Unit Alignment,
6 Reorganization, and Consolidation Commission” established
7 pursuant to section 3 or P.L. , c. (C.) (pending before the
8 Legislature as this bill).

9 “Local unit” means a municipality or fire district, and shall not
10 include a school district, regional school district, or county.

11

12 3. (New section) a. There is established, in but not of the
13 Department of Community Affairs, the “Local Unit Alignment,
14 Reorganization, and Consolidation Commission.”

15 b. The commission shall consist of nine voting members: the
16 Commissioner of Community Affairs (or a designee) and the State
17 Treasurer (or a designee), who shall both serve ex-officio; and
18 seven public members, and shall be appointed as follows: one
19 member appointed by the President of the Senate, one member
20 appointed by the Minority Leader of the Senate, one member
21 appointed by the Speaker of the General Assembly, one member
22 appointed by the Minority Leader of the General Assembly, and
23 three members, no more than two of whom shall be of the same
24 political party, appointed by the Governor, with the advice and
25 consent of the Senate. Of the three public members appointed by
26 the Governor, one member shall reside in a northern county
27 (Bergen, Essex, Hudson, Morris, Passaic, Union, Sussex, or
28 Warren), one member shall reside in a central county (Hunterdon,
29 Mercer, Middlesex, Monmouth, or Somerset), and one member
30 shall reside in a southern county (Atlantic, Burlington, Camden,
31 Cape May, Cumberland, Gloucester, Ocean, or Salem). No
32 appointee shall be an elected official of a local unit or county unless
33 that person has significant experience in shared service initiatives
34 and demonstrated success at having implemented such agreements
35 at the local level.

36 c. Members of the commission shall serve without
37 compensation, but shall be reimbursed for expenses actually
38 incurred in the performance of their duties.

39 d. The members shall be appointed within 60 days following
40 the effective date of this act. The public members shall serve for
41 terms of five years and until the appointment and qualification of a
42 successor; except that in making the first appointments to the
43 commission, one person shall be appointed to serve for one year,
44 one for two years, one for three years, one for four years, and three
45 for five years. The length of the respective term of each member of
46 the first commission shall be determined by lot at the organization
47 of the first commission. A public member may be reappointed.
48 Any vacancy in the membership of the commission shall be filled in

1 the same manner as the original appointment was made for the
2 unexpired term only.

3
4 4. (New section) a. The “Local Unit Alignment,
5 Reorganization, and Consolidation Commission” shall organize as
6 soon as practicable after the appointment of its members and
7 annually shall select a chair from among its members and a
8 secretary, who need not be a member of the commission. The
9 commission shall appoint an executive director, who shall serve at
10 the pleasure of the commission and who shall have expertise in one
11 or more local government subjects, such as planning, local finance,
12 geography, taxation, or other relevant fields. The executive director
13 shall appoint professional staff qualified by training and experience
14 to serve the commission. The executive director and professional
15 staff shall serve at the pleasure of the commission.

16 b. The commission may meet and hold hearings at the places it
17 designates throughout the State.

18
19 5. (New section) a. (1) The commission shall study and report
20 on the structure and functions of county and municipal government,
21 including local taxing districts, their statutory bases, including the
22 fiscal relationship between local governments, and the appropriate
23 allocation of service delivery responsibilities from the standpoint of
24 efficiency.

25 (2) The commission shall recommend legislative changes which
26 would encourage the more efficient operation of local government.
27 These changes may include the structural and administrative
28 streamlining of county and municipal government functions,
29 including but not limited to, the transfer of functions from one level
30 of government to another, and the use or establishment of regional
31 service delivery entities.

32 (3) The commission shall also consider optimal service levels,
33 ratios of employees to population served, cost structures for service
34 delivery, and other best practices.

35 Within two years following the effective date of this act, the
36 commission shall report its findings to the Governor, the President
37 of the Senate, and the Speaker of the General Assembly.

38 b. Based on its findings pursuant to paragraph 3 of subsection
39 a. of this section, the commission shall develop criteria to serve as
40 the basis for recommending the consolidation of specific
41 municipalities, the merger of specific existing autonomous agencies
42 into the parent municipal or county government, or the sharing of
43 services between municipalities or between municipalities and other
44 public entities. Recommendations for sharing services may result
45 from a study focusing exclusively on the sharing of services or may
46 result from a study examining potential consolidation.
47 Municipalities to be considered for consolidation shall be within the
48 same county and shall also be situated within the same legislative
49 district.

1 The criteria to govern a study to examine consolidation or the
2 sharing of services shall include, but need not be limited to:

3 (1) a consideration of geographic factors, such as a shared
4 boundary, or in the case of the recommended consolidation of more
5 than two local units, that the consolidated local unit will have a
6 contiguous boundary;

7 (2) an analysis of the economic costs and benefits of
8 consolidation or the sharing of services, as the case may be,
9 including potential tax savings and reductions in government costs
10 through economies of scale;

11 (3) measures to ensure that costs and benefits of consolidation
12 or service sharing are distributed equitably across the entire
13 community; and

14 (4) measures to safeguard the interests of communities in the
15 municipalities for which consolidation is recommended.

16 The commission shall give priority to local units that volunteer
17 to be studied.

18 c. When a municipal consolidation is recommended by the
19 commission, the commission shall substitute for a joint municipal
20 consolidation study commission that would be formed pursuant to
21 section 7 of the “Municipal Consolidation Act,” P.L.1977, c.435
22 (C.40:43-66.41) or any other statute governing municipal
23 consolidation, and no voter approval shall be required to create the
24 study commission.

25 d. When a consolidation or shared service is recommended by
26 the commission, the commission shall recommend for State funding
27 any extraordinary expenses necessitated by the consolidation plan
28 or shared service agreement. The commission shall recommend
29 that this funding be provided either by funds made available to the
30 commission for that purpose or by the Legislature or State
31 Treasurer as part of the annual State budget process.

32

33 6. (New section) a. The “Local Unit Alignment,
34 Reorganization, and Consolidation Commission” shall work in
35 conjunction with the Local Finance Board and the Division of Local
36 Government Services in the Department of Community Affairs. To
37 the extent possible, the commission shall be entitled to the
38 assistance and services of the employees of any State department,
39 board, bureau, commission, or agency, as it may require and as may
40 be available to it for its purposes.

41 b. The commission shall be entitled to the cooperation of the
42 officials and employees of every county and municipality as it may
43 require.

44 c. The commission may incur traveling and other
45 miscellaneous expenses necessary to perform its duties, within the
46 limits of funds available to it for its purposes.

47

48 7. (New section) a. The “Local Unit Alignment,
49 Reorganization, and Consolidation Commission” shall annually, by

1 January 31st, submit to the Governor and the Legislature a report
2 summarizing the commission's activities over the course of the
3 previous calendar year.

4 b. In the event that the commission proposes consolidation of
5 local units or a shared services agreement, the commission shall
6 submit a consolidation or shared services proposal to the Governor
7 and the Legislature no later than May 1st of the year in which the
8 proposed consolidation is to be put before the voters pursuant to
9 subsection a. of section 8 of P.L. , c. (C.) (pending before
10 the Legislature as this bill). A municipal consolidation proposal
11 shall include, but not be limited to, a description of the form of
12 government, the election of officers, the apportionment of debts,
13 and other issues between pairs or groups of municipalities which
14 the commission proposes should consolidate or share services.

15 c. A consolidation or shared services proposal shall take effect
16 at the end of a period of 30 calendar days after the date on which
17 the proposal is transmitted to the Senate and General Assembly, on
18 a day on which both thereof shall be meeting in the course of a
19 regular or special session, unless, between the date of transmittal
20 and the end of the 30-day period, the Legislature passes a
21 concurrent resolution stating in substance that the Legislature does
22 not favor the consolidation proposal.

23
24 8. (New section) a. Upon the taking effect of a consolidation
25 or shared services proposal pursuant to subsection c. of section 7 of
26 P.L. , c. (C.) (pending before the Legislature as this bill),
27 each recommendation included therein shall be put before the
28 affected voters at the next general election and shall become
29 effective only upon its adoption by a majority of the voters of each
30 affected municipality.

31 b. In order to effectuate the provisions of subsection a. of this
32 section, the Secretary of State shall forward to the clerk of each
33 county in which the affected local units are located a public
34 question to be included on the ballots at the next general election
35 for the election districts encompassing those affected local units.

36 (1) The question with respect to consolidation shall read as
37 follows:

38 "Shall (insert the names of the participating local units) be
39 consolidated into a single local unit to be known as (insert the name
40 proposed for the consolidated local unit)?"

41 (2) The question with respect to shared services shall read as
42 follows:

43 "Shall (insert the services to be shared) be jointly undertaken
44 between (insert the names of the entities between which sharing is
45 to occur)?"

46 c. The consolidation of pairs or groups of local units
47 recommended for consolidation under subsection a. of this section

1 shall be accomplished within 14 months following the voter
2 approval of the consolidation recommendation.

3 d. The adoption of a form of government, the election of
4 officers, the apportionment of debts, and other issues between pairs
5 or groups of municipalities required to consolidate pursuant to an
6 approved consolidation recommendation under subsection c. of this
7 section shall be determined by the commission, as far as
8 practicable, in accordance with the procedures set forth in the
9 "Municipal Consolidation Act," P.L.1977, c.435 (C.40:43-66.35 et
10 seq.) or any other statute governing municipal consolidation.

11 e. For a period of 10 years from the consolidation of a pair or
12 group of municipalities pursuant to a consolidation recommendation
13 approved under subsection c. of this section, and notwithstanding
14 any law to the contrary, the residents of those municipalities, or
15 portions thereof, shall not have the right to secede to form a new
16 municipality, or to consolidate with, or annex themselves to, any
17 other municipality.

18

19 9. (New section) a. Within 12 months of the effective date of
20 this act, the Local Finance Board shall promulgate rules and
21 regulations establishing performance measures to promote cost
22 savings in the delivery of services by municipal governments. In
23 developing these measurements, the board shall take into account
24 differing size, demographic, and geographic characteristics of
25 municipalities that may have an impact on the demand for, and
26 delivery of, specific services. In addition, these rules and
27 regulations shall include consideration of the measurement process,
28 identification of performance indicators, and design of data
29 collection forms in order to assure consistency of information. In
30 promulgating efficiency benchmarks, the Local Finance Board shall
31 also include a training module for key municipal staff in order to
32 facilitate the institutionalization of performance measurement.

33 b. The Commissioner of Community Affairs shall be
34 authorized to finance the development of the performance measures
35 and training modules promulgated pursuant to subsection a. of this
36 section by using funds from the Regional Efficiency Development
37 Incentive Program (REDI) established pursuant to P.L.1999, c.60
38 (C.40:8B-14 et seq.) and the Regional Efficiency Aid Program
39 (REAP) established pursuant to P.L.1999, c.61 (C.54:4-8.76 et
40 seq.).

41 c. Following the promulgation of the performance measures
42 and training modules pursuant to subsection a. of this section, every
43 municipality shall submit an annual performance report to the Local
44 Finance Board setting forth an assessment of its performance of
45 local government services. Each report also shall be posted on the
46 municipality's official web site. The board shall provide that
47 reporting of performance measurement data to the board shall be
48 done through electronic submission over the Internet.

1 Funding for the costs of development of performance measures,
2 training programs, and the implementation of the reporting system
3 shall be appropriated from the “Sharing Available Resources
4 Efficiently” account within the Property Tax Relief Fund.

5 d. Within two years of adopting rules implementing
6 performance measures, the Local Finance Board shall develop and
7 electronically publish on the Department of Community Affairs
8 website a municipal report card, indicating a municipality’s
9 performance relative to efficiency standards, and how its efficiency
10 changes over time.

11

12 10. Section 1 of P.L.1995, c.247 (C.52:27D-181.1) is amended
13 to read as follows:

14 1. There shall be appropriated annually by the Legislature for
15 each State fiscal year an amount not less than **[\$33,000,000]**
16 \$34,825,000 for the **[Legislative Initiative]** Municipal Efficiency
17 Promotion **[Block Grant]** Aid Program. **[The]** Prior to the
18 adoption of rules and regulations by the Local Finance Board
19 pursuant to section 9 of P.L. , c. (C.) (pending before the
20 Legislature as this bill), the amount appropriated shall be
21 distributed to municipalities on or before September 1 of the State
22 fiscal year in proportion to the number of residents of each
23 municipality as determined pursuant to the most recent federal
24 decennial census. In the second year following the adoption of
25 regulations by the Local Finance Board pursuant to section 9 of
26 P.L. , c. (C.) (pending before the Legislature as this bill),
27 amounts appropriated to municipalities shall be distributed as aid to
28 reward those municipalities that meet the performance measures
29 promulgated by the board. The payment of **[Legislative Initiative]**
30 Municipal Efficiency Promotion **[Block Grant]** Aid Program aid
31 shall be used solely and exclusively by each municipality for the
32 purpose of reducing the amount the municipality is required to raise
33 by local property tax levy for municipal purposes. If the amount of
34 the payment exceeds the amount required to be raised by local
35 property tax levy for municipal purposes, the balance of the
36 payment shall be used to reduce the amount the municipality is
37 required to collect for county purposes, notwithstanding the
38 provisions of this or any other law to the contrary. The Local
39 Finance Board shall certify annually that each municipality has
40 complied with the requirements set forth herein.

41 (cf: P.L.1995, c.247, s.1)

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43 11. There is appropriated from the General Fund to the
44 Department of the Treasury the sum of \$95,000 to effectuate the
45 purposes of sections 2 through 9 of this act.

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47 12. This act shall take effect immediately.

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STATEMENT

This bill establishes three measures to promote efficiencies in local government. The bill establishes a “Local Unit Alignment, Reorganization, and Consolidation Commission.” It would be the duty of the commission to develop a proposal to effectuate the consolidation of, and sharing of services among, pairs or groups of municipalities, fire districts, and other taxing districts in the State. The commission would consist of nine members, including two ex officio members and seven public members with expertise in various local government fields.

The bill also requires the Local Finance Board to promulgate rules and regulations establishing performance measures to promote cost savings in the delivery of services by municipal governments. In developing these measurements, the board shall take into account differing size, demographic, and geographic characteristics of municipalities that may have an impact on the demand for, and delivery of, specific services. In addition, these rules and regulations shall include consideration of the measurement process, identification of performance indicators, and design of data collection forms in order to assure consistency of information. In promulgating efficiency benchmarks, the Local Finance Board shall also include a training module for key municipal staff in order to facilitate the institutionalization of performance measurement.

The Commissioner of Community Affairs shall be authorized to finance the development of these performance measures and training modules using funds from the Regional Efficiency Development Incentive Program (REDI) and the Regional Efficiency Aid Program (REAP).

Following the promulgation of these performance measures and training modules, every municipality shall submit an annual performance report to the Local Finance Board, which sets forth an assessment of its performance of local government services. Each report shall also be posted on the municipality’s official web site.

Within two years of the effective date of this act, the Local Finance Board shall develop a municipal report card, indicating a municipality’s performance relative to efficiency standards and how its efficiency changes over time.

Finally, the bill creates the Municipal Efficiency Promotion Aid Program to reward municipalities that meet State-established performance measures to promote cost savings in the delivery of services by municipal governments. This bill authorizes the Local Finance Board to adopt rules and regulations establishing and governing the performance measures to be employed by municipal governments in order to promote cost savings in the delivery of services. In addition, the board also is required to develop a training module for key municipal staff in order to facilitate the institutionalization of performance measurement.