

40A:4-45.1

LEGISLATIVE HISTORY CHECKLIST
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(Local budget caps)

NJSA: 40A:4-45.1

LAWS OF: 1994 **CHAPTER:** 100

BILL NO: A378

SPONSOR(S): Kamin and Lance

DATE INTRODUCED: Pre-filed

COMMITTEE: **ASSEMBLY:** Community Affairs
SENATE: Local Government

AMENDED DURING PASSAGE: Yes Amendments during passage
Second reprint enacted denoted by superscript numbers

DATE OF PASSAGE: **ASSEMBLY:** January 27, 1994
SENATE: June 27, 1994

DATE OF APPROVAL: August 11, 1994

FOLLOWING STATEMENTS ARE ATTACHED IF AVAILABLE:

SPONSOR STATEMENT: Yes

COMMITTEE STATEMENT: **ASSEMBLY:** Yes
SENATE: Yes

FISCAL NOTE: No

VETO MESSAGE: No

MESSAGE ON SIGNING: No

FOLLOWING WERE PRINTED:

REPORTS: No

HEARINGS: No

KBG:pp

[SECOND REPRINT]

ASSEMBLY, No. 378

STATE OF NEW JERSEY

PRE-FILED FOR INTRODUCTION IN THE 1994 SESSION

By Assemblymen KAMIN and LANCE

1 AN ACT concerning local budget caps and supplementing
2 P.L.1976, c.68 (C.40A:4-45.1 et seq.).

3

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

6 1. a. Notwithstanding any provisions of P.L.1976, c.68
7 (C.40A:4-45.1 et seq.) to the contrary, a municipality ²[or
8 county]², which, for any local budget year beginning on or after
9 January 1, 1994 for which the index rate is greater than 5%,
10 increases its final appropriations ²[or county tax levy]² in an
11 amount less than that permitted under the 5% percentage rate,
12 shall be permitted to appropriate the difference between the
13 amount of its actual final appropriations ²[or county tax levy]²
14 and the amount of its permitted final appropriations ²[or county
15 tax levy]² under the 5% percentage rate, as an exception to its
16 final appropriations ²[or county tax levy]² in either of the next
17 two succeeding years. In the year immediately following the year
18 in which the amount of difference is so appropriated, the amount
19 of difference shall be added to the final appropriations ²[or
20 county tax levy]² of the preceding year for the purposes of
21 section 2 of P.L.1976, c.68 (C.40A:4-45.2).

22 b. Notwithstanding any provisions of P.L.1976, c.68
23 (C.40A:4-45.1 et seq.) to the contrary, a municipality ²[or
24 county]², which, for any local budget year beginning on or after
25 January 1, 1994 for which the index rate is less than 5%,
26 increases its final appropriations ²[or county tax levy]² in an
27 amount less than ¹[the index rate] 5%¹, shall be permitted to
28 appropriate the difference between the amount of its actual final
29 appropriations ²[or county tax levy]² under the ¹[index] 5%
30 percentage¹ rate, as an exception to its final appropriations ²[or
31 county tax levy]² in either of the next two succeeding years. In
32 the year immediately following the year in which the amount of
33 difference is so appropriated, the amount of difference shall be
34 added to the final appropriations ²[or county tax levy]² of the
35 preceding year for the purposes of section 2 of P.L.1976, c.68
36 (C.40A:4-45.2).

37 ²2. a. Notwithstanding any provisions of P.L.1976, c.68
38 (C.40A:4-45.1 et seq.) to the contrary, a county, which, for any
39 local budget year beginning on or after January 1, 1993 for which
40 the index rate is greater than 5%, increases its final
41 appropriations or county tax levy in an amount less than that
42 permitted under the 5% percentage rate, shall be permitted to

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:

¹ Assembly ALG committee amendments adopted January 24, 1994.

² Senate SCO committee amendments adopted June 23, 1994.

1 appropriate the difference between the amount of its actual final
2 appropriations or county tax levy and the amount of its permitted
3 final appropriations or county tax levy under the 5% percentage
4 rate, as an exception to its final appropriations or county tax levy
5 in either of the next two succeeding years. In the year
6 immediately following the year in which the amount of difference
7 is so appropriated, the amount of difference shall be added to the
8 final appropriations or county tax levy of the preceding year for
9 the purposes of section 2 of P.L.1976, c.68 (C.40A:4-45.2).

10 b. Notwithstanding any provisions of P.L.1976, c.68
11 (C.40A:4-45.1 et seq.) to the contrary, a county, which, for any
12 local budget year beginning on or after January 1, 1993 for which
13 the index rate is less than 5%, increases its final appropriations
14 or county tax levy in an amount less than 5%, shall be permitted
15 to appropriate the difference between the amount of its actual
16 final appropriations or county tax levy under the 5% percentage
17 rate, as an exception to its final appropriations or county tax levy
18 in either of the next two succeeding years. In the year
19 immediately following the year in which the amount of difference
20 is so appropriated, the amount of difference shall be added to the
21 final appropriations or county tax levy of the preceding year for
22 the purposes of section 2 of P.L.1976, c.68 (C.40A:4-45.2).²

23 ²[2.]³.² This act shall take effect immediately.

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27 Restores "cap" banking to "Local Budget Law."

ASSEMBLY, No. 378
STATE OF NEW JERSEY

Introduced Pending Technical Review by Legislative Counsel

PRE-FILED FOR INTRODUCTION IN THE 1994 SESSION

By Assemblymen KAMIN and LANCE

1 AN ACT concerning local budget caps and supplementing
2 P.L.1976, c.68 (C.40A:4-45.1 et seq.).

3

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

6 1. a. Notwithstanding any provisions of P.L.1976, c.68
7 (C.40A:4-45.1 et seq.) to the contrary, a municipality or county,
8 which, for any local budget year beginning on or after January 1,
9 1993 for which the index rate is greater than 5%, increases its
10 final appropriations or county tax levy in an amount less than
11 that permitted under the 5% percentage rate, shall be permitted
12 to appropriate the difference between the amount of its actual
13 final appropriations or county tax levy and the amount of its
14 permitted final appropriations or county tax levy under the 5%
15 percentage rate, as an exception to its final appropriations or
16 county tax levy in either of the next two succeeding years. In the
17 year immediately following the year in which the amount of
18 difference is so appropriated, the amount of difference shall be
19 added to the final appropriations or county tax levy of the
20 preceding year for the purposes of section 2 of P.L.1976, c.68
21 (C.40A:4-45.2).

22 b. Notwithstanding any provisions of P.L.1976, c.68
23 (C.40A:4-45.1 et seq.) to the contrary, a municipality or county,
24 which, for any local budget year beginning on or after January 1,
25 1993 for which the index rate is less than 5%, increases its final
26 appropriations or county tax levy in an amount less than the index
27 rate, shall be permitted to appropriate the difference between
28 the amount of its actual final appropriations or county tax levy
29 under the index rate, as an exception to its final appropriations or
30 county tax levy in either of the next two succeeding years. In the
31 year immediately following the year in which the amount of
32 difference is so appropriated, the amount of difference shall be
33 added to the final appropriations or county tax levy of the
34 preceding year for the purposes of section 2 of P.L.1976, c.68
35 (C.40A:4-45.2).

36 2. This act shall take effect immediately.

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STATEMENT

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This bill restores "cap banking" to the "Local Budget Law."
Cap banking permits a municipality or county to credit an

1 amount, equal to that by which its annual appropriation or levy
2 falls below the local budget cap, for future use in either of the
3 next two succeeding budget years. The original "cap" banking
4 provision, section 8 of P.L.1983, c.49 (C.40A:4-45.15), was
5 repealed by P.L.1990, c.89. The ability to save unused
6 appropriation or levy capacity for use in another year provides an
7 incentive for municipalities and counties to keep their annual
8 appropriations or levies below the permitted cap.

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13 Restores "cap" banking to "Local Budget Law."

ASSEMBLY LOCAL GOVERNMENT COMMITTEE

STATEMENT TO

ASSEMBLY, No. 378

with committee amendments

STATE OF NEW JERSEY

DATED: JANUARY 24, 1994

The Assembly Local Government Committee favorably reports Assembly Bill No. 378, with committee amendments.

Assembly Bill No. 378 restores "cap banking" to the "Local Budget Law." Cap banking permits a municipality or county to credit an amount, equal to that by which its annual appropriation or levy falls below the local budget cap, for future use in either of the next two succeeding budget years. The original "cap" banking provision, section 8 of P.L.1983, c.49 (C.40A:4-45.15), was repealed by P.L.1990, c.89. The ability to save unused appropriation or levy capacity for use in another year provides an incentive for municipalities and counties to keep their annual appropriations or levies below the permitted cap.

The committee amended the bill to permit a municipality or county to "bank" and then later appropriate the difference between its final appropriations, or tax levy in the case of a county, and the 5% cap limit, regardless of the index rate. This will benefit municipalities and counties in years when the index rate is very low.

Assembly Bill No. 378 was pre-filed for introduction in the 1994-1995 legislative session. As reported, the bill includes the changes required by technical review which has been performed.

SENATE COMMUNITY AFFAIRS COMMITTEE

STATEMENT TO

[FIRST REPRINT]

ASSEMBLY, No. 378

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 22, 1994

The Senate Community Affairs Committee reports favorably Assembly Bill No. 378 (1R) with committee amendments.

Assembly Bill No. 378 (1R), as amended by the committee, restores "cap banking" to the "Local Budget Law," N.J.S.40A:4-1 et seq. Cap banking permits a municipality or county to credit an amount, equal to that by which its annual appropriation or levy falls below the local budget cap, for future use in either of the next two succeeding budget years. The original "cap" banking provision, section 8 of P.L.1983, c.49 (C.40A:4-45.15), was repealed by P.L.1990, c.89. The ability to save unused appropriation or levy capacity for use in another year provides an incentive for municipalities and counties to keep their annual appropriations or levies below the permitted cap.

The bill permits a municipality or county to "bank" and then later appropriate the difference between its final appropriations, or tax levy in the case of a county, and the 5% cap limit, regardless of the index rate. This will benefit municipalities and counties in years when the index rate is very low.

The committee amended the bill to change the date that the banking of cap credits would begin for counties from January 1, 1994 to January 1, 1993. This amendment, requested of the sponsor by the governing body of Somerset county, would provide some cap relief in budget year 1995 for counties that did not spend up to their cap limit in 1993.