

**52:27D-489u; 52:27BBB-3 & 52:27BBB-6
LEGISLATIVE HISTORY CHECKLIST**

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LAWS OF: 2021 **CHAPTER:** 30

NJSA: 52:27D-489u; 52:27BBB-3 & 52:27BBB-6 (Extends economic recovery term under "Municipal Rehabilitation and Economic Recovery Act", bars appeal of certain property assessments by Garden State Growth Zone Development Entity.)

BILL NO: A1537 (Substituted for S2217 (1R))

SPONSOR(S) Spearman, William W. and others

DATE INTRODUCED: 1/14/2020

COMMITTEE: **ASSEMBLY:** Appropriations

SENATE: ---

AMENDED DURING PASSAGE: Yes

DATE OF PASSAGE: **ASSEMBLY:** 12/17/2020

SENATE: 1/11/2021

DATE OF APPROVAL: 3/1/2021

FOLLOWING ARE ATTACHED IF AVAILABLE:

FINAL TEXT OF BILL (First Reprint enacted) Yes

A1537

INTRODUCED BILL (INCLUDES SPONSOR'S STATEMENT): Yes

COMMITTEE STATEMENT: **ASSEMBLY:** Yes

SENATE: No

(Audio archived recordings of the committee meetings, corresponding to the date of the committee statement, *may possibly* be found at www.njleg.state.nj.us)

FLOOR AMENDMENT STATEMENT: No

LEGISLATIVE FISCAL ESTIMATE: Yes

S2217 (1R)

INTRODUCED BILL (INCLUDES SPONSOR'S STATEMENT): Yes

COMMITTEE STATEMENT: **ASSEMBLY:** No

SENATE: Yes

(Audio archived recordings of the committee meetings, corresponding to the date of the committee statement, **may possibly** be found at www.njleg.state.nj.us)

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|--|-----|
| FLOOR AMENDMENT STATEMENT: | No |
| LEGISLATIVE FISCAL ESTIMATE: (continued) | Yes |

| | |
|----------------------|----|
| VETO MESSAGE: | No |
|----------------------|----|

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| GOVERNOR'S PRESS RELEASE ON SIGNING: | Yes |
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FOLLOWING WERE PRINTED:

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|----------------------------|----|
| REPORTS: | No |
| HEARINGS: | No |
| NEWSPAPER ARTICLES: | No |

RH/CL

P.L. 2021, CHAPTER 30, *approved March 1, 2021*
Assembly, No. 1537 (*First Reprint*)

1 AN ACT concerning municipal rehabilitation and economic
2 recovery ¹, and economic development,¹ and amending
3 P.L.2002, c.43 ¹and supplementing P.L.2013, c.161 (C.52:27D-
4 489p et al.)¹.

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

8
9 1. Section 3 of P.L.2002, c.43 (C.52:27BBB-3) is amended to
10 read as follows:

11 3. As used in this act:

12 "Authority" means the New Jersey Economic Development
13 Authority established pursuant to P.L.1974, c.80 (C.34:1B-
14 1 et seq.).

15 "Board" means the State Economic Recovery Board established
16 pursuant to section 36 of P.L.2002, c.43 (C.52:27BBB-36).

17 "Chief operating officer" means that person appointed pursuant
18 to P.L.2002, c.43 (C.52:27BBB-1 et al.) responsible for
19 reorganizing governmental operations of a qualified municipality in
20 order to assure the delivery of essential municipal services and the
21 professional administration of that municipal government.

22 "Commissioner" means the Commissioner of Community
23 Affairs.

24 "Contiguous with" means within.

25 "Director" means the Director of the Division of Local
26 Government Services in the Department of Community Affairs.

27 "Economic recovery term" means the period commencing with
28 the expiration of the term of the chief operating officer and
29 terminating **[10]** 15 years thereafter.

30 "In consultation with" means with consideration of the input of,
31 or the advice of, the mayor, governing body, chief operating officer
32 or director, as the case may be, without regard to the form or
33 manner of the consultation.

34 "Local Finance Board" means the Local Finance Board of the
35 Division of Local Government Services in the Department of
36 Community Affairs.

37 "Mayor" means the mayor or chief executive officer of the
38 municipality, as appropriate to the form of government.

39 "Project" means: (1) (a) acquisition, construction, reconstruction,
40 repair, alteration, improvement and extension of any building,

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:

¹Assembly AAP committee amendments adopted December 14, 2020.

1 structure, facility, including water transmission facilities or other
2 improvement, whether or not in existence or under construction, (b)
3 purchase and installation of equipment and machinery, (c)
4 acquisition and improvement of real estate and the extension or
5 provision of utilities, access roads and other appurtenant facilities;
6 and (2) (a) the acquisition, financing, or refinancing of inventory,
7 raw materials, supplies, work in process, or stock in trade, or (b) the
8 financing, refinancing or consolidation of secured or unsecured
9 debt, borrowings, or obligations, or (c) the provision of financing
10 for any other expense incurred in the ordinary course of business;
11 all of which are to be used or occupied by any person in any
12 enterprise promoting employment, either for the manufacturing,
13 processing or assembly of materials or products, or for research or
14 office purposes, including, but not limited to, medical and other
15 professional facilities, or for industrial, recreational, hotel or motel
16 facilities, public utility and warehousing, or for commercial and
17 service purposes, including, but not limited to, retail outlets, retail
18 shopping centers, restaurant and retail food outlets, and any and all
19 other employment promoting enterprises, including, but not limited
20 to, motion picture and television studios and facilities and
21 commercial fishing facilities, commercial facilities for recreational
22 fishermen, fishing vessels, aquaculture facilities and marketing
23 facilities for fish and fish products and (d) acquisition of an equity
24 interest in, including capital stock of, any corporation; or any
25 combination of the above, which the authority determines will: (i)
26 tend to maintain or provide gainful employment opportunities
27 within and for the people of the State, or (ii) aid, assist and
28 encourage the economic development or redevelopment of any
29 political subdivision of the State, or (iii) maintain or increase the
30 tax base of the State or of any political subdivision of the State, or
31 (iv) maintain or diversify and expand employment promoting
32 enterprises within the State; and (3) the cost of acquisition,
33 construction, reconstruction, repair, alteration, improvement and
34 extension of an energy saving improvement or pollution control
35 project which the authority determines will tend to reduce the
36 consumption in a building devoted to industrial or commercial
37 purposes, or in an office building, of nonrenewable sources of
38 energy or to reduce, abate or prevent environmental pollution
39 within the State; and (4) the acquisition, construction,
40 reconstruction, repair, alteration, improvement, extension,
41 development, financing or refinancing of infrastructure and
42 transportation facilities or improvements related to economic
43 development and of cultural, recreational and tourism facilities or
44 improvements related to economic development and of capital
45 facilities for primary and secondary schools and of mixed use
46 projects consisting of housing and commercial development; and
47 (5) the establishment, acquisition, construction, rehabilitation,
48 improvement, and ownership of port facilities as defined in section

1 3 of P.L.1997, c.150 (C.34:1B-146). Project may also include:
2 reimbursement to any person for costs in connection with any
3 project, or the refinancing of any project or portion thereof, if such
4 actions are determined by the authority to be necessary and in the
5 public interest to maintain employment and the tax base of any
6 political subdivision and likely to facilitate improvements or the
7 completion of the project; and developing property and any
8 construction, reconstruction, improvement, alteration, equipment or
9 maintenance or repair, or planning and designing in connection
10 therewith. For the purpose of carrying out mixed use projects
11 consisting of both housing and commercial development, the
12 authority may enter into agreements with the New Jersey Housing
13 and Mortgage Finance Agency for loan guarantees for any such
14 project in accordance with the provisions of P.L.1995, c.359
15 (C.55:14K-64 et al.), and for that purpose shall allocate to the New
16 Jersey Housing and Mortgage Finance Agency, under such
17 agreements, funding available pursuant to subsection a. of section 4
18 of P.L.1992, c.16 (C.34:1B-7.13). "Project" shall not include a
19 school facilities project.

20 "Qualified municipality" means a municipality: (1) that has been
21 subject to the supervision of a financial review board pursuant to
22 the "Special Municipal Aid Act," P.L.1987, c.75 (C.52:27D-118.24
23 et seq.) for at least one year; (2) that has been subject to the
24 supervision of the Local Finance Board pursuant to the "Local
25 Government Supervision Act (1947)," P.L.1947, c.151 (C.52:27BB-
26 1 et seq.) for at least one year; and (3) which, according to its most
27 recently adopted municipal budget, is dependent upon State aid and
28 other State revenues for not less than 55 percent of its total budget.

29 "Regional Impact Council" or "council" means that body
30 established pursuant to section 39 of P.L.2002, c.43 (C.52:27BBB-
31 39).

32 "Rehabilitation term" means that period during which the
33 qualified municipality is under the direction of the chief operating
34 officer appointed pursuant to section 7 of P.L.2002, c.43
35 (C.52:27BBB-7).

36 "Special arbitrator" means that judge designated by the Chief
37 Justice pursuant to section 5 of P.L.2002, c.43 (C.52:27BBB-5).

38 "State supervision" means supervision pursuant to Article 4 of
39 the "Local Government Supervision Act (1947)," P.L.1947, c.151
40 (C.52:27BB-54 et seq.).

41 "Treasurer" or "State treasurer" means the Treasurer of the State
42 of New Jersey.

43 "Under rehabilitation and economic recovery" means that period
44 which coincides with the rehabilitation term and the economic
45 recovery term.

46 (cf: P.L.2014, c.60, s.1)

1 2. Section 6 of P.L.2002, c.43 (C.52:27BBB-6) is amended to
2 read as follows:

3 6. a. Upon the appointment of a chief operating officer
4 pursuant to section 7 of P.L.2002, c.43 (C.52:27BBB-7), a qualified
5 municipality shall be under rehabilitation and economic recovery.
6 This period shall begin with the assumption of job responsibilities
7 by the chief operating officer pursuant to this section and terminate
8 ~~【five】~~ 15 years following the end of the term of the chief operating
9 officer. The period corresponding with the term of the chief
10 operating officer shall be referred to hereinafter as the rehabilitation
11 term. The period commencing with the expiration of the term of the
12 chief operating officer and terminating ~~【10】~~ 15 years thereafter
13 shall be referred to hereinafter as the economic recovery term.

14 b. (1) During the economic recovery term, the mayor shall
15 exercise those powers delegated to the mayor pursuant to the form
16 of government, the charter and the administrative code of the
17 municipality, and those powers delegated to the mayor under
18 general law. In addition, during the economic recovery term, the
19 mayor shall retain the power to veto the minutes of any independent
20 board or authority, including, but not limited to, the housing
21 authority, parking authority, redevelopment authority, planning
22 board and board of adjustment. No action taken at any meeting of
23 any independent board or authority shall have force or effect until
24 10 days, exclusive of Saturdays, Sundays and public holidays, after
25 the copy of the minutes shall have been delivered to the mayor. If,
26 in that 10-day period, the mayor returns the copy of the minutes
27 with a veto of any action taken by the board or authority at the
28 meeting, that action shall be null and void and of no force and
29 effect. Following the completion of the 10-day period, those
30 actions not vetoed shall be considered approved.

31 (2) During the first 18 months of the economic recovery term,
32 the mayor shall have the power to veto or terminate any
33 employment contract not subject to a collective bargaining
34 agreement, whether or not subject to Title 11A, Civil Service, of the
35 New Jersey Statutes. This shall not apply to employment contracts
36 under extension pursuant to terms under the expired contract.

37 (3) The mayor shall cause to be issued ¹an interim report and¹ a
38 final report on the progress of the municipality toward achieving
39 municipal rehabilitation and economic recovery, as set forth in
40 section 8 of P.L.2002, c.43 (C.52:27BBB-8) ¹. The interim report
41 shall be issued no later than June 30, 2021, and the final report shall
42 be issued¹ at the end of the economic recovery term.

43 (4) The mayor shall authorize the municipal planning board,
44 from time to time, to prepare a program of municipal capital
45 improvement projects projected over a term of at least six years,
46 and amendments thereto. The program may include current and
47 future major projects being, or to be, undertaken with federal, State,

1 county, or other public funds, or under federal, State, or county
2 supervision. The first year of the program shall, upon adoption by
3 the governing body, constitute the capital budget of the
4 municipality as required by N.J.S.40A:4-43 et seq. The program
5 shall classify projects in regard to the urgency and need for
6 realization, and shall recommend a time sequence for their
7 implementation. The program may also contain the estimated cost
8 of each project and indicate probable operating and maintenance
9 costs and probable revenues, if any, as well as existing sources of
10 funds, or the need for additional sources of funds, for the
11 implementation and operation of each project. The program shall,
12 as far as possible, be based on existing information in the
13 possession of the departments and agencies of the municipality and
14 shall take into account public facility needs indicated by the
15 prospective development shown in the master plan of the
16 municipality or as permitted by other municipal land use controls.

17 (5) While the municipality is under rehabilitation and economic
18 recovery, the mayor shall retain the power to make those
19 appointments to municipal authorities, boards or commissions, as
20 the case may be, which is otherwise allocated to the mayor pursuant
21 to law.

22 The mayor may retain staff for the purpose of advising the mayor
23 and aiding in the performance of constituent services during the
24 rehabilitation term.

25 (6) The Director of the Division of Local Government Services
26 in the Department of Community Affairs shall annually conduct a
27 compliance audit of the activities of a qualified municipality during
28 the economic recovery term to ensure compliance with P.L.2002,
29 c.43 (C.52:27BBB-1 et al.) and other relevant State laws and shall
30 report the findings to the Local Finance Board and the mayor.

31 (7) The financial incentives set forth in sections 54 through 56
32 of P.L.2002, c.43 (C.52:27BBB-53 through 55) shall remain in
33 effect until the municipality is no longer eligible for financial
34 assistance pursuant to the "Special Municipal Aid Act," P.L.1987,
35 c.75 (C.52:27D-118.24 et seq.).

36 c. Upon the assumption of job responsibilities by the chief
37 operating officer, the financial review board created pursuant to
38 section 5 of P.L.1999, c.156 (C.52:27D-118.30a) to oversee the
39 finances of the municipality shall cease to function and the
40 municipality shall cease to be under supervision pursuant to Article
41 4 of P.L.1947, c.151 (C.52:27BB-54 et seq.).

42 All outstanding debts or obligations incurred by a qualified
43 municipality or the New Jersey Housing and Mortgage Finance
44 Agency established pursuant to section 4 of the "New Jersey
45 Housing and Mortgage Finance Agency Law of 1983," P.L.1983,
46 c.530 (C.55:14K-4) and secured by a right of first refusal on
47 municipally-owned property as of 10 days following a
48 determination by the commissioner that the municipality fulfills the

1 definition of a qualified municipality pursuant to section 4 of
 2 P.L.2002, c.43 (C.52:27BBB-4), with any subsidiary of that agency
 3 with jurisdiction in a qualified municipality, other than those debts
 4 or obligations represented by bonds or other negotiable instruments,
 5 are forgiven.

6 Notwithstanding the termination of the financial review board
 7 and supervision, all memorandums of understanding entered into by
 8 the municipality as a condition of receiving assistance under
 9 P.L.1987, c.75 (C.52:27D-118.24 et seq.) that require the
 10 municipality to implement any government, administrative,
 11 operational efficiency or oversight measures necessary for the fiscal
 12 recovery of the municipality as recommended by the director and
 13 approved by the Local Finance Board shall continue to have full
 14 force and effect.

15 During the rehabilitation term, the chief operating officer shall
 16 be responsible for entering into any memorandum of understanding
 17 on behalf of the qualified municipality that is required as a
 18 condition of receiving assistance under P.L.1987, c.75 (C.52:27D-
 19 118.24 et seq.), or any other law; provided, however, that those
 20 memoranda of understanding shall be consistent with the provisions
 21 of P.L.2002, c.43 (C.52:27BBB-1 et al.) and P.L.2007, c.176
 22 (C.52:27BBB-2.2 et al.), and the powers of the chief operating
 23 officer granted pursuant thereto. Any such memoranda of
 24 understanding shall be executed between the chief operating officer
 25 and the Director of the Division of Local Government Services in
 26 the Department of Community Affairs. Whenever the powers and
 27 duties of the chief operating officer have devolved upon the director
 28 pursuant to subsection b. of section 7 of P.L.2002, c.43
 29 (C.52:27BBB-7), the memorandum of understanding shall be
 30 executed between the director, on behalf of the qualified
 31 municipality, and the State Treasurer, on behalf of the State.
 32 (cf: P.L.2014, c.60, s.2)

33
 34 ¹3. (New section) Notwithstanding any other law to the
 35 contrary, a Garden State Growth Zone Development Entity that is
 36 granted a property tax exemption on improvements to eligible
 37 property pursuant to section 24 of P.L.2013, c.161 (C.52:27D-489s)
 38 may not appeal the assessed value of such improvements until after
 39 the property tax exemption is terminated.¹

40
 41 ¹[3.] 4.¹ This act shall take effect immediately.

42
 43
 44
 45
 46 Extends economic recovery term under “Municipal
 47 Rehabilitation and Economic Recovery Act”; bars appeal of certain

A1537 [1R]

7

- 1 property assessments by Garden State Growth Zone Development
- 2 Entity.

ASSEMBLY, No. 1537

STATE OF NEW JERSEY 219th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

Sponsored by:

Assemblyman WILLIAM W. SPEARMAN

District 5 (Camden and Gloucester)

Assemblyman WILLIAM F. MOEN, JR.

District 5 (Camden and Gloucester)

Co-Sponsored by:

Assemblywomen Murphy and McKnight

SYNOPSIS

Extends economic recovery term under “Municipal Rehabilitation and Economic Recovery Act.”

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



(Sponsorship Updated As Of: 12/14/2020)

1 AN ACT concerning municipal rehabilitation and economic recovery
2 and amending P.L.2002, c.43.

3

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

6

7 1. Section 3 of P.L.2002, c.43 (C.52:27BBB-3) is amended to
8 read as follows:

9 3. As used in this act:

10 "Authority" means the New Jersey Economic Development
11 Authority established pursuant to P.L.1974, c.80 (C.34:1B-1 et
12 seq.).

13 "Board" means the State Economic Recovery Board established
14 pursuant to section 36 of P.L.2002, c.43 (C.52:27BBB-36).

15 "Chief operating officer" means that person appointed pursuant
16 to P.L.2002, c.43 (C.52:27BBB-1 et al.) responsible for
17 reorganizing governmental operations of a qualified municipality in
18 order to assure the delivery of essential municipal services and the
19 professional administration of that municipal government.

20 "Commissioner" means the Commissioner of Community
21 Affairs.

22 "Contiguous with" means within.

23 "Director" means the Director of the Division of Local
24 Government Services in the Department of Community Affairs.

25 "Economic recovery term" means the period commencing with
26 the expiration of the term of the chief operating officer and
27 terminating **[10]** 15 years thereafter.

28 "In consultation with" means with consideration of the input of,
29 or the advice of, the mayor, governing body, chief operating officer
30 or director, as the case may be, without regard to the form or
31 manner of the consultation.

32 "Local Finance Board" means the Local Finance Board of the
33 Division of Local Government Services in the Department of
34 Community Affairs.

35 "Mayor" means the mayor or chief executive officer of the
36 municipality, as appropriate to the form of government.

37 "Project" means: (1) (a) acquisition, construction, reconstruction,
38 repair, alteration, improvement and extension of any building,
39 structure, facility, including water transmission facilities or other
40 improvement, whether or not in existence or under construction, (b)
41 purchase and installation of equipment and machinery, (c)
42 acquisition and improvement of real estate and the extension or
43 provision of utilities, access roads and other appurtenant facilities;
44 and (2) (a) the acquisition, financing, or refinancing of inventory,
45 raw materials, supplies, work in process, or stock in trade, or (b) the

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.

A1537 SPEARMAN, MOEN

1 financing, refinancing or consolidation of secured or unsecured
2 debt, borrowings, or obligations, or (c) the provision of financing
3 for any other expense incurred in the ordinary course of business;
4 all of which are to be used or occupied by any person in any
5 enterprise promoting employment, either for the manufacturing,
6 processing or assembly of materials or products, or for research or
7 office purposes, including, but not limited to, medical and other
8 professional facilities, or for industrial, recreational, hotel or motel
9 facilities, public utility and warehousing, or for commercial and
10 service purposes, including, but not limited to, retail outlets, retail
11 shopping centers, restaurant and retail food outlets, and any and all
12 other employment promoting enterprises, including, but not limited
13 to, motion picture and television studios and facilities and
14 commercial fishing facilities, commercial facilities for recreational
15 fishermen, fishing vessels, aquaculture facilities and marketing
16 facilities for fish and fish products and (d) acquisition of an equity
17 interest in, including capital stock of, any corporation; or any
18 combination of the above, which the authority determines will: (i)
19 tend to maintain or provide gainful employment opportunities
20 within and for the people of the State, or (ii) aid, assist and
21 encourage the economic development or redevelopment of any
22 political subdivision of the State, or (iii) maintain or increase the
23 tax base of the State or of any political subdivision of the State, or
24 (iv) maintain or diversify and expand employment promoting
25 enterprises within the State; and (3) the cost of acquisition,
26 construction, reconstruction, repair, alteration, improvement and
27 extension of an energy saving improvement or pollution control
28 project which the authority determines will tend to reduce the
29 consumption in a building devoted to industrial or commercial
30 purposes, or in an office building, of nonrenewable sources of
31 energy or to reduce, abate or prevent environmental pollution
32 within the State; and (4) the acquisition, construction,
33 reconstruction, repair, alteration, improvement, extension,
34 development, financing or refinancing of infrastructure and
35 transportation facilities or improvements related to economic
36 development and of cultural, recreational and tourism facilities or
37 improvements related to economic development and of capital
38 facilities for primary and secondary schools and of mixed use
39 projects consisting of housing and commercial development; and
40 (5) the establishment, acquisition, construction, rehabilitation,
41 improvement, and ownership of port facilities as defined in section
42 3 of P.L.1997, c.150 (C.34:1B-146). Project may also include:
43 reimbursement to any person for costs in connection with any
44 project, or the refinancing of any project or portion thereof, if such
45 actions are determined by the authority to be necessary and in the
46 public interest to maintain employment and the tax base of any
47 political subdivision and likely to facilitate improvements or the
48 completion of the project; and developing property and any

1 construction, reconstruction, improvement, alteration, equipment or
2 maintenance or repair, or planning and designing in connection
3 therewith. For the purpose of carrying out mixed use projects
4 consisting of both housing and commercial development, the
5 authority may enter into agreements with the New Jersey Housing
6 and Mortgage Finance Agency for loan guarantees for any such
7 project in accordance with the provisions of P.L.1995, c.359
8 (C.55:14K-64 et al.), and for that purpose shall allocate to the New
9 Jersey Housing and Mortgage Finance Agency, under such
10 agreements, funding available pursuant to subsection a. of section 4
11 of P.L.1992, c.16 (C.34:1B-7.13). "Project" shall not include a
12 school facilities project.

13 "Qualified municipality" means a municipality: (1) that has been
14 subject to the supervision of a financial review board pursuant to
15 the "Special Municipal Aid Act," P.L.1987, c.75 (C.52:27D-118.24
16 et seq.) for at least one year; (2) that has been subject to the
17 supervision of the Local Finance Board pursuant to the "Local
18 Government Supervision Act (1947)," P.L.1947, c.151 (C.52:27BB-
19 1 et seq.) for at least one year; and (3) which, according to its most
20 recently adopted municipal budget, is dependent upon State aid and
21 other State revenues for not less than 55 percent of its total budget.

22 "Regional Impact Council" or "council" means that body
23 established pursuant to section 39 of P.L.2002, c.43 (C.52:27BBB-
24 39).

25 "Rehabilitation term" means that period during which the
26 qualified municipality is under the direction of the chief operating
27 officer appointed pursuant to section 7 of P.L.2002, c.43
28 (C.52:27BBB-7).

29 "Special arbitrator" means that judge designated by the Chief
30 Justice pursuant to section 5 of P.L.2002, c.43 (C.52:27BBB-5).

31 "State supervision" means supervision pursuant to Article 4 of
32 the "Local Government Supervision Act (1947)," P.L.1947, c.151
33 (C.52:27BB-54 et seq.).

34 "Treasurer" or "State treasurer" means the Treasurer of the State
35 of New Jersey.

36 "Under rehabilitation and economic recovery" means that period
37 which coincides with the rehabilitation term and the economic
38 recovery term.

39 (cf: P.L.2014, c.60, s.1)

40

41 2. Section 6 of P.L.2002, c.43 (C.52:27BBB-6) is amended to
42 read as follows:

43 6. a. Upon the appointment of a chief operating officer
44 pursuant to section 7 of P.L.2002, c.43 (C.52:27BBB-7), a qualified
45 municipality shall be under rehabilitation and economic recovery.
46 This period shall begin with the assumption of job responsibilities
47 by the chief operating officer pursuant to this section and terminate
48 **[five]** 15 years following the end of the term of the chief operating

1 officer. The period corresponding with the term of the chief
2 operating officer shall be referred to hereinafter as the rehabilitation
3 term. The period commencing with the expiration of the term of the
4 chief operating officer and terminating ~~10~~ 15 years thereafter
5 shall be referred to hereinafter as the economic recovery term.

6 b. (1) During the economic recovery term, the mayor shall
7 exercise those powers delegated to the mayor pursuant to the form
8 of government, the charter and the administrative code of the
9 municipality, and those powers delegated to the mayor under
10 general law. In addition, during the economic recovery term, the
11 mayor shall retain the power to veto the minutes of any independent
12 board or authority, including, but not limited to, the housing
13 authority, parking authority, redevelopment authority, planning
14 board and board of adjustment. No action taken at any meeting of
15 any independent board or authority shall have force or effect until
16 10 days, exclusive of Saturdays, Sundays and public holidays, after
17 the copy of the minutes shall have been delivered to the mayor. If,
18 in that 10-day period, the mayor returns the copy of the minutes
19 with a veto of any action taken by the board or authority at the
20 meeting, that action shall be null and void and of no force and
21 effect. Following the completion of the 10-day period, those
22 actions not vetoed shall be considered approved.

23 (2) During the first 18 months of the economic recovery term,
24 the mayor shall have the power to veto or terminate any
25 employment contract not subject to a collective bargaining
26 agreement, whether or not subject to Title 11A, Civil Service, of the
27 New Jersey Statutes. This shall not apply to employment contracts
28 under extension pursuant to terms under the expired contract.

29 (3) The mayor shall cause to be issued a final report on the
30 progress of the municipality toward achieving municipal
31 rehabilitation and economic recovery, as set forth in section 8 of
32 P.L.2002, c.43 (C.52:27BBB-8) at the end of the economic recovery
33 term.

34 (4) The mayor shall authorize the municipal planning board,
35 from time to time, to prepare a program of municipal capital
36 improvement projects projected over a term of at least six years,
37 and amendments thereto. The program may include current and
38 future major projects being, or to be, undertaken with federal, State,
39 county, or other public funds, or under federal, State, or county
40 supervision. The first year of the program shall, upon adoption by
41 the governing body, constitute the capital budget of the
42 municipality as required by N.J.S.40A:4-43 et seq. The program
43 shall classify projects in regard to the urgency and need for
44 realization, and shall recommend a time sequence for their
45 implementation. The program may also contain the estimated cost
46 of each project and indicate probable operating and maintenance
47 costs and probable revenues, if any, as well as existing sources of
48 funds, or the need for additional sources of funds, for the

1 implementation and operation of each project. The program shall,
2 as far as possible, be based on existing information in the
3 possession of the departments and agencies of the municipality and
4 shall take into account public facility needs indicated by the
5 prospective development shown in the master plan of the
6 municipality or as permitted by other municipal land use controls.

7 (5) While the municipality is under rehabilitation and economic
8 recovery, the mayor shall retain the power to make those
9 appointments to municipal authorities, boards or commissions, as
10 the case may be, which is otherwise allocated to the mayor pursuant
11 to law.

12 The mayor may retain staff for the purpose of advising the mayor
13 and aiding in the performance of constituent services during the
14 rehabilitation term.

15 (6) The Director of the Division of Local Government Services
16 in the Department of Community Affairs shall annually conduct a
17 compliance audit of the activities of a qualified municipality during
18 the economic recovery term to ensure compliance with P.L.2002,
19 c.43 (C.52:27BBB-1 et al.) and other relevant State laws and shall
20 report the findings to the Local Finance Board and the mayor.

21 (7) The financial incentives set forth in sections 54 through 56
22 of P.L.2002, c.43 (C.52:27BBB-53 through 55) shall remain in
23 effect until the municipality is no longer eligible for financial
24 assistance pursuant to the "Special Municipal Aid Act," P.L.1987,
25 c.75 (C.52:27D-118.24 et seq.).

26 c. Upon the assumption of job responsibilities by the chief
27 operating officer, the financial review board created pursuant to
28 section 5 of P.L.1999, c.156 (C.52:27D-118.30a) to oversee the
29 finances of the municipality shall cease to function and the
30 municipality shall cease to be under supervision pursuant to Article
31 4 of P.L.1947, c.151 (C.52:27BB-54 et seq.).

32 All outstanding debts or obligations incurred by a qualified
33 municipality or the New Jersey Housing and Mortgage Finance
34 Agency established pursuant to section 4 of the "New Jersey
35 Housing and Mortgage Finance Agency Law of 1983," P.L.1983,
36 c.530 (C.55:14K-4) and secured by a right of first refusal on
37 municipally-owned property as of 10 days following a
38 determination by the commissioner that the municipality fulfills the
39 definition of a qualified municipality pursuant to section 4 of
40 P.L.2002, c.43 (C.52:27BBB-4), with any subsidiary of that agency
41 with jurisdiction in a qualified municipality, other than those debts
42 or obligations represented by bonds or other negotiable instruments,
43 are forgiven.

44 Notwithstanding the termination of the financial review board
45 and supervision, all memorandums of understanding entered into by
46 the municipality as a condition of receiving assistance under
47 P.L.1987, c.75 (C.52:27D-118.24 et seq.) that require the
48 municipality to implement any government, administrative,

1 operational efficiency or oversight measures necessary for the fiscal
2 recovery of the municipality as recommended by the director and
3 approved by the Local Finance Board shall continue to have full
4 force and effect.

5 During the rehabilitation term, the chief operating officer shall
6 be responsible for entering into any memorandum of understanding
7 on behalf of the qualified municipality that is required as a
8 condition of receiving assistance under P.L.1987, c.75 (C.52:27D-
9 118.24 et seq.), or any other law; provided, however, that those
10 memoranda of understanding shall be consistent with the provisions
11 of P.L.2002, c.43 (C.52:27BBB-1 et al.) and P.L.2007, c.176
12 (C.52:27BBB-2.2 et al.), and the powers of the chief operating
13 officer granted pursuant thereto. Any such memoranda of
14 understanding shall be executed between the chief operating officer
15 and the Director of the Division of Local Government Services in
16 the Department of Community Affairs. Whenever the powers and
17 duties of the chief operating officer have devolved upon the director
18 pursuant to subsection b. of section 7 of P.L.2002, c.43
19 (C.52:27BBB-7), the memorandum of understanding shall be
20 executed between the director, on behalf of the qualified
21 municipality, and the State Treasurer, on behalf of the State.
22 (cf: P.L.2014, c.60, s.2)

23

24 3. This act shall take effect immediately.

25

26

27

STATEMENT

28

29 This bill extends the economic recovery term established under
30 the "Municipal Rehabilitation and Economic Recovery Act,"
31 ("MRERA") P.L.2002, c.43 (C.52:27BBB-1 et al.), by five years.

32 In 2002, the State enacted the MRERA to establish special
33 governing procedures, economic benefits, and fiscal oversight
34 measures to stabilize the finances of qualified municipalities that
35 experienced long-term fiscal distress. The City of Camden was the
36 only municipality to qualify under the act.

37 Specifically, the MRERA established two distinct periods of
38 fiscal oversight: (1) the rehabilitation term, during which time the
39 municipality is subject to direct oversight by a chief operating
40 officer appointed by the State; and (2) the economic recovery term,
41 during which time the municipality is no longer overseen by the
42 chief operating officer, but remains subject to certain additional
43 forms of State oversight. Under current law, the economic recovery
44 term would conclude 10 years following the termination of the chief
45 operating officer, which occurred in January, 2010.

46 The bill instead provides that the economic recovery term would
47 not conclude until 15 years following that termination.
48 Consequently, the City of Camden would remain subject to the

A1537 SPEARMAN, MOEN

8

- 1 governing procedures, economic benefits, and fiscal oversight
- 2 measures provided under the MRERA until January, 2025.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 1537

with committee amendments

STATE OF NEW JERSEY

DATED: DECEMBER 15, 2020

The Assembly Appropriations Committee reports favorably Assembly Bill No. 1537, with committee amendments.

As amended by the committee, this bill extends the economic recovery term established under the “Municipal Rehabilitation and Economic Recovery Act,” (“MRERA”) P.L.2002, c.43 (C.52:27BBB-1 et al.), by five years. The bill also bars the appeal of certain property assessments within a Garden State Growth Zone municipality.

In 2002, the State enacted the MRERA to establish special governing procedures, economic benefits, and fiscal oversight measures to stabilize the finances of qualified municipalities that experienced long-term fiscal distress. The City of Camden was the only municipality to qualify under the act.

Specifically, the MRERA established two distinct periods of fiscal oversight: (1) the rehabilitation term, during which time the municipality is subject to direct oversight by a chief operating officer appointed by the State; and (2) the economic recovery term, during which time the municipality is no longer overseen by the chief operating officer, but remains subject to certain additional forms of State oversight. Under current law, the economic recovery term would conclude 10 years following the termination of the chief operating officer, which occurred in January 2010.

The bill instead provides that the economic recovery term would not conclude until 15 years following termination of the chief operating officer. Consequently, the City of Camden would remain subject to the governing procedures, economic benefits, and fiscal oversight measures provided under the MRERA until January 2025.

The bill requires the mayor of the qualified municipality to issue an interim report on the progress of the municipality toward achieving municipal rehabilitation and economic recovery. This interim report is required to be issued by June 30, 2021.

The bill also prohibits any Garden State Growth Zone Development Entity that is granted a property tax exemption on improvements to eligible property pursuant to section 24 of P.L.2013,

c.161 (C.52:27D-489s) from appealing the assessed value of such improvements until after the property tax exemption is terminated.

As amended by the committee, this bill is identical to Senate Bill No. 2217 (1R).

This bill was pre-filed for introduction in the 2020-2021 session pending technical review. As reported, the bill includes the changes required by technical review, which has been performed.

COMMITTEE AMENDMENTS:

The committee amended the bill to:

(1) require the mayor of the qualified municipality to issue an interim report on the progress of the municipality toward achieving municipal rehabilitation and economic recovery. This interim report is required to be issued by June 30, 2021; and

(2) prohibit any Garden State Growth Zone Development Entity that is granted a property tax exemption on improvements to eligible property pursuant to section 24 of P.L.2013, c.161 (C.52:27D-489s) from appealing the assessed value of such improvements until after the property tax exemption is terminated.

FISCAL IMPACT:

The Office of Legislative Services concludes that the bill may potentially increase State expenditures over a five-year period associated with (1) the continued oversight of the City of Camden, (2) the ongoing operations of certain coordinating bodies, and (3) the provision of certain property tax benefits.

The extended applicability of certain fiscal authorizations would have an indeterminate annual impact on the City of Camden. Most notably, the municipality would be permitted to increase its property tax levy by three percent, rather than two percent, per year and would be required to receive funding priorities from State agencies.

The OLS expects the bill to stabilize the collection of payments in lieu of taxes by certain municipalities by prohibiting Garden State Growth Zone Development Entities from appealing the assessed value of certain tax-exempt property during the period of such exemption. This prohibition could also reduce certain municipal expenditures to the extent that these municipalities are no longer required to litigate these appeals.

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 1537

STATE OF NEW JERSEY 219th LEGISLATURE

DATED: DECEMBER 21, 2020

SUMMARY

| | |
|---------------------------|--|
| Synopsis: | Extends economic recovery term under “Municipal Rehabilitation and Economic Recovery Act.” |
| Type of Impact: | Potential five-year increase in State expenditures; five-year impact on municipal expenditures. |
| Agencies Affected: | Department of Community Affairs; New Jersey Economic Development Authority; City of Camden; potentially other municipalities |

Office of Legislative Services Estimate

| Five-Year Fiscal Impact | |
|---------------------------------|---------------|
| State Cost Increase | Indeterminate |
| Municipal Finance Impact | Indeterminate |

- The Office of Legislative Services (OLS) concludes that the bill may potentially increase State expenditures over a five-year period associated with (1) the continued oversight of the City of Camden, (2) the ongoing operations of certain coordinating bodies, and (3) the provision of certain property tax benefits.
- The extended applicability of certain fiscal authorizations would have an indeterminate annual impact on the City of Camden. Most notably, the municipality would be permitted to increase its property tax levy by three percent, rather than two percent, per year and would be required to receive funding priorities from State agencies.
- The OLS expects the bill to stabilize the collection of payments in lieu of taxes (PILOTs) by certain municipalities by prohibiting Garden State Growth Zone Development Entities from appealing the assessed value of certain tax-exempt property during the period of such exemption. This prohibition could also reduce certain municipal expenditures to the extent that these municipalities are no longer required to litigate these appeals.

BILL DESCRIPTION

The bill extends the governing procedures, economic benefits, and State fiscal oversight measures applicable to the City of Camden under the Municipal Rehabilitation and Economic Recovery Act (MRERA) by five years from January 2020 to January 2025. The act seeks to stabilize the finances of qualified municipalities that experienced long-term fiscal distress with the City of Camden being the only municipality that has qualified.

The bill also prohibits any Garden State Growth Zone Development Entity that is granted a property tax exemption on improvements to eligible property from appealing the assessed value of such improvements until after the property tax exemption is terminated.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS concludes that the five-year extension of the economic recovery-related provisions of the MRERA would have an indeterminate annual impact on the finances of the City of Camden and potentially increase State expenditures over a period of five years.

In addition, by prohibiting Garden State Growth Zone Development Entities from appealing the assessed value of certain tax-exempt property, the bill may stabilize the collection of PILOTs by Garden State Growth Zone municipalities and reduce expenditures associated with litigating those appeals.

Indeterminate Impact on Municipal Finances:

The OLS expects the extended applicability of certain MRERA fiscal authorizations to have an indeterminate impact on the City of Camden.

The MRERA authorizes the City of Camden to increase its property tax levy regularly by no more than three percent per year, rather than the two-percent limit applicable to non-MRERA municipalities. Consequently, the bill allows the City of Camden to increase its property tax levy by a greater amount during the five-year extension period.

The act also provides the mayor of the City of Camden with certain additional powers. The mayor may veto the minutes of any independent board or authority of the municipality, such as the housing authority, parking authority, planning board, and zoning board of adjustment. The five-year extension of these additional powers could therefore affect municipal finances to the extent that this mayoral veto power results in the modification of certain spending initiatives.

The MRERA also requires every State agency to grant the highest priority to any application from the City of Camden for the award or approval of any financial assistance or infrastructure project that would benefit the municipality. By extending the MRERA timetable, the bill could allow the City of Camden to receive increased funding from existing State aid programs.

Additionally, the bill may stabilize the collection of PILOTs by Garden State Growth Zone municipalities by prohibiting Garden State Growth Zone Development Entities that are granted a 20-year property tax exemption on improvements to eligible property pursuant to the Economic Opportunity Act of 2013 from appealing the assessed value of such improvements until after the expiration of the 20-year property tax exemption. The bill could also reduce certain municipal expenditures to the extent that these municipalities are no longer required to litigate these appeals.

Indeterminate Increase in State Expenditures:

For a five-year period, the bill may increase State expenditures for (1) the continued oversight of the City of Camden by the Department of Community Affairs (DCA), and (2) the ongoing operations of the Economic Recovery Board in the New Jersey Economic Development Authority (EDA), and (3) the provision of certain additional property tax benefits. However, as discussed below, the OLS lacks sufficient information to determine whether the State will actually incur additional expenditures as a result of the bill.

Under the MRERA, the DCA must undertake additional oversight measures. Notably, the DCA is to (1) conduct an annual compliance audit of the activities of the City of Camden, and (2) ensure that the annual municipal budget includes sufficient appropriations for the improvement of internal audit mechanisms and controls. The DCA may veto any resolution or ordinance adopted by the governing body of the municipality, subject to override by the municipality. As a result, the DCA may incur additional expenditures in exercising these additional powers and responsibilities.

In addition, the MRERA sets forth a comprehensive economic development strategy to revitalize the City of Camden. Most notably, the law authorized the EDA to issue not more than \$175 million in bonds to support various types of development activities in the municipality. To direct the disbursement of these funds, the MRERA established the Economic Recovery Board, a subsidiary corporation of the EDA.

The board is required to operate during the period in which the municipality is operating under the MRERA or until its funds have been disbursed, whichever occurs first. Consequently, the extension of the MRERA may increase EDA expenditures to the extent that the board continues operations during the five-year period following enactment of the bill.

The OLS notes that it is unclear whether the board has already been terminated due to the full disbursement of its funds. As of April 2017, the most recent EDA publication on the Camden Economic Recovery Initiative indicates that the State disbursed approximately \$164.1 million of the \$175 million bond issuance. The EDA's website also indicates that the board was last scheduled to meet in January 2018. If the board has already expired, the bill would not increase State expenditures by continuing the board's operations.

Lastly, the MRERA provides for increased property tax benefits for the residents of the City of Camden while the municipality operates under the MRERA, although provisions in the annual appropriations acts routinely suspend the extra benefit.

The MRERA grants eligible residents of the municipality who pay property taxes during this period a homestead credit equal to 150 percent of the amount otherwise owed under the program. As a result, in isolation, the extension of the MRERA would increase the total amount of homestead credits that the State is required to provide to Camden residents.

However, the annual appropriations acts have not funded the additional property tax credits. Assuming continued budgetary practices, the enactment of the bill would not increase State expenditures associated with the Homestead Credit Program.

Section: Local Government

*Analyst: Benjamin Levy
Assistant Fiscal Analyst*

*Approved: Thomas Koenig
Assistant Legislative Budget and Finance Officer*

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

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

SENATE, No. 2217

STATE OF NEW JERSEY
219th LEGISLATURE

INTRODUCED MARCH 16, 2020

Sponsored by:

Senator NILSA I. CRUZ-PEREZ

District 5 (Camden and Gloucester)

SYNOPSIS

Extends economic recovery term under “Municipal Rehabilitation and Economic Recovery Act.”

CURRENT VERSION OF TEXT

As introduced.



S2217 CRUZ-PEREZ

2

1 AN ACT concerning municipal rehabilitation and economic recovery
2 and amending P.L.2002, c.43.

3

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

6

7 1. Section 3 of P.L.2002, c.43 (C.52:27BBB-3) is amended to
8 read as follows:

9 3. As used in this act:

10 "Authority" means the New Jersey Economic Development
11 Authority established pursuant to P.L.1974, c.80 (C.34:1B-1 et
12 seq.).

13 "Board" means the State Economic Recovery Board established
14 pursuant to section 36 of P.L.2002, c.43 (C.52:27BBB-36).

15 "Chief operating officer" means that person appointed pursuant
16 to P.L.2002, c.43 (C.52:27BBB-1 et al.) responsible for
17 reorganizing governmental operations of a qualified municipality in
18 order to assure the delivery of essential municipal services and the
19 professional administration of that municipal government.

20 "Commissioner" means the Commissioner of Community
21 Affairs.

22 "Contiguous with" means within.

23 "Director" means the Director of the Division of Local
24 Government Services in the Department of Community Affairs.

25 "Economic recovery term" means the period commencing with
26 the expiration of the term of the chief operating officer and
27 terminating **[10]** 15 years thereafter.

28 "In consultation with" means with consideration of the input of,
29 or the advice of, the mayor, governing body, chief operating officer
30 or director, as the case may be, without regard to the form or
31 manner of the consultation.

32 "Local Finance Board" means the Local Finance Board of the
33 Division of Local Government Services in the Department of
34 Community Affairs.

35 "Mayor" means the mayor or chief executive officer of the
36 municipality, as appropriate to the form of government.

37 "Project" means: (1) (a) acquisition, construction, reconstruction,
38 repair, alteration, improvement and extension of any building,
39 structure, facility, including water transmission facilities or other
40 improvement, whether or not in existence or under construction, (b)
41 purchase and installation of equipment and machinery, (c)
42 acquisition and improvement of real estate and the extension or
43 provision of utilities, access roads and other appurtenant facilities;
44 and (2) (a) the acquisition, financing, or refinancing of inventory,
45 raw materials, supplies, work in process, or stock in trade, or (b) the

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 financing, refinancing or consolidation of secured or unsecured
2 debt, borrowings, or obligations, or (c) the provision of financing
3 for any other expense incurred in the ordinary course of business;
4 all of which are to be used or occupied by any person in any
5 enterprise promoting employment, either for the manufacturing,
6 processing or assembly of materials or products, or for research or
7 office purposes, including, but not limited to, medical and other
8 professional facilities, or for industrial, recreational, hotel or motel
9 facilities, public utility and warehousing, or for commercial and
10 service purposes, including, but not limited to, retail outlets, retail
11 shopping centers, restaurant and retail food outlets, and any and all
12 other employment promoting enterprises, including, but not limited
13 to, motion picture and television studios and facilities and
14 commercial fishing facilities, commercial facilities for recreational
15 fishermen, fishing vessels, aquaculture facilities and marketing
16 facilities for fish and fish products and (d) acquisition of an equity
17 interest in, including capital stock of, any corporation; or any
18 combination of the above, which the authority determines will: (i)
19 tend to maintain or provide gainful employment opportunities
20 within and for the people of the State, or (ii) aid, assist and
21 encourage the economic development or redevelopment of any
22 political subdivision of the State, or (iii) maintain or increase the
23 tax base of the State or of any political subdivision of the State, or
24 (iv) maintain or diversify and expand employment promoting
25 enterprises within the State; and (3) the cost of acquisition,
26 construction, reconstruction, repair, alteration, improvement and
27 extension of an energy saving improvement or pollution control
28 project which the authority determines will tend to reduce the
29 consumption in a building devoted to industrial or commercial
30 purposes, or in an office building, of nonrenewable sources of
31 energy or to reduce, abate or prevent environmental pollution
32 within the State; and (4) the acquisition, construction,
33 reconstruction, repair, alteration, improvement, extension,
34 development, financing or refinancing of infrastructure and
35 transportation facilities or improvements related to economic
36 development and of cultural, recreational and tourism facilities or
37 improvements related to economic development and of capital
38 facilities for primary and secondary schools and of mixed use
39 projects consisting of housing and commercial development; and
40 (5) the establishment, acquisition, construction, rehabilitation,
41 improvement, and ownership of port facilities as defined in section
42 3 of P.L.1997, c.150 (C.34:1B-146). Project may also include:
43 reimbursement to any person for costs in connection with any
44 project, or the refinancing of any project or portion thereof, if such
45 actions are determined by the authority to be necessary and in the
46 public interest to maintain employment and the tax base of any
47 political subdivision and likely to facilitate improvements or the
48 completion of the project; and developing property and any

1 construction, reconstruction, improvement, alteration, equipment or
2 maintenance or repair, or planning and designing in connection
3 therewith. For the purpose of carrying out mixed use projects
4 consisting of both housing and commercial development, the
5 authority may enter into agreements with the New Jersey Housing
6 and Mortgage Finance Agency for loan guarantees for any such
7 project in accordance with the provisions of P.L.1995, c.359
8 (C.55:14K-64 et al.), and for that purpose shall allocate to the New
9 Jersey Housing and Mortgage Finance Agency, under such
10 agreements, funding available pursuant to subsection a. of section 4
11 of P.L.1992, c.16 (C.34:1B-7.13). "Project" shall not include a
12 school facilities project.

13 "Qualified municipality" means a municipality: (1) that has been
14 subject to the supervision of a financial review board pursuant to
15 the "Special Municipal Aid Act," P.L.1987, c.75 (C.52:27D-118.24
16 et seq.) for at least one year; (2) that has been subject to the
17 supervision of the Local Finance Board pursuant to the "Local
18 Government Supervision Act (1947)," P.L.1947, c.151 (C.52:27BB-
19 1 et seq.) for at least one year; and (3) which, according to its most
20 recently adopted municipal budget, is dependent upon State aid and
21 other State revenues for not less than 55 percent of its total budget.

22 "Regional Impact Council" or "council" means that body
23 established pursuant to section 39 of P.L.2002, c.43 (C.52:27BBB-
24 39).

25 "Rehabilitation term" means that period during which the
26 qualified municipality is under the direction of the chief operating
27 officer appointed pursuant to section 7 of P.L.2002, c.43
28 (C.52:27BBB-7).

29 "Special arbitrator" means that judge designated by the Chief
30 Justice pursuant to section 5 of P.L.2002, c.43 (C.52:27BBB-5).

31 "State supervision" means supervision pursuant to Article 4 of
32 the "Local Government Supervision Act (1947)," P.L.1947, c.151
33 (C.52:27BB-54 et seq.).

34 "Treasurer" or "State treasurer" means the Treasurer of the State
35 of New Jersey.

36 "Under rehabilitation and economic recovery" means that period
37 which coincides with the rehabilitation term and the economic
38 recovery term.

39 (cf: P.L.2014, c.60, s.1)

40

41 2. Section 6 of P.L.2002, c.43 (C.52:27BBB-6) is amended to
42 read as follows:

43 6. a. Upon the appointment of a chief operating officer pursuant
44 to section 7 of P.L.2002, c.43 (C.52:27BBB-7), a qualified
45 municipality shall be under rehabilitation and economic recovery.
46 This period shall begin with the assumption of job responsibilities by
47 the chief operating officer pursuant to this section and terminate **[five]**
48 15 years following the end of the term of the chief operating officer.

1 The period corresponding with the term of the chief operating officer
2 shall be referred to hereinafter as the rehabilitation term. The period
3 commencing with the expiration of the term of the chief operating
4 officer and terminating **【10】** 15 years thereafter shall be referred to
5 hereinafter as the economic recovery term.

6 b. (1) During the economic recovery term, the mayor shall
7 exercise those powers delegated to the mayor pursuant to the form of
8 government, the charter and the administrative code of the
9 municipality, and those powers delegated to the mayor under general
10 law. In addition, during the economic recovery term, the mayor shall
11 retain the power to veto the minutes of any independent board or
12 authority, including, but not limited to, the housing authority, parking
13 authority, redevelopment authority, planning board and board of
14 adjustment. No action taken at any meeting of any independent board
15 or authority shall have force or effect until 10 days, exclusive of
16 Saturdays, Sundays and public holidays, after the copy of the minutes
17 shall have been delivered to the mayor. If, in that 10-day period, the
18 mayor returns the copy of the minutes with a veto of any action taken
19 by the board or authority at the meeting, that action shall be null and
20 void and of no force and effect. Following the completion of the 10-
21 day period, those actions not vetoed shall be considered approved.

22 (2) During the first 18 months of the economic recovery term, the
23 mayor shall have the power to veto or terminate any employment
24 contract not subject to a collective bargaining agreement, whether or
25 not subject to Title 11A, Civil Service, of the New Jersey Statutes.
26 This shall not apply to employment contracts under extension pursuant
27 to terms under the expired contract.

28 (3) The mayor shall cause to be issued a final report on the
29 progress of the municipality toward achieving municipal rehabilitation
30 and economic recovery, as set forth in section 8 of P.L.2002, c.43
31 (C.52:27BBB-8) at the end of the economic recovery term.

32 (4) The mayor shall authorize the municipal planning board, from
33 time to time, to prepare a program of municipal capital improvement
34 projects projected over a term of at least six years, and amendments
35 thereto. The program may include current and future major projects
36 being, or to be, undertaken with federal, State, county, or other public
37 funds, or under federal, State, or county supervision. The first year of
38 the program shall, upon adoption by the governing body, constitute the
39 capital budget of the municipality as required by N.J.S.40A:4-43 et
40 seq. The program shall classify projects in regard to the urgency and
41 need for realization, and shall recommend a time sequence for their
42 implementation. The program may also contain the estimated cost of
43 each project and indicate probable operating and maintenance costs
44 and probable revenues, if any, as well as existing sources of funds, or
45 the need for additional sources of funds, for the implementation and
46 operation of each project. The program shall, as far as possible, be
47 based on existing information in the possession of the departments and
48 agencies of the municipality and shall take into account public facility

1 needs indicated by the prospective development shown in the master
2 plan of the municipality or as permitted by other municipal land use
3 controls.

4 (5) While the municipality is under rehabilitation and economic
5 recovery, the mayor shall retain the power to make those appointments
6 to municipal authorities, boards or commissions, as the case may be,
7 which is otherwise allocated to the mayor pursuant to law.

8 The mayor may retain staff for the purpose of advising the mayor
9 and aiding in the performance of constituent services during the
10 rehabilitation term.

11 (6) The Director of the Division of Local Government Services in
12 the Department of Community Affairs shall annually conduct a
13 compliance audit of the activities of a qualified municipality during the
14 economic recovery term to ensure compliance with P.L.2002, c.43
15 (C.52:27BBB-1 et al.) and other relevant State laws and shall report
16 the findings to the Local Finance Board and the mayor.

17 (7) The financial incentives set forth in sections 54 through 56 of
18 P.L.2002, c.43 (C.52:27BBB-53 through 55) shall remain in effect
19 until the municipality is no longer eligible for financial assistance
20 pursuant to the "Special Municipal Aid Act," P.L.1987, c.75
21 (C.52:27D-118.24 et seq.).

22 c. Upon the assumption of job responsibilities by the chief
23 operating officer, the financial review board created pursuant to
24 section 5 of P.L.1999, c.156 (C.52:27D-118.30a) to oversee the
25 finances of the municipality shall cease to function and the
26 municipality shall cease to be under supervision pursuant to Article 4
27 of P.L.1947, c.151 (C.52:27BB-54 et seq.).

28 All outstanding debts or obligations incurred by a qualified
29 municipality or the New Jersey Housing and Mortgage Finance
30 Agency established pursuant to section 4 of the "New Jersey Housing
31 and Mortgage Finance Agency Law of 1983," P.L.1983, c.530
32 (C.55:14K-4) and secured by a right of first refusal on municipally-
33 owned property as of 10 days following a determination by the
34 commissioner that the municipality fulfills the definition of a qualified
35 municipality pursuant to section 4 of P.L.2002, c.43 (C.52:27BBB-4),
36 with any subsidiary of that agency with jurisdiction in a qualified
37 municipality, other than those debts or obligations represented by
38 bonds or other negotiable instruments, are forgiven.

39 Notwithstanding the termination of the financial review board and
40 supervision, all memorandums of understanding entered into by the
41 municipality as a condition of receiving assistance under P.L.1987,
42 c.75 (C.52:27D-118.24 et seq.) that require the municipality to
43 implement any government, administrative, operational efficiency or
44 oversight measures necessary for the fiscal recovery of the
45 municipality as recommended by the director and approved by the
46 Local Finance Board shall continue to have full force and effect.

47 During the rehabilitation term, the chief operating officer shall be
48 responsible for entering into any memorandum of understanding on

1 behalf of the qualified municipality that is required as a condition of
2 receiving assistance under P.L.1987, c.75 (C.52:27D-118.24 et seq.),
3 or any other law; provided, however, that those memoranda of
4 understanding shall be consistent with the provisions of P.L.2002, c.43
5 (C.52:27BBB-1 et al.) and P.L.2007, c.176 (C.52:27BBB-2.2 et al.),
6 and the powers of the chief operating officer granted pursuant thereto.
7 Any such memoranda of understanding shall be executed between the
8 chief operating officer and the Director of the Division of Local
9 Government Services in the Department of Community Affairs.
10 Whenever the powers and duties of the chief operating officer have
11 devolved upon the director pursuant to subsection b. of section 7 of
12 P.L.2002, c.43 (C.52:27BBB-7), the memorandum of understanding
13 shall be executed between the director, on behalf of the qualified
14 municipality, and the State Treasurer, on behalf of the State.
15 (cf: P.L.2014, c.60, s.2)

16

17 3. This act shall take effect immediately.

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19

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STATEMENT

21

22 This bill extends the economic recovery term established under
23 the “Municipal Rehabilitation and Economic Recovery Act,”
24 (“MRERA”) P.L.2002, c.43 (C.52:27BBB-1 et al.), by five years.

25 In 2002, the State enacted the MRERA to establish special
26 governing procedures, economic benefits, and fiscal oversight
27 measures to stabilize the finances of qualified municipalities that
28 experienced long-term fiscal distress. The City of Camden was the
29 only municipality to qualify under the act.

30 Specifically, the MRERA established two distinct periods of
31 fiscal oversight: (1) the rehabilitation term, during which time the
32 municipality is subject to direct oversight by a chief operating
33 officer appointed by the State; and (2) the economic recovery term,
34 during which time the municipality is no longer overseen by the
35 chief operating officer, but remains subject to certain additional
36 forms of State oversight. Under current law, the economic recovery
37 term would conclude 10 years following the termination of the chief
38 operating officer, which occurred in January, 2010.

39 The bill instead provides that the economic recovery term would
40 not conclude until 15 years following that termination.
41 Consequently, the City of Camden would remain subject to the
42 governing procedures, economic benefits, and fiscal oversight
43 measures provided under the MRERA until January, 2025.

SENATE COMMUNITY AND URBAN AFFAIRS COMMITTEE

STATEMENT TO

SENATE, No. 2217

with committee amendments

STATE OF NEW JERSEY

DATED: DECEMBER 8, 2020

The Senate Community and Urban Affairs Committee reports favorably and with committee amendments Senate Bill No. 2217.

This bill, as amended, extends the economic recovery term established under the “Municipal Rehabilitation and Economic Recovery Act,” (“MRERA”) P.L.2002, c.43 (C.52:27BBB-1 et al.), by five years. The bill also bars the appeal of certain property assessments within a Garden State Growth Zone municipality.

In 2002, the State enacted the MRERA to establish special governing procedures, economic benefits, and fiscal oversight measures to stabilize the finances of qualified municipalities that experienced long-term fiscal distress. The City of Camden was the only municipality to qualify under the act.

Specifically, the MRERA established two distinct periods of fiscal oversight: (1) the rehabilitation term, during which time the municipality is subject to direct oversight by a chief operating officer appointed by the State; and (2) the economic recovery term, during which time the municipality is no longer overseen by the chief operating officer, but remains subject to certain additional forms of State oversight. Under current law, the economic recovery term would conclude 10 years following the termination of the chief operating officer, which occurred in January 2010.

The bill instead provides that the economic recovery term would not conclude until 15 years following termination of the chief operating officer. Consequently, the City of Camden would remain subject to the governing procedures, economic benefits, and fiscal oversight measures provided under the MRERA until January 2025.

The bill requires the mayor of the qualified municipality to issue an interim report on the progress of the municipality toward achieving municipal rehabilitation and economic recovery. This interim report is required to be issued by June 30, 2021.

The bill also prohibits any Garden State Growth Zone Development Entity that is granted a property tax exemption on improvements to eligible property pursuant to section 24 of P.L.2013, c.161 (C.52:27D-489s) from appealing the assessed value of such improvements until after the property tax exemption is terminated.

COMMITTEE AMENDMENTS:

The committee amended the bill to:

(1) require the mayor of the qualified municipality to issue an interim report on the progress of the municipality toward achieving municipal rehabilitation and economic recovery. This interim report is required to be issued by June 30, 2021; and

(2) prohibit any Garden State Growth Zone Development Entity that is granted a property tax exemption on improvements to eligible property pursuant to section 24 of P.L.2013, c.161 (C.52:27D-489s) from appealing the assessed value of such improvements until after the property tax exemption is terminated.

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

SENATE, No. 2217 STATE OF NEW JERSEY 219th LEGISLATURE

DATED: JANUARY 12, 2021

SUMMARY

| | |
|---------------------------|--|
| Synopsis: | Extends economic recovery term under “Municipal Rehabilitation and Economic Recovery Act.” |
| Type of Impact: | Potential five-year increase in State expenditures; five-year impact on municipal expenditures. |
| Agencies Affected: | Department of Community Affairs; New Jersey Economic Development Authority; City of Camden; potentially other municipalities |

Office of Legislative Services Estimate

| Five-Year Fiscal Impact | |
|--------------------------|---------------|
| State Cost Increase | Indeterminate |
| Municipal Finance Impact | Indeterminate |

- The Office of Legislative Services (OLS) concludes that the bill may potentially increase State expenditures over a five-year period associated with (1) the continued oversight of the City of Camden, (2) the ongoing operations of certain coordinating bodies, and (3) the provision of certain property tax benefits.
- The extended applicability of certain fiscal authorizations would have an indeterminate annual impact on the City of Camden. Most notably, the municipality would be permitted to increase its property tax levy by three percent, rather than two percent, per year and would be required to receive funding priorities from State agencies.
- The OLS expects the bill to stabilize the collection of payments in lieu of taxes (PILOTs) by certain municipalities by prohibiting Garden State Growth Zone Development Entities from appealing the assessed value of certain tax-exempt property during the period of such exemption. This prohibition could also reduce certain municipal expenditures to the extent that these municipalities are no longer required to litigate these appeals.

BILL DESCRIPTION

The bill extends the governing procedures, economic benefits, and State fiscal oversight measures applicable to the City of Camden under the Municipal Rehabilitation and Economic Recovery Act

(MRERA) by five years from January 2020 to January 2025. The act seeks to stabilize the finances of qualified municipalities that experienced long-term fiscal distress with the City of Camden being the only municipality that has qualified.

The bill also prohibits any Garden State Growth Zone Development Entity that is granted a property tax exemption on improvements to eligible property from appealing the assessed value of such improvements until after the property tax exemption is terminated.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS concludes that the five-year extension of the economic recovery-related provisions of the MRERA would have an indeterminate annual impact on the finances of the City of Camden and potentially increase State expenditures over a period of five years.

In addition, by prohibiting Garden State Growth Zone Development Entities from appealing the assessed value of certain tax-exempt property, the bill may stabilize the collection of PILOTs by Garden State Growth Zone municipalities and reduce expenditures associated with litigating those appeals.

Indeterminate Impact on Municipal Finances:

The OLS expects the extended applicability of certain MRERA fiscal authorizations to have an indeterminate impact on the City of Camden.

The MRERA authorizes the City of Camden to increase its property tax levy regularly by no more than three percent per year, rather than the two-percent limit applicable to non-MRERA municipalities. Consequently, the bill allows the City of Camden to increase its property tax levy by a greater amount during the five-year extension period.

The act also provides the mayor of the City of Camden with certain additional powers. The mayor may veto the minutes of any independent board or authority of the municipality, such as the housing authority, parking authority, planning board, and zoning board of adjustment. The five-year extension of these additional powers could therefore affect municipal finances to the extent that this mayoral veto power results in the modification of certain spending initiatives.

The MRERA also requires every State agency to grant the highest priority to any application from the City of Camden for the award or approval of any financial assistance or infrastructure project that would benefit the municipality. By extending the MRERA timetable, the bill could allow the City of Camden to receive increased funding from existing State aid programs.

Additionally, the bill may stabilize the collection of PILOTs by Garden State Growth Zone municipalities by prohibiting Garden State Growth Zone Development Entities that are granted a 20-year property tax exemption on improvements to eligible property pursuant to the Economic Opportunity Act of 2013 from appealing the assessed value of such improvements until after the expiration of the 20-year property tax exemption. The bill could also reduce certain municipal expenditures to the extent that these municipalities are no longer required to litigate these appeals.

Indeterminate Increase in State Expenditures:

For a five-year period, the bill may increase State expenditures for (1) the continued oversight of the City of Camden by the Department of Community Affairs (DCA), (2) the ongoing operations of

the Economic Recovery Board in the New Jersey Economic Development Authority (EDA), and (3) the provision of certain additional property tax benefits. However, as discussed below, the OLS lacks sufficient information to determine whether the State will actually incur additional expenditures as a result of the bill.

Under the MRERA, the DCA must undertake additional oversight measures. Notably, the DCA is to (1) conduct an annual compliance audit of the activities of the City of Camden, and (2) ensure that the annual municipal budget includes sufficient appropriations for the improvement of internal audit mechanisms and controls. The DCA may veto any resolution or ordinance adopted by the governing body of the municipality, subject to override by the municipality. As a result, the DCA may incur additional expenditures in exercising these additional powers and responsibilities.

In addition, the MRERA sets forth a comprehensive economic development strategy to revitalize the City of Camden. Most notably, the law authorized the EDA to issue not more than \$175 million in bonds to support various types of development activities in the municipality. To direct the disbursement of these funds, the MRERA established the Economic Recovery Board, a subsidiary corporation of the EDA.

The board is required to operate during the period in which the municipality is operating under the MRERA or until its funds have been disbursed, whichever occurs first. Consequently, the extension of the MRERA may increase EDA expenditures to the extent that the board continues operations during the five-year period following enactment of the bill.

The OLS notes that it is unclear whether the board has already been terminated due to the full disbursement of its funds. As of April 2017, the most recent EDA publication on the Camden Economic Recovery Initiative indicates that the State disbursed approximately \$164.1 million of the \$175 million bond issuance. The EDA's website also indicates that the board was last scheduled to meet in January 2018. If the board has already expired, the bill would not increase State expenditures by continuing the board's operations.

Lastly, the MRERA provides for increased property tax benefits for the residents of the City of Camden while the municipality operates under the MRERA, although provisions in the annual appropriations acts routinely suspend the extra benefit.

The MRERA grants eligible residents of the municipality who pay property taxes during this period a homestead credit equal to 150 percent of the amount otherwise owed under the program. As a result, in isolation, the extension of the MRERA would increase the total amount of homestead credits that the State is required to provide to Camden residents.

However, the annual appropriations acts have not funded the additional property tax credits. Assuming continued budgetary practices, the enactment of the bill would not increase State expenditures associated with the Homestead Credit Program.

Section: Local Government
Analyst: Benjamin A. Levy
Assistant Fiscal Analyst
Approved: Thomas Koenig
Assistant Legislative Budget and Finance Officer

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

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

Governor Murphy Takes Action on Legislation

03/1/2021

TRENTON - Today, Governor Murphy signed the following bills into law:

S-1271, 2588, 2660/ A-4409 (Cunningham, Gopal/Jasey, Downey, Reynolds-Jackson) – Establishes requirements for closures of private career schools and institutions of higher education, modifies review process of new academic programs, and requires approval of branch campuses

S-2713/A-4631 (Sarlo, Codey/Burzichelli) – Allows for cashless payment at certain sports and entertainment venues

A-1226/S-265 (Schaer, Jimenez, Wimberly, Mukherji, Benson, Quijano/T. Kean, Pou) – Requires electric public utilities to provide priority power restoration to certain medical facilities, assisted living facilities, and nursing homes

A-1537/S-2217 (Spearman, Moen/Cruz-Perez) – Extends economic recovery term under “Municipal Rehabilitation and Economic Recovery Act”; bars appeal of certain property assessments by Garden State Growth Zone Development Entity

A-2280/S-1763 (Armato, Murphy, Vainieri Huttel/Gopal, Cryan) – Criminalizes certain payments for referral of patients to substance use disorder treatment facilities

[Copy of Statement](#)

A-4454/S-2781 (Murphy, Reynolds-Jackson, Verrelli/Codey, Smith, Ruiz) – Requires school districts to include instruction on diversity and inclusion as part of implementation of New Jersey Student Learning Standards