

2B:10-6

LEGISLATIVE HISTORY CHECKLIST  
Compiled by the NJ State Law Library

("State Unification Act"--  
amendment)

NJSA: 2B:10-6

LAWS OF: 1997 CHAPTER: 58

BILL NO: A2719

SPONSOR(S): Kelly and others

DATE INTRODUCED: February 3, 1997

COMMITTEE: ASSEMBLY: Appropriations  
SENATE: ---

AMENDED DURING PASSAGE: No

DATE OF PASSAGE: ASSEMBLY: March 13, 1997  
SENATE: March 24, 1997

DATE OF APPROVAL: April 1, 1997

FOLLOWING STATEMENTS ARE ATTACHED IF AVAILABLE:

SPONSOR STATEMENT: Yes

COMMITTEE STATEMENT: ASSEMBLY: Yes  
SENATE: No

FISCAL NOTE: Yes

VE TO MESSAGE: No

MESSAGE ON SIGNING: No

FOLLOWING WERE PRINTED:

REPORTS: No

HEARINGS: No

DEPOSITOR  
Do Not Remove From

KBP:pp

P.L. 1997, CHAPTER 58, *approved April 1, 1997*  
Assembly, No. 2719

1 AN ACT concerning the "State Judicial Unification Act" and amending  
2 and supplementing P.L. 1993, c.275.

3  
4 **BE IT ENACTED** by the Senate and General Assembly of the State  
5 of New Jersey:

6  
7 1. Section 6 of P.L.1993, c.275 (C.2B:10-6) is amended to read as  
8 follows:

9 6. a. **[In]** Except as provided in subsection e., in local fiscal years  
10 1995, 1996 and 1997, each county shall pay a share of its base year  
11 amount as determined by the director based on the following schedule:

12  
13 (1) 1995..... 87.5% of the base year amount;  
14 (2) 1996..... 62.5% of the base year amount;  
15 (3) 1997..... 50.0% of the base year amount.

16 b. **[Each]** Except as provided in subsection e., each county shall  
17 pay the respective amounts established in subsection a. to the State  
18 Treasurer on the following schedule:

19 (1) 1995..... On May 15, 50.0% of the base year  
20 amount, and on October 1, 37.5% of  
21 the base year amount;  
22 (2) 1996..... On May 15, 37.5% of the base year  
23 amount, and on October 1, 25.0% of  
24 the base year amount;  
25 (3) 1997..... On May 15, 25.0% of the base year  
26 amount, and on October 1, 25.0% of  
27 the base year amount.

28 c. In local budget year 1998 and thereafter, no county shall be  
29 required to pay judicial costs or probation costs unless a county elects  
30 to proceed under subsection e. of this section in which case the county  
31 shall not be required to pay judicial costs or probation costs in local  
32 budget year 1999 and thereafter.

33 d. No county shall be required to pay the employer pension

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

**Matter underlined thus is new matter.**

1 contribution on behalf of any employee who becomes an employee of  
2 the State under this act after the date the person becomes an employee  
3 of the State. However, notwithstanding the provisions of subsections  
4 b. and c. above, it shall continue to be the responsibility of each county  
5 to pay any additional liability for any employee who would have  
6 become an employee of the State under this act but who retired and  
7 received a benefit under P.L. 1993, c.138 as provided under that act,  
8 and the liability for late enrollment of an employee in the Public  
9 Employees' Retirement System, whose date of compulsory enrollment  
10 is prior to the date the person becomes an employee of the State under  
11 this act, as provided under section 48 of P.L.1971, c.213  
12 (C.43:15A-7.1).

13 e. Notwithstanding the provisions of subsections a. and b. of this  
14 section, a county may elect in local fiscal year 1997 to pay its share of  
15 its base year amount in 1997 and 1998 as follows: in 1997 25.0% of  
16 its base year amount on May 15, 1997 and in 1998 25.0% of its base  
17 year amount on May 15, 1998.

18 (cf: P.L.1993, c.275, s.6)

19

20 2. (New section) The Director of the Division of Local  
21 Government Services in the Department of Community Affairs shall  
22 implement the schedule of payments and shall direct the manner by  
23 which each county shall make payment to the State pursuant to the  
24 provisions of subsection e. of section 6 of P.L.1993, c.275 (C.2B:10-  
25 6).

