

TECHNICAL REVIEW: No

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

VETO MESSAGE: No

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CL/MM

P.L. 2024, CHAPTER 108, *approved January 6, 2025*
Senate, No. 3969

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 **[15]** 20 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)

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

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

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

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

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

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

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

39 "Treasurer" or "State treasurer" means the Treasurer of the State
40 of New Jersey.

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

44 (cf: P.L.2021, c.30, s.1)

45

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

1 6. a. Upon the appointment of a chief operating officer
2 pursuant to section 7 of P.L.2002, c.43 (C.52:27BBB-7), a qualified
3 municipality shall be under rehabilitation and economic recovery.
4 This period shall begin with the assumption of job responsibilities
5 by the chief operating officer pursuant to this section and terminate
6 **【15】** 20 years following the end of the term of the chief operating
7 officer. The period corresponding with the term of the chief
8 operating officer shall be referred to hereinafter as the rehabilitation
9 term. The period commencing with the expiration of the term of the
10 chief operating officer and terminating terminate **【15】** 20 years
11 thereafter shall be referred to hereinafter as the economic recovery
12 term.

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

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

36 (3) The mayor shall cause to be issued an interim report and a
37 final report on the progress of the municipality toward achieving
38 municipal rehabilitation and economic recovery, as set forth in
39 section 8 of P.L.2002, c.43 (C.52:27BBB-8). The interim report
40 shall be issued no later than June 30, **【2021】** 2026, and the final
41 report shall be issued at the end of the economic recovery term.

42 (4) The mayor shall authorize the municipal planning board,
43 from time to time, to prepare a program of municipal capital
44 improvement projects projected over a term of at least six years,
45 and amendments thereto. The program may include current and
46 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

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

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

16 During the rehabilitation term, the chief operating officer shall
17 be responsible for entering into any memorandum of understanding
18 on behalf of the qualified municipality that is required as a
19 condition of receiving assistance under P.L.1987, c.75 (C.52:27D-
20 118.24 et seq.), or any other law; provided, however, that those
21 memoranda of understanding shall be consistent with the provisions
22 of P.L.2002, c.43 (C.52:27BBB-1 et al.) and P.L.2007, c.176
23 (C.52:27BBB-2.2 et al.), and the powers of the chief operating
24 officer granted pursuant thereto. Any such memoranda of
25 understanding shall be executed between the chief operating officer
26 and the Director of the Division of Local Government Services in
27 the Department of Community Affairs. Whenever the powers and
28 duties of the chief operating officer have devolved upon the director
29 pursuant to subsection b. of section 7 of P.L.2002, c.43
30 (C.52:27BBB-7), the memorandum of understanding shall be
31 executed between the director, on behalf of the qualified
32 municipality, and the State Treasurer, on behalf of the State.
33 (cf: P.L.2021, c.30, s.2.)

34

35 3. This act shall take effect immediately.

36

37

38

STATEMENT

39

40 This bill would extend the economic recovery term under the
41 "Municipal Rehabilitation and Economic Recovery Act," P.L.2002,
42 c.43 (C.52:27BBB-1 et al.) (MRERA), by five years. This would
43 extend the special governing procedures, economic benefits, and
44 additional oversight measures provided for a qualified municipality
45 under the MRERA. Based upon the continuing unique fiscal
46 distress facing the City of Camden, it is evident that a longer

CHAPTER 108

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

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

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

C.52:27BBB-3 Definitions relative to municipal rehabilitation and economic recovery.

3. As used in this act:

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

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

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

"Commissioner" means the Commissioner of Community Affairs.

"Contiguous with" means within.

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

"Economic recovery term" means the period commencing with the expiration of the term of the chief operating officer and terminating 20 years thereafter.

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

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

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

"Project" means: (1) (a) acquisition, construction, reconstruction, repair, alteration, improvement and extension of any building, structure, facility, including water transmission facilities or other improvement, whether or not in existence or under construction, (b) purchase and installation of equipment and machinery, (c) acquisition and improvement of real estate and the extension or provision of utilities, access roads and other appurtenant facilities; and (2) (a) the acquisition, financing, or refinancing of inventory, raw materials, supplies, work in process, or stock in trade, or (b) the financing, refinancing or consolidation of secured or unsecured debt, borrowings, or obligations, or (c) the provision of financing for any other expense incurred in the ordinary course of business; all of which are to be used or occupied by any person in any enterprise promoting employment, either for the manufacturing, processing or assembly of materials or products, or for research or office purposes, including, but not limited to, medical and other professional facilities, or for industrial, recreational, hotel or motel facilities, public utility and warehousing, or for commercial and service purposes, including, but not limited to, retail outlets, retail shopping centers, restaurant and retail food outlets, and any and all other employment promoting enterprises, including, but not limited to, motion picture and television studios and facilities and commercial fishing facilities, commercial facilities for recreational fishermen, fishing vessels, aquaculture facilities and marketing

facilities for fish and fish products and (d) acquisition of an equity interest in, including capital stock of, any corporation; or any combination of the above, which the authority determines will: (i) tend to maintain or provide gainful employment opportunities within and for the people of the State, or (ii) aid, assist and encourage the economic development or redevelopment of any political subdivision of the State, or (iii) maintain or increase the tax base of the State or of any political subdivision of the State, or (iv) maintain or diversify and expand employment promoting enterprises within the State; and (3) the cost of acquisition, construction, reconstruction, repair, alteration, improvement and extension of an energy saving improvement or pollution control project which the authority determines will tend to reduce the consumption in a building devoted to industrial or commercial purposes, or in an office building, of nonrenewable sources of energy or to reduce, abate or prevent environmental pollution within the State; and (4) the acquisition, construction, reconstruction, repair, alteration, improvement, extension, development, financing or refinancing of infrastructure and transportation facilities or improvements related to economic development and of cultural, recreational and tourism facilities or improvements related to economic development and of capital facilities for primary and secondary schools and of mixed use projects consisting of housing and commercial development; and (5) the establishment, acquisition, construction, rehabilitation, improvement, and ownership of port facilities as defined in section 3 of P.L.1997, c.150 (C.34:1B-146). Project may also include: reimbursement to any person for costs in connection with any project, or the refinancing of any project or portion thereof, if such actions are determined by the authority to be necessary and in the public interest to maintain employment and the tax base of any political subdivision and likely to facilitate improvements or the completion of the project; and developing property and any construction, reconstruction, improvement, alteration, equipment or maintenance or repair, or planning and designing in connection therewith. For the purpose of carrying out mixed use projects consisting of both housing and commercial development, the authority may enter into agreements with the New Jersey Housing and Mortgage Finance Agency for loan guarantees for any such project in accordance with the provisions of P.L.1995, c.359 (C.55:14K-64 et al.), and for that purpose shall allocate to the New Jersey Housing and Mortgage Finance Agency, under such agreements, funding available pursuant to subsection a. of section 4 of P.L.1992, c.16 (C.34:1B-7.13). "Project" shall not include a school facilities project.

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

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

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

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

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

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

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

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

C.52:27BBB-6 Municipality deemed under rehabilitation and economic recovery; term.

6. a. Upon the appointment of a chief operating officer pursuant to section 7 of P.L.2002, c.43 (C.52:27BBB-7), a qualified municipality shall be under rehabilitation and economic recovery. This period shall begin with the assumption of job responsibilities by the chief operating officer pursuant to this section and terminate 20 years following the end of the term of the chief operating officer. The period corresponding with the term of the chief operating officer shall be referred to hereinafter as the rehabilitation term. The period commencing with the expiration of the term of the chief operating officer and terminating terminate 20 years thereafter shall be referred to hereinafter as the economic recovery term.

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

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

(3) The mayor shall cause to be issued an interim report and a final report on the progress of the municipality toward achieving municipal rehabilitation and economic recovery, as set forth in section 8 of P.L.2002, c.43 (C.52:27BBB-8). The interim report shall be issued no later than June 30, 2026, and the final report shall be issued at the end of the economic recovery term.

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

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

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

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

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

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

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

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

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

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

memorandum of understanding shall be executed between the director, on behalf of the qualified municipality, and the State Treasurer, on behalf of the State.

3. This act shall take effect immediately.

Approved January 6, 2025.

SENATE, No. 3969

STATE OF NEW JERSEY
221st LEGISLATURE

INTRODUCED DECEMBER 16, 2024

Sponsored by:

Senator NILSA I. CRUZ-PEREZ

District 5 (Camden and Gloucester)

Assemblyman WILLIAM W. SPEARMAN

District 5 (Camden and Gloucester)

Assemblyman WILLIAM F. MOEN, JR.

District 5 (Camden and Gloucester)

SYNOPSIS

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

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 12/19/2024)

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 **[15]** 20 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.2021, c.30, 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 **[15]** 20 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 terminate **【15】** 20 years
5 thereafter shall be referred to hereinafter as the economic recovery
6 term.

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

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

30 (3) The mayor shall cause to be issued an interim report and a
31 final report on the progress of the municipality toward achieving
32 municipal rehabilitation and economic recovery, as set forth in
33 section 8 of P.L.2002, c.43 (C.52:27BBB-8). The interim report
34 shall be issued no later than June 30, **【2021】** 2026, and the final
35 report shall be issued at the end of the economic recovery term.

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

1 costs and probable revenues, if any, as well as existing sources of
2 funds, or the need for additional sources of funds, for the
3 implementation and operation of each project. The program shall,
4 as far as possible, be based on existing information in the
5 possession of the departments and agencies of the municipality and
6 shall take into account public facility needs indicated by the
7 prospective development shown in the master plan of the
8 municipality or as permitted by other municipal land use controls.

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

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

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

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

28 c. Upon the assumption of job responsibilities by the chief
29 operating officer, the financial review board created pursuant to
30 section 5 of P.L.1999, c.156 (C.52:27D-118.30a) to oversee the
31 finances of the municipality shall cease to function and the
32 municipality shall cease to be under supervision pursuant to Article
33 4 of P.L.1947, c.151 (C.52:27BB-54 et seq.).

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

46 Notwithstanding the termination of the financial review board
47 and supervision, all memorandums of understanding entered into by
48 the municipality as a condition of receiving assistance under

1 P.L.1987, c.75 (C.52:27D-118.24 et seq.) that require the
2 municipality to implement any government, administrative,
3 operational efficiency or oversight measures necessary for the fiscal
4 recovery of the municipality as recommended by the director and
5 approved by the Local Finance Board shall continue to have full
6 force and effect.

7 During the rehabilitation term, the chief operating officer shall
8 be responsible for entering into any memorandum of understanding
9 on behalf of the qualified municipality that is required as a
10 condition of receiving assistance under P.L.1987, c.75 (C.52:27D-
11 118.24 et seq.), or any other law; provided, however, that those
12 memoranda of understanding shall be consistent with the provisions
13 of P.L.2002, c.43 (C.52:27BBB-1 et al.) and P.L.2007, c.176
14 (C.52:27BBB-2.2 et al.), and the powers of the chief operating
15 officer granted pursuant thereto. Any such memoranda of
16 understanding shall be executed between the chief operating officer
17 and the Director of the Division of Local Government Services in
18 the Department of Community Affairs. Whenever the powers and
19 duties of the chief operating officer have devolved upon the director
20 pursuant to subsection b. of section 7 of P.L.2002, c.43
21 (C.52:27BBB-7), the memorandum of understanding shall be
22 executed between the director, on behalf of the qualified
23 municipality, and the State Treasurer, on behalf of the State.
24 (cf: P.L.2021, c.30, s.2.)

25

26 3. This act shall take effect immediately.

27

28

29

STATEMENT

30

31 This bill would extend the economic recovery term under the
32 "Municipal Rehabilitation and Economic Recovery Act," P.L.2002,
33 c.43 (C.52:27BBB-1 et al.) (MRERA), by five years. This would
34 extend the special governing procedures, economic benefits, and
35 additional oversight measures provided for a qualified municipality
36 under the MRERA. Based upon the continuing unique fiscal
37 distress facing the City of Camden, it is evident that a longer
38 economic recovery term is necessary to achieving the fiscal stability
39 and economic revitalization goals of the MRERA.

SENATE STATE GOVERNMENT, WAGERING, TOURISM &
HISTORIC PRESERVATION COMMITTEE

STATEMENT TO

SENATE, No. 3969

STATE OF NEW JERSEY

DATED: DECEMBER 16, 2024

The Senate State Government, Wagering, Tourism & Historic Preservation Committee reports favorably Senate Bill No. 3969.

This bill would extend the economic recovery term under the "Municipal Rehabilitation and Economic Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et al.) (MRERA), by five years. This would extend the special governing procedures, economic benefits, and additional oversight measures provided for a qualified municipality under the MRERA. Based upon the continuing unique fiscal distress facing the City of Camden, it is evident that a longer economic recovery term is necessary to achieving the fiscal stability and economic revitalization goals of the MRERA.

LEGISLATIVE FISCAL ESTIMATE
SENATE, No. 3969
STATE OF NEW JERSEY
221st LEGISLATURE

DATED: DECEMBER 26, 2024

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.

Office of Legislative Services Estimate

Fiscal Impact	<u>January 2025 to January 2030</u>
Potential State Expenditure Increase	Indeterminate
Municipal Finance Impact	Indeterminate

- The Office of Legislative Services (OLS) concludes that the bill may potentially increase State administrative expenditures over a five-year period, from January 2025 to January 2030, associated with the continued oversight of the City of Camden.
- 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.

BILL DESCRIPTION

This bill would extend the economic recovery term under the Municipal Rehabilitation and Economic Recovery Act (MRERA), applicable to the City of Camden, by five years, from January 2025 to January 2030. This would extend the special governing procedures, economic benefits, and additional oversight measures provided for a qualified municipality under the MRERA.

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, from January 2025 to January 2030.

Impact on 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 may allow the City of Camden to receive increased funding from existing State aid programs.

Impact on State Expenditures:

The bill may increase State expenditures for the continued oversight of the City of Camden by the Department of Community Affairs. Notably, the department 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 department may veto any resolution or ordinance adopted by the governing body of the municipality, subject to override by the municipality. As a result, the department may incur additional administrative 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 Economic Development Authority 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 authority.

The OLS notes that authority's 2022 Annual Report states that the State Economic Recovery Board of Camden is currently inactive, and that MRERA funds are fully committed and not available for disbursement. As of April 2017, the most recent authority publication on the Camden Economic Recovery Initiative indicates that the State disbursed approximately \$164.1 million of the \$175 million bond issuance. 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. Assuming the information concerning the commitment and disbursement of MRERA

funds is still correct, the bill would not increase State expenditures by continuing the board's operations during the five-year period following enactment of the bill.

Section: Local Government

*Analyst: Abigail Stoyer
Associate Fiscal Analyst*

*Approved: Thomas Koenig
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.).

ASSEMBLY, No. 5126

STATE OF NEW JERSEY

221st LEGISLATURE

INTRODUCED DECEMBER 9, 2024

Sponsored by:

Assemblyman WILLIAM W. SPEARMAN

District 5 (Camden and Gloucester)

Assemblyman WILLIAM F. MOEN, JR.

District 5 (Camden and Gloucester)

SYNOPSIS

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

CURRENT VERSION OF TEXT

As introduced.



A5126 SPEARMAN, MOEN

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 **[15]** 20 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
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41 improvement, and ownership of port facilities as defined in section
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45 actions are determined by the authority to be necessary and in the
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47 political subdivision and likely to facilitate improvements or the
48 completion of the project; and developing property and any

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6 and Mortgage Finance Agency for loan guarantees for any such
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9 Jersey Housing and Mortgage Finance Agency, under such
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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.

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23 established pursuant to section 39 of P.L.2002, c.43 (C.52:27BBB-
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26 qualified municipality is under the direction of the chief operating
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30 Justice pursuant to section 5 of P.L.2002, c.43 (C.52:27BBB-5).

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48 **[15]** 20 years following the end of the term of the chief operating

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13 board or authority, including, but not limited to, the housing
14 authority, parking authority, redevelopment authority, planning
15 board and board of adjustment. No action taken at any meeting of
16 any independent board or authority shall have force or effect until
17 10 days, exclusive of Saturdays, Sundays and public holidays, after
18 the copy of the minutes shall have been delivered to the mayor. If,
19 in that 10-day period, the mayor returns the copy of the minutes
20 with a veto of any action taken by the board or authority at the
21 meeting, that action shall be null and void and of no force and
22 effect. Following the completion of the 10-day period, those
23 actions not vetoed shall be considered approved.

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

30 (3) The mayor shall cause to be issued an interim report and a
31 final report on the progress of the municipality toward achieving
32 municipal rehabilitation and economic recovery, as set forth in
33 section 8 of P.L.2002, c.43 (C.52:27BBB-8). The interim report
34 shall be issued no later than June 30, **【2021】** 2026, and the final
35 report shall be issued at the end of the economic recovery term.

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

1 costs and probable revenues, if any, as well as existing sources of
2 funds, or the need for additional sources of funds, for the
3 implementation and operation of each project. The program shall,
4 as far as possible, be based on existing information in the
5 possession of the departments and agencies of the municipality and
6 shall take into account public facility needs indicated by the
7 prospective development shown in the master plan of the
8 municipality or as permitted by other municipal land use controls.

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

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

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

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

28 c. Upon the assumption of job responsibilities by the chief
29 operating officer, the financial review board created pursuant to
30 section 5 of P.L.1999, c.156 (C.52:27D-118.30a) to oversee the
31 finances of the municipality shall cease to function and the
32 municipality shall cease to be under supervision pursuant to Article
33 4 of P.L.1947, c.151 (C.52:27BB-54 et seq.).

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

46 Notwithstanding the termination of the financial review board
47 and supervision, all memorandums of understanding entered into by
48 the municipality as a condition of receiving assistance under

1 P.L.1987, c.75 (C.52:27D-118.24 et seq.) that require the
2 municipality to implement any government, administrative,
3 operational efficiency or oversight measures necessary for the fiscal
4 recovery of the municipality as recommended by the director and
5 approved by the Local Finance Board shall continue to have full
6 force and effect.

7 During the rehabilitation term, the chief operating officer shall
8 be responsible for entering into any memorandum of understanding
9 on behalf of the qualified municipality that is required as a
10 condition of receiving assistance under P.L.1987, c.75 (C.52:27D-
11 118.24 et seq.), or any other law; provided, however, that those
12 memoranda of understanding shall be consistent with the provisions
13 of P.L.2002, c.43 (C.52:27BBB-1 et al.) and P.L.2007, c.176
14 (C.52:27BBB-2.2 et al.), and the powers of the chief operating
15 officer granted pursuant thereto. Any such memoranda of
16 understanding shall be executed between the chief operating officer
17 and the Director of the Division of Local Government Services in
18 the Department of Community Affairs. Whenever the powers and
19 duties of the chief operating officer have devolved upon the director
20 pursuant to subsection b. of section 7 of P.L.2002, c.43
21 (C.52:27BBB-7), the memorandum of understanding shall be
22 executed between the director, on behalf of the qualified
23 municipality, and the State Treasurer, on behalf of the State.
24 (cf: P.L.2021, c.30, s.2.)

25

26 3. This act shall take effect immediately.

27

28

29

STATEMENT

30

31 This bill would extend the economic recovery term under the
32 "Municipal Rehabilitation and Economic Recovery Act," P.L.2002,
33 c.43 (C.52:27BBB-1 et al.) (MRERA), by five years. This would
34 extend the special governing procedures, economic benefits, and
35 additional oversight measures provided for a qualified municipality
36 under the MRERA. Based upon the continuing unique fiscal
37 distress facing the City of Camden, it is evident that a longer
38 economic recovery term is necessary to achieving the fiscal stability
39 and economic revitalization goals of the MRERA.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 5126

STATE OF NEW JERSEY

DATED: DECEMBER 16, 2024

The Assembly Appropriations Committee reports favorably Assembly Bill No. 5126.

This bill would extend the economic recovery term under the "Municipal Rehabilitation and Economic Recovery Act," P.L.2002, c.43 (C.52:27BBB-1 et al.) (MRERA), by five years. By extending the economic recovery term, this bill would extend the special governing procedures, economic benefits, and additional oversight measures provided for a qualified municipality under the MRERA. The City of Camden is the only municipality to qualify under MRERA.

FISCAL IMPACT:

The Office of Legislative Services (OLS) concludes that the bill may potentially increase State administrative expenditures over a five-year period, from January 2025 to January 2030, associated with continued oversight of the City of Camden.

The expended 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.

LEGISLATIVE FISCAL ESTIMATE
ASSEMBLY, No. 5126
STATE OF NEW JERSEY
221st LEGISLATURE

DATED: DECEMBER 18, 2024

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.

Office of Legislative Services Estimate

Fiscal Impact	<u>January 2025 to January 2030</u>
Potential State Expenditure Increase	Indeterminate
Municipal Finance Impact	Indeterminate

- The Office of Legislative Services (OLS) concludes that the bill may potentially increase State administrative expenditures over a five-year period, from January 2025 to January 2030, associated with the continued oversight of the City of Camden.
- 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.

BILL DESCRIPTION

This bill would extend the economic recovery term under the Municipal Rehabilitation and Economic Recovery Act (MRERA), applicable to the City of Camden, by five years, from January 2025 to January 2030. This would extend the special governing procedures, economic benefits, and additional oversight measures provided for a qualified municipality under the MRERA.

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, from January 2025 to January 2030.

Impact on 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 may allow the City of Camden to receive increased funding from existing State aid programs.

Impact on State Expenditures:

The bill may increase State expenditures for the continued oversight of the City of Camden by the Department of Community Affairs. Notably, the department 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 department may veto any resolution or ordinance adopted by the governing body of the municipality, subject to override by the municipality. As a result, the department may incur additional administrative 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 Economic Development Authority 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 authority.

The OLS notes that authority's 2022 Annual Report states that the State Economic Recovery Board of Camden is currently inactive, and that MRERA funds are fully committed and not available for disbursement. As of April 2017, the most recent authority publication on the Camden Economic Recovery Initiative indicates that the State disbursed approximately \$164.1 million of the \$175 million bond issuance. 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. Assuming the information concerning the commitment and disbursement of MRERA

funds is still correct, the bill would not increase State expenditures by continuing the board's operations during the five-year period following enactment of the bill.

Section: Local Government

*Analyst: Abigail Stoyer
Associate Fiscal Analyst*

*Approved: Thomas Koenig
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

01/6/2025

TRENTON – Today, Governor Murphy signed the following bill into law:

S-3969/A-5126 (Cruz-Perez/Spearman, Moen) - Extends economic recovery term under "Municipal Rehabilitation and Economic Recovery Act"