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LAW/RWH 1/27/09

P.L. 2008, CHAPTER 92, *approved October 1, 2008*
 Senate, No. 1307 (*Third Reprint*)

1 AN ACT authorizing municipalities operating under the State fiscal
 2 year to revert to a calendar fiscal year ¹~~and~~ ¹ amending ¹and
 3 supplementing¹ P.L.1991, c.75.

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

7
 8 1. Section 2 of P.L.1991, c.75 (C.40A:4-3.1) is amended to
 9 read as follows:

10 2. a. Except as provided in ~~subsection~~ subsections b. or c. of
 11 this section, any municipality operating under the State fiscal year
 12 as of January 1, 1997 shall continue to operate under the State fiscal
 13 year; and any municipality which was required to change to the
 14 State fiscal year but failed to implement the change shall continue
 15 to operate under the calendar year fiscal year.

16 b. Any municipality may apply to the Local Finance Board for
 17 approval to convert to the State fiscal year, and the Board shall
 18 approve the conversion if it finds it is in the interest of the
 19 taxpayers of the municipality to change. Any municipality whose
 20 fiscal year is changed pursuant to this section shall prepare a
 21 transition year budget to cover the period between January 1 and
 22 June 30 prior to the beginning of its first State fiscal year.

23 c. ³~~Not later than April 1 in any year, a~~ ³ A³ municipality
 24 operating under the State fiscal year ²which has retired all of the
 25 fiscal year adjustment bonds issued pursuant to the provisions of
 26 section 5 of P.L.1991, c.75 (C.40A:2-51.2)]² ^{3,3} and which has
 27 adopted an ordinance pursuant to subsection b. of section 3 of
 28 P.L.1991, c.75 (C.40A:4-3.2) (as amended by section 2 of ²this
 29 bill)] P.L. , c. (C.) (pending before the Legislature as this
 30 bill),² may apply to the Local Finance Board for approval to revert
 31 to a calendar fiscal year, commencing on January 1 of the
 32 succeeding calendar year. ²An application for reversion to a
 33 calendar fiscal year under this subsection shall contain a
 34 certification by the municipality's chief financial officer that all of
 35 the fiscal year adjustment bonds issued pursuant to the provisions of
 36 section 5 of P.L.1991, c.75 (C.40A:2-51.2) have been retired.]²
 37 The Board shall approve the reversion after verification that ²all
 38 fiscal year adjustment bonds issued by the municipality have been

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 SCU committee amendments adopted March 6, 2008.

²Assembly AHO committee amendments adopted June 5, 2008.

³Assembly ABU committee amendments adopted June 19, 2008.

1 retired] ordinances have properly been adopted and that the
 2 municipality is poised to make a six-month transition year budget² .
 3 A municipality that reverts to a calendar fiscal year pursuant to this
 4 subsection shall prepare a 6-month transition 'year' budget to cover
 5 the 'fiscal' period between July 1 and December '[30] 31'
 6 immediately prior to the beginning of the calendar fiscal year.

7 A municipality that reverts to a calendar fiscal year pursuant to
 8 the provisions of this section shall ¹:

9 (1)¹ not issue bonds, notes or any other form of borrowing to
 10 finance that reversion ¹;

11 (2) limit the municipal tax levy to an amount within the lower
 12 and upper amounts calculated by multiplying one-half the levy of
 13 the municipality for the current State fiscal year by .95 and 1.05,
 14 unless a different amount is approved by the director. The tax
 15 collector in consultation with the chief financial officer shall
 16 compute the estimated tax levy range for the municipality to use for
 17 the transition year;

18 (3) limit total appropriations during the transition year budget to
 19 an amount within the lower and upper amounts calculated by
 20 multiplying one-half the total appropriations for the municipality
 21 for the current state fiscal year by .95 and ³[1.05,] 1.25,³ unless a
 22 different amount is approved by the director. The chief financial
 23 officer shall compute the estimated total appropriations range for
 24 the municipality to use for the transition year¹.

25 (cf: P.L.2000, c.126, s.16)

26
 27 2. Section 3 of P.L.1991, c.75 (C.40A:4-3.2) is amended to
 28 read as follows:

29 3. a. Any municipality for which the fiscal year is not changed
 30 pursuant to section 2 of P.L.1991, c.75 (C.40A:4-3.1) may, by
 31 ordinance, adopt a State fiscal year. The ordinance shall be
 32 introduced prior to or concurrently with the introduction of the
 33 municipal budget to take effect in the current calendar year, except
 34 that in the first year following the effective date of P.L.1991, c.75
 35 (C.40A:4-3.1 et al.), the director shall establish the last date for
 36 introduction of the ordinance. The ordinance may be introduced
 37 and adopted according to the same time schedule as the annual
 38 budget of the municipality, which shall be a transition year budget,
 39 and shall be filed with the director upon final adoption. The
 40 ordinance shall not be subject to referendum [or repeal].

41 b. A municipality operating under the State fiscal year pursuant
 42 to an ordinance adopted pursuant to subsection a. of this section
 43 ²[and which has retired all of the fiscal year adjustment bonds
 44 issued pursuant to the provisions of section 5 of P.L.1991, c.75
 45 (C.40A:2-51.2)]² may, by ordinance, revert to a calendar fiscal
 46 year. After the adoption of the ordinance authorizing the reversion
 47 to a calendar fiscal year, the municipality shall apply to the Local

1 Finance Board ³[, not later than April 1,]³ for approval to revert to
 2 a calendar fiscal year, commencing on January 1 of the succeeding
 3 calendar year. ²[An application for reversion to a calendar fiscal
 4 year under this subsection shall contain a certification by the
 5 municipality's chief financial officer that all of the fiscal year
 6 adjustment bonds issued pursuant to the provisions of section 5 of
 7 P.L.1991, c.75 (C.40A:2-51.2) have been retired.]² The Board
 8 shall approve the reversion after verification that ²[all fiscal year
 9 adjustment bonds issued by the municipality have been retired]
 10 ordinances have properly been adopted and that the municipality is
 11 poised to make a six-month transition year budget² . A
 12 municipality that reverts to a calendar fiscal year pursuant to this
 13 subsection shall prepare a 6-month transition ¹year¹ budget to cover
 14 the period between July 1 and December ¹[30] 31¹ immediately
 15 prior to the beginning of the calendar fiscal year.

16 A municipality that reverts to a calendar fiscal year pursuant to
 17 the provisions of this section shall ¹:

18 (1)¹ not issue bonds, notes or any other form of borrowing to
 19 finance that reversion ¹;

20 (2) limit the municipal tax levy to an amount within the lower
 21 and upper amounts calculated by multiplying one-half the levy of
 22 the municipality for the current State fiscal year by .95 and 1.05,
 23 unless a different amount is approved by the director. The tax
 24 collector in consultation with the chief financial officer shall
 25 compute the estimated tax levy range for the municipality to use for
 26 the transition year;

27 (3) limit total appropriations during the transition year budget to
 28 an amount within the lower and upper amounts calculated by
 29 multiplying one-half the total appropriations for the municipality
 30 for the current State fiscal year by .95 and ³[1.05,] 1.25,³ unless a
 31 different amount is approved by the director. The chief financial
 32 officer shall compute the estimated total appropriations range for
 33 the municipality to use for the transition year¹.

34 (cf: P.L.1991, c.75, s.3)

35

36 ¹[3. (New section) The Commissioner of Community Affairs
 37 shall adopt rules and regulations pursuant to the "Administrative
 38 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.) to effectuate
 39 the provisions of this act.]¹

40

41 ¹3. (New section) The Director of the Division of Local
 42 Government Services in the Department of Community Affairs
 43 shall take such action as the director deems necessary and
 44 consistent with the intent of P.L. , c. (C.) (pending before
 45 the Legislature as this bill) to implement its provisions.¹

S1307 [3R]

4

1 4. This act shall take effect immediately.

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5

6 Authorizes municipalities operating under State fiscal year to
7 revert to calendar fiscal year.

SENATE, No. 1307

STATE OF NEW JERSEY 213th LEGISLATURE

INTRODUCED FEBRUARY 26, 2008

Sponsored by:

Senator PAUL A. SARLO

District 36 (Bergen, Essex and Passaic)

Senator JOSEPH F. VITALE

District 19 (Middlesex)

SYNOPSIS

Authorizes municipalities operating under State fiscal year to revert to calendar fiscal year.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 3/4/2008)

1 AN ACT authorizing municipalities operating under the State fiscal
2 year to revert to a calendar fiscal year and amending P.L.1991,
3 c.75.

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

7
8 1. Section 2 of P.L.1991, c.75 (C.40A:4-3.1) is amended to read
9 as follows:

10 2. a. Except as provided in **[subsection]** subsections b. or c. of
11 this section, any municipality operating under the State fiscal year
12 as of January 1, 1997 shall continue to operate under the State fiscal
13 year; and any municipality which was required to change to the
14 State fiscal year but failed to implement the change shall continue
15 to operate under the calendar year fiscal year.

16 b. Any municipality may apply to the Local Finance Board for
17 approval to convert to the State fiscal year, and the Board shall
18 approve the conversion if it finds it is in the interest of the
19 taxpayers of the municipality to change. Any municipality whose
20 fiscal year is changed pursuant to this section shall prepare a
21 transition year budget to cover the period between January 1 and
22 June 30 prior to the beginning of its first State fiscal year.

23 c. Not later than April 1 in any year, a municipality operating
24 under the State fiscal year which has retired all of the fiscal year
25 adjustment bonds issued pursuant to the provisions of section 5 of
26 P.L.1991, c.75 (C.40A:2-51.2) and which has adopted an ordinance
27 pursuant to subsection b. of section 3 of P.L.1991, c.75 (C.40A:4-
28 3.2) (as amended by section 2 of this bill) may apply to the Local
29 Finance Board for approval to revert to a calendar fiscal year,
30 commencing on January 1 of the succeeding calendar year. An
31 application for reversion to a calendar fiscal year under this
32 subsection shall contain a certification by the municipality's chief
33 financial officer that all of the fiscal year adjustment bonds issued
34 pursuant to the provisions of section 5 of P.L.1991, c.75 (C.40A:2-
35 51.2) have been retired. The Board shall approve the reversion after
36 verification that all fiscal year adjustment bonds issued by the
37 municipality have been retired. A municipality that reverts to a
38 calendar fiscal year pursuant to this subsection shall prepare a 6-
39 month transition budget to cover the period between July 1 and
40 December 30 immediately prior to the beginning of the calendar
41 fiscal year.

42 A municipality that reverts to a calendar fiscal year pursuant to
43 the provisions of this section shall not issue bonds, notes or any
44 other form of borrowing to finance that reversion.

45 (cf: P.L.2000, c.126, s.16)

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 2. Section 3 of P.L.1991, c.75 (C.40A:4-3.2) is amended to read
2 as follows:

3 3. a. Any municipality for which the fiscal year is not changed
4 pursuant to section 2 of P.L.1991, c.75 (C.40A:4-3.1) may, by
5 ordinance, adopt a State fiscal year. The ordinance shall be
6 introduced prior to or concurrently with the introduction of the
7 municipal budget to take effect in the current calendar year, except
8 that in the first year following the effective date of P.L.1991, c.75
9 (C.40A:4-3.1 et al.), the director shall establish the last date for
10 introduction of the ordinance. The ordinance may be introduced
11 and adopted according to the same time schedule as the annual
12 budget of the municipality, which shall be a transition year budget,
13 and shall be filed with the director upon final adoption. The
14 ordinance shall not be subject to referendum **[or repeal]**.

15 b. A municipality operating under the State fiscal year pursuant
16 to an ordinance adopted pursuant to subsection a. of this section and
17 which has retired all of the fiscal year adjustment bonds issued
18 pursuant to the provisions of section 5 of P.L.1991, c.75 (C.40A:2-
19 51.2) may, by ordinance, revert to a calendar fiscal year. After the
20 adoption of the ordinance authorizing the reversion to a calendar
21 fiscal year, the municipality shall apply to the Local Finance Board,
22 not later than April 1, for approval to revert to a calendar fiscal
23 year, commencing on January 1 of the succeeding calendar year.
24 An application for reversion to a calendar fiscal year under this
25 subsection shall contain a certification by the municipality's chief
26 financial officer that all of the fiscal year adjustment bonds issued
27 pursuant to the provisions of section 5 of P.L.1991, c.75 (C.40A:2-
28 51.2) have been retired. The Board shall approve the reversion after
29 verification that all fiscal year adjustment bonds issued by the
30 municipality have been retired. A municipality that reverts to a
31 calendar fiscal year pursuant to this subsection shall prepare a 6-
32 month transition budget to cover the period between July 1 and
33 December 30 immediately prior to the beginning of the calendar
34 fiscal year.

35 A municipality that reverts to a calendar fiscal year pursuant to
36 the provisions of this section shall not issue bonds, notes or any
37 other form of borrowing to finance that reversion.

38 (cf: P.L.1991, c.75, s.3)

39

40 3. (New section) The Commissioner of Community Affairs
41 shall adopt rules and regulations pursuant to the "Administrative
42 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.) to effectuate
43 the provisions of this act.

44

45 4. This act shall take effect immediately.

STATEMENT

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This bill would permit municipalities that converted from a calendar fiscal year to the State fiscal year under P.L.1991, c.75 to revert to a calendar fiscal year. Under the bill, municipalities that wish to revert to a calendar year may do so, after application to and approval by the Local Finance Board, only if all fiscal year adjustment bonds issued by the municipality to finance the shift from the calendar fiscal year to the State fiscal year have been retired.

Under the bill, a municipality that reverts to a calendar fiscal year cannot issue bonds, notes or any other form of borrowing to finance that reversion.

ASSEMBLY HOUSING AND LOCAL GOVERNMENT
COMMITTEE

STATEMENT TO

[First Reprint]

SENATE, No. 1307

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 5, 2008

The Assembly Housing and Local Government Committee reports favorably and with committee amendments Senate Bill No. 1307 (1R).

This bill, as amended, would permit municipalities that converted from a calendar fiscal year to the State fiscal year under P.L.1991, c.75 to revert to a calendar fiscal year. Under the bill, municipalities that wish to revert to a calendar year may do so, if the transition year municipal tax levy and transition year total appropriations are within a statutorily specified limited range.

The bill provides that a municipality that reverts to a calendar fiscal year cannot issue bonds, notes or any other form of borrowing to finance that reversion.

The bill requires transition year tax levies and appropriations to be within a limited range. By limiting the amount of spending and property taxes that can be levied, there will be consistency in budgeting and taxation policies. The Director of the Division of Local Government Services is granted flexibility under the bill to deal with unintended consequences of the legislation on other aspects of local finance, such as tax billing and caps.

Committee amendments

The committee amended the bill to remove a provision that would have required the retirement of all fiscal year adjustment bonds prior to making the reversion to a calendar fiscal year. Municipalities making the reversion are prohibited by the bill from issuing any future bonds to finance a reversion.

As amended, the bill is identical to the Assembly Committee Substitute for Assembly Nos.2542/1040, which was also reported by the committee today.

ASSEMBLY BUDGET COMMITTEE

STATEMENT TO

[Second Reprint]
SENATE No. 1307

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 19, 2008

The Assembly Budget Committee reports favorably Senate Bill No. 1307 (2R), with committee amendments.

The bill, as amended, permits municipalities that converted from a calendar fiscal year to the State fiscal year under P.L.1991, c.75 to revert to a calendar fiscal year. Under the bill, municipalities that wish to revert to a calendar year may do so, if the transition year municipal tax levy and transition year total appropriations are within a statutorily specified limited range.

The bill provides that a municipality that reverts to a calendar fiscal year cannot issue bonds, notes or any other form of borrowing to finance that reversion.

The bill requires transition year tax levies and appropriations to be within a limited range. By limiting the amount of spending and property taxes that can be levied, there will be consistency in budgeting and taxation policies. The bill grants the Director of the Division of Local Government Services flexibility under the bill to deal with unintended consequences of the legislation on other aspects of local finance, such as tax billing and caps.

As amended and reported by the committee, the bill is identical to Assembly Bill Nos. 2542 and 1040 (ACS), as also amended and reported by the committee.

FISCAL IMPACT:

This bill has no impact on State revenues or expenditures.

COMMITTEE AMENDMENTS:

The amendments increase the limited range for transition year appropriations, increasing the upper limit of the range to 1.25 (from 1.05). This will give municipalities more flexibility during the transition year to meet certain higher unanticipated costs, such as gasoline. The amendments also remove the requirement that a municipality apply by April 1st to revert to a calendar year.

SENATE COMMUNITY AND URBAN AFFAIRS COMMITTEE

STATEMENT TO

SENATE, No. 1307

with committee amendments

STATE OF NEW JERSEY

DATED: MARCH 6, 2008

The Senate Community and Urban Affairs Committee reports favorably and with committee amendments Senate Bill No. 1307.

As amended by the committee, this bill would permit municipalities that converted from a calendar fiscal year to the State fiscal year under P.L.1991, c.75 to revert to a calendar fiscal year. Under the bill, as amended, municipalities that wish to revert to a calendar year may do so, after application to and approval by the Local Finance Board, only if: all fiscal year adjustment bonds issued by the municipality to finance the shift from the calendar fiscal year to the State fiscal year have been retired, and the transition year municipal tax levy and transition year total appropriations are within a statutorily specified limited range .

As amended, the bill provides that a municipality that reverts to a calendar fiscal year cannot issue bonds, notes or any other form of borrowing to finance that reversion.

The committee amended the bill at the request of the Department of Community Affairs in order to enhance the fiscal integrity intended by the bill. The amendments require transition year tax levies and appropriations to be within a limited range. By limiting the amount of spending and property taxes that can be levied, the amendments ensure consistency in budgeting and taxation policies. The amendments also provide the Director of the Division of Local Government Services with flexibility to deal with unintended consequences of the legislation on other aspects of local finance, such as tax billing and caps.

ASSEMBLY, No. 2542

STATE OF NEW JERSEY 213th LEGISLATURE

INTRODUCED MAY 5, 2008

Sponsored by:

Assemblyman FREDERICK SCALERA

District 36 (Bergen, Essex and Passaic)

Assemblywoman VALERIE VAINIERI HUTTLE

District 37 (Bergen)

SYNOPSIS

Authorizes municipalities operating under State fiscal year to revert to calendar fiscal year.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 5/6/2008)

A2542 SCALERA, VAINIERI HUTTLE

2

1 AN ACT authorizing municipalities operating under the State fiscal
2 year to revert to a calendar fiscal year, amending and
3 supplementing P.L.1991, c.75.

4

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

7

8 1. Section 2 of P.L.1991, c.75 (C.40A:4-3.1) is amended to read
9 as follows:

10 2. a. Except as provided in **[subsection]** subsections b. or c. of
11 this section, any municipality operating under the State fiscal year
12 as of January 1, 1997 shall continue to operate under the State fiscal
13 year; and any municipality which was required to change to the
14 State fiscal year but failed to implement the change shall continue
15 to operate under the calendar year fiscal year.

16 b. Any municipality may apply to the Local Finance Board for
17 approval to convert to the State fiscal year, and the Board shall
18 approve the conversion if it finds it is in the interest of the
19 taxpayers of the municipality to change. Any municipality whose
20 fiscal year is changed pursuant to this section shall prepare a
21 transition year budget to cover the period between January 1 and
22 June 30 prior to the beginning of its first State fiscal year.

23 c. Not later than April 1 in any year, a municipality operating
24 under the State fiscal year which has retired all of the fiscal year
25 adjustment bonds issued pursuant to the provisions of section 5 of
26 P.L.1991, c.75 (C.40A:2-51.2) and which has adopted an ordinance
27 pursuant to subsection b. of section 3 of P.L.1991, c.75 (C.40A:4-
28 3.2) (as amended by section 2 of this bill) may apply to the Local
29 Finance Board for approval to revert to a calendar fiscal year,
30 commencing on January 1 of the succeeding calendar year. An
31 application for reversion to a calendar fiscal year under this
32 subsection shall contain a certification by the municipality's chief
33 financial officer that all of the fiscal year adjustment bonds issued
34 pursuant to the provisions of section 5 of P.L.1991, c.75 (C.40A:2-
35 51.2) have been retired. The Board shall approve the reversion after
36 verification that all fiscal year adjustment bonds issued by the
37 municipality have been retired. A municipality that reverts to a
38 calendar fiscal year pursuant to this subsection shall prepare a 6-
39 month transition year budget to cover the fiscal period between July
40 1 and December 31 immediately prior to the beginning of the
41 calendar fiscal year.

42 A municipality that reverts to a calendar fiscal year pursuant to
43 the provisions of this section shall:

44 (1) not issue bonds, notes or any other form of borrowing to
45 finance that reversion;

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 (2) limit the municipal tax levy to an amount within the lower
2 and upper amounts calculated by multiplying one-half the levy of
3 the municipality for the current State fiscal year by .95 and 1.05,
4 unless a different amount is approved by the director. The tax
5 collector in consultation with the chief financial officer shall
6 compute the estimated tax levy range for the municipality to use for
7 the transition year;

8 (3) limit total appropriations during the transition year budget to
9 an amount within the lower and upper amounts calculated by
10 multiplying one-half the total appropriations for the municipality
11 for the current state fiscal year by .95 and 1.05, unless a different
12 amount is approved by the director. The chief financial officer shall
13 compute the estimated total appropriations range for the
14 municipality to use for the transition year.

15 (cf: P.L.2000, c.126, s.16)

16
17 2. Section 3 of P.L.1991, c.75 (C.40A:4-3.2) is amended to read
18 as follows:

19 3. a. Any municipality for which the fiscal year is not changed
20 pursuant to section 2 of P.L.1991, c.75 (C.40A:4-3.1) may, by
21 ordinance, adopt a State fiscal year. The ordinance shall be
22 introduced prior to or concurrently with the introduction of the
23 municipal budget to take effect in the current calendar year, except
24 that in the first year following the effective date of P.L.1991, c.75
25 (C.40A:4-3.1 et al.), the director shall establish the last date for
26 introduction of the ordinance. The ordinance may be introduced
27 and adopted according to the same time schedule as the annual
28 budget of the municipality, which shall be a transition year budget,
29 and shall be filed with the director upon final adoption. The
30 ordinance shall not be subject to referendum **[or repeal]**.

31 b. A municipality operating under the State fiscal year pursuant
32 to an ordinance adopted pursuant to subsection a. of this section and
33 which has retired all of the fiscal year adjustment bonds issued
34 pursuant to the provisions of section 5 of P.L.1991, c.75 (C.40A:2-
35 51.2) may, by ordinance, revert to a calendar fiscal year. After the
36 adoption of the ordinance authorizing the reversion to a calendar
37 fiscal year, the municipality shall apply to the Local Finance Board,
38 not later than April 1, for approval to revert to a calendar fiscal
39 year, commencing on January 1 of the succeeding calendar year.
40 An application for reversion to a calendar fiscal year under this
41 subsection shall contain a certification by the municipality's chief
42 financial officer that all of the fiscal year adjustment bonds issued
43 pursuant to the provisions of section 5 of P.L.1991, c.75 (C.40A:2-
44 51.2) have been retired. The Board shall approve the reversion after
45 verification that all fiscal year adjustment bonds issued by the
46 municipality have been retired. A municipality that reverts to a
47 calendar fiscal year pursuant to this subsection shall prepare a 6-
48 month transition year budget to cover the period between July 1 and

1 December 31 immediately prior to the beginning of the calendar
2 fiscal year.

3 A municipality that reverts to a calendar fiscal year pursuant to
4 the provisions of this section shall:

5 (1) not issue bonds, notes or any other form of borrowing to
6 finance that reversion;

7 (2) limit the municipal tax levy to an amount within the lower
8 and upper amounts calculated by multiplying one-half the levy of
9 the municipality for the current State fiscal year by .95 and 1.05,
10 unless a different amount is approved by the director. The tax
11 collector in consultation with the chief financial officer shall
12 compute the estimated tax levy range for the municipality to use for
13 the transition year;

14 (3) limit total appropriations during the transition year budget to
15 an amount within the lower and upper amounts calculated by
16 multiplying one-half the total appropriations for the municipality
17 for the current State fiscal year by .95 and 1.05, unless a different
18 amount is approved by the director. The chief financial officer shall
19 compute the estimated total appropriations range for the
20 municipality to use for the transition year.

21 (cf: P.L.1991, c.75, s.3)

22

23 3. (New section) The Director of the Division of Local
24 Government Services in the Department of Community Affairs
25 shall take such action as the director deems necessary and
26 consistent with the intent of P.L. , c. (C.) (pending before
27 the Legislature as this bill) to implement its provisions.

28

29 4. This act shall take effect immediately.

30

31

32

STATEMENT

33

34 This bill would permit municipalities that converted from a
35 calendar fiscal year to the State fiscal year under P.L.1991, c.75 to
36 revert to a calendar fiscal year. Under the bill, municipalities that
37 wish to revert to a calendar year may do so, after application to and
38 approval by the Local Finance Board, only if: all fiscal year
39 adjustment bonds issued by the municipality to finance the shift
40 from the calendar fiscal year to the State fiscal year have been
41 retired, and the transition year municipal tax levy and transition
42 year total appropriations are within a statutorily specified limited
43 range.

44 The bill provides that a municipality that reverts to a calendar
45 fiscal year cannot issue bonds, notes or any other form of borrowing
46 to finance that reversion.

ASSEMBLY, No. 1040

STATE OF NEW JERSEY 213th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2008 SESSION

Sponsored by:

Assemblyman JOHN S. WISNIEWSKI

District 19 (Middlesex)

SYNOPSIS

Permits municipality to change its fiscal year from State fiscal year to calendar year fiscal year.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel



1 AN ACT concerning local budgets and fiscal affairs and amending
2 P.L.1991, c.75.

3

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

6

7 1. Section 2 of P.L.1991, c.75 (C.40A:4-3.1) is amended to read
8 as follows.

9 2. a. Except as provided in subsection b. and c. of this section,
10 any municipality operating under the State fiscal year as of January
11 1, 1997 shall continue to operate under the State fiscal year; and
12 any municipality which was required to change to the State fiscal
13 year but failed to implement the change shall continue to operate
14 under the calendar year fiscal year.

15 b. Any municipality may apply to the Local Finance Board for
16 approval to convert to the State fiscal year, and the Board shall
17 approve the conversion if it finds it is in the interest of the
18 taxpayers of the municipality to change. Any municipality whose
19 fiscal year is changed pursuant to this section shall prepare a
20 transition year budget to cover the period between January 1 and
21 June 30 prior to the beginning of its first State fiscal year.

22 c. Any municipality which has a population of under 50,000
23 according to the most recent federal decennial census or a later
24 available State population estimate issued by the Population
25 Division of the United States Bureau of the Census may apply to
26 the Local Finance Board for approval to convert to the calendar
27 year fiscal year, and the board shall approve the conversion if it
28 finds it is in the interest of the taxpayers of the municipality to
29 change. Any municipality whose fiscal year is changed pursuant to
30 this subsection shall prepare a transition year budget, in accordance
31 with rules and regulations promulgated by the director to cover the
32 period between July 1 and December 31 prior to the beginning of its
33 first calendar year fiscal year. The Local Finance Board shall not
34 approve any application submitted by a municipality that intends to
35 issue "fiscal year adjustment bonds" pursuant to section 5 of
36 P.L.1991, c.75 (C.40A:2-51.2).

37 (cf: P.L.2000, c.126, s.16)

38

39 2. This act shall take effect immediately.

40

41

42

STATEMENT

43

44 This bill permits municipalities with populations under 50,000
45 according to the most recent federal decennial census or the latest

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.

A1040 WISNIEWSKI

1 available State population estimates issued by the Population
2 Division of the United States Bureau of the Census, whichever is
3 more recent, and operating under the State fiscal year to convert to
4 the calendar year fiscal year with the approval of the Local Finance
5 Board. If the municipality is permitted to change, it must prepare a
6 transitional budget to cover the period between the end of its final
7 State fiscal year and its first calendar fiscal year. The Local
8 Finance Board would be prohibited from approving any application
9 submitted by a municipality that intends to issue “fiscal year
10 adjustment bonds” for this purpose.

ASSEMBLY HOUSING AND LOCAL GOVERNMENT
COMMITTEE

STATEMENT TO

ASSEMBLY COMMITTEE SUBSTITUTE FOR
ASSEMBLY, Nos. 2542 and 1040

STATE OF NEW JERSEY

DATED: JUNE 5, 2008

The Assembly Housing and Local Government Committee reports favorably Assembly Committee Substitute for Assembly Bill Nos. 2542 and 1040.

This substitute bill would permit municipalities that converted from a calendar fiscal year to the State fiscal year under P.L.1991, c.75 to revert to a calendar fiscal year. Under the bill, municipalities that wish to revert to a calendar year may do so, if the transition year municipal tax levy and transition year total appropriations are within a statutorily specified limited range.

The bill provides that a municipality that reverts to a calendar fiscal year cannot issue bonds, notes or any other form of borrowing to finance that reversion.

The bill requires transition year tax levies and appropriations to be within a limited range. By limiting the amount of spending and property taxes that can be levied, there will be consistency in budgeting and taxation policies. The Director of the Division of Local Government Services is granted flexibility under the bill to deal with unintended consequences of the legislation on other aspects of local finance, such as tax billing and caps.

As reported by the committee, the substitute is identical to S1307 [1R] which was also reported by the committee today.

ASSEMBLY BUDGET COMMITTEE

STATEMENT TO

ASSEMBLY COMMITTEE SUBSTITUTE FOR **ASSEMBLY, Nos. 2542 and 1040**

with Assembly committee amendments

STATE OF NEW JERSEY

DATED: JUNE 19, 2008

The Assembly Budget Committee reports favorably Assembly Bill Nos. 2542 and 1040 (ACS), with committee amendments.

The bill, as amended, permits municipalities that converted from a calendar fiscal year to the State fiscal year under P.L.1991, c.75 to revert to a calendar fiscal year. Under the bill, municipalities that wish to revert to a calendar year may do so, if the transition year municipal tax levy and transition year total appropriations are within a statutorily specified limited range.

The bill provides that a municipality that reverts to a calendar fiscal year cannot issue bonds, notes or any other form of borrowing to finance that reversion.

The bill requires transition year tax levies and appropriations to be within a limited range. By limiting the amount of spending and property taxes that can be levied, there will be consistency in budgeting and taxation policies. The bill grants the Director of the Division of Local Government Services flexibility under the bill to deal with unintended consequences of the legislation on other aspects of local finance, such as tax billing and caps.

As amended and reported by the committee, the bill is identical to S1307 [2R], as also amended and reported by the committee.

FISCAL IMPACT:

This bill has no impact on State revenues or expenditures.

COMMITTEE AMENDMENTS:

The amendments increase the limited range for transition year appropriations, increasing the upper limit of the range to 1.25 (from 1.05). This will give municipalities more flexibility during the transition year to meet certain higher unanticipated costs, such as gasoline. The amendments also remove the requirement that a municipality apply by April 1st to revert to a calendar year.