26

27 3. This act shall take effect immediately.

28

29

30

#### STATEMENT

31

32 This bill provides an opportunity for property taxpayers to benefit  
33 from the difference between the State fiscal year budget cycle and the  
34 county calendar year budget cycle. This bill would permit counties to  
35 elect to change certain dates on which counties are required to pay  
36 over monies which are percentages of a base year amount defined in  
37 the "State Judicial Unification Act" to the State. Current law requires  
38 a \$120 million payment from counties in 1997, 25 % of the base year  
39 amount on May 15, 1997 and 25% of the base year amount on  
40 October 1, 1997. This bill would permit the counties to provide a  
41 \$60 million payment on May 15, 1997 (25% of the base year amount  
42 as currently required) and another payment of \$60 million on May 15,  
43 1998 rather than on October 1, 1997 (as currently required in  
44 subsection b. of the section). The State's General Fund would still  
45 receive the \$120 million anticipated. Because county budgets are on  
46 a calendar basis, this deferral would provide an additional \$60 million

1 in property tax relief during tax year 1997. The effect of this  
2 legislation would be to permit the counties to accelerate the property  
3 tax benefit into calendar year 1997 by allowing the counties to retain  
4 use of \$60 million until May 15, 1998 if they choose to proceed under  
5 this bill.

6

7

8

9

10 Amends the "State Judicial Unification Act."

1 contribution on behalf of any employee who becomes an employee of  
2 the State under this act after the date the person becomes an employee  
3 of the State. However, notwithstanding the provisions of subsections  
4 b. and c. above, it shall continue to be the responsibility of each county  
5 to pay any additional liability for any employee who would have  
6 become an employee of the State under this act but who retired and  
7 received a benefit under P.L.1993, c.138 as provided under that act,  
8 and the liability for late enrollment of an employee in the Public  
9 Employees' Retirement System, whose date of compulsory enrollment  
10 is prior to the date the person becomes an employee of the State under  
11 this act, as provided under section 48 of P.L.1971, c.213  
12 (C.43:15A-7.1).

13 e. Notwithstanding the provisions of subsections a. and b. of this  
14 section, a county may elect in local fiscal year 1997 to pay its share of  
15 its base year amount in 1997 and 1998 as follows: in 1997 25.0% of  
16 its base year amount on May 15, 1997 and in 1998 25.0% of its base  
17 year amount on May 15, 1998.

18 (cf: P.L.1993, c.275, s.6)

19

20 2. (New section) The Director of the Division of Local  
21 Government Services in the Department of Community Affairs shall  
22 implement the schedule of payments and shall direct the manner by  
23 which each county shall make payment to the State pursuant to the  
24 provisions of subsection e. of section 6 of P.L.1993, c.275 (C.2B:10-  
25 6).

26

27 3. This act shall take effect immediately.

28

29

30

#### STATEMENT

31

32 This bill provides an opportunity for property taxpayers to benefit  
33 from the difference between the State fiscal year budget cycle and the  
34 county calendar year budget cycle. This bill would permit counties to  
35 elect to change certain dates on which counties are required to pay  
36 over monies which are percentages of a base year amount defined in  
37 the "State Judicial Unification Act" to the State. Current law requires  
38 a \$120 million payment from counties in 1997, 25 % of the base year  
39 amount on May 15, 1997 and 25% of the base year amount on  
40 October 1, 1997. This bill would permit the counties to provide a  
41 \$60 million payment on May 15, 1997 (25% of the base year amount  
42 as currently required) and another payment of \$60 million on May 15,  
43 1998 rather than on October 1, 1997 (as currently required in  
44 subsection b. of the section). The State's General Fund would still  
45 receive the \$120 million anticipated. Because county budgets are on  
46 a calendar basis, this deferral would provide an additional \$60 million

1 in property tax relief during tax year 1997. The effect of this  
2 legislation would be to permit the counties to accelerate the property  
3 tax benefit into calendar year 1997 by allowing the counties to retain  
4 use of \$60 million until May 15, 1998 if they choose to proceed under  
5 this bill.

6

7

8

9

10 Amends the "State Judicial Unification Act."

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2719

**STATE OF NEW JERSEY**

DATED: MARCH 3, 1997

The Assembly Appropriations Committee reports favorably Assembly Bill No. 2719.

Assembly Bill No. 2719 permits counties to elect to change certain dates on which counties are required to pay over monies which are percentages of a base year amount defined in the "State Judicial Unification Act" to the State. Current law requires a \$120 million payment from counties in 1997; one-half due on May 15, 1997 and one-half due on October 1, 1997. This bill would permit the counties to provide a \$60 million payment on May 15, 1997, as currently required, and another payment of \$60 million on May 15, 1998 rather than on October 1, 1997, as currently required.

FISCAL IMPACT:

This bill permits counties to make the base year payment of \$60 million on May 15, 1998 rather than October 1, 1997 for the "State Judicial Unification Act" as currently required. The State General Fund would still receive its \$120 million as anticipated. The deferral provides for an extension of an interest free loan for a seven month period to the counties. The State would forgo interest earnings from deposit of the deferred payments into the State Cash Management Fund.

---

LEGISLATIVE FISCAL ESTIMATE TO  
ASSEMBLY, No. 2719  
**STATE OF NEW JERSEY**

DATED: MARCH 27, 1997

Assembly Bill No. 2719 of 1997 provides an option to counties to delay the date on which counties will make the final payment to the State for the county share of judicial costs in accordance with the "State Judicial Unification Act," P.L.1993, c.275 (C.2B:10-1 et seq.). Under that act, counties must pay \$119,312,467 to the State in calendar year 1997 (which is also county fiscal year 1997); one half of that amount (or \$59,656,233) is due on May 15, 1997 (in State fiscal year 1997) and the remaining half on October 1, 1997 (in State fiscal year 1998). The bill would provide counties with a choice to make the final payment on May 15, 1998 instead of October 1, 1997, thereby deferring the payment for county purposes until county fiscal year 1998, but only deferring payment for State purposes to the latter part of State fiscal year 1998.

The Office of Legislative Services (OLS) notes that the bill does not reduce the amount of the final payment, but only permits those counties which choose to take advantage to delay the date of the final payment to the State. To the extent that some counties will be able to and choose to take advantage, the bill will defer receipt by the State of county payments for seven months from October 1, 1997, when the payment is required under current law, to May 15, 1998, the optional payment date in the bill.

However, the State may forgo interest earnings during that seven month period that would have resulted from deposit of the deferred payments into the New Jersey Cash Management Fund in October of 1997. (The average annualized rate of return to participating State accounts in the New Jersey Cash Management Fund is approximately 5.6 percent.) Alternately, the State may also incur larger short term borrowing costs to meet expenditure needs that would otherwise have been met by the use of the county payments. However, it is not possible to estimate this cost to the State with any certainty since it is not known which counties will be in a position or will want to take advantage of this option. The OLS also notes that this bill extends an interest free loan for a seven month period to the counties that take the option.

The OLS notes that, while the statement to the bill states that the deferment of the payment will provide property tax relief for property taxpayers for county fiscal year 1997, this may not be a guaranteed result under the terms of the bill in all counties. The deadline for approval of county budgets for local fiscal year 1997 was February 25, 1997, although many counties will adopt their budgets after the

---



deadline. The OLS has learned informally that the Division of Local Government Services in the Department of Community Affairs has told counties that extensions beyond the deadline may be taken to await the results of legislative action, if any, on this bill. A survey of the seven counties with the highest payment amounts due on October 1, 1997 has revealed that only one county has prepared, although not yet adopted, a budget that anticipates taking advantage of the payment deferral. One county did not wait and has already adopted its budget for local fiscal year 1997 with the payment to the State required under current law included. Another county has indicated that whether or not this bill is enacted, the county has decided to make its final payment in October and, therefore, is including the payment in the budget for 1997. The remaining four counties surveyed have indicated that they have included the payment within their budgets and although their budgets have not yet been adopted, legislative action on this bill is not a significant reason for the delays in adoption. Once adopted, county budgets are sent to the County Board of Taxation for each county and tax rates are determined. The payments due from the seven counties surveyed represent 59 percent of the total payment of \$59.7 million due to the State on October 1, 1997 under current law.

For counties that adopt budgets before the enactment of this bill so that the budget includes the payment required under current law and those counties choose to take advantage of the deferral in this bill if enacted, the deferred payment once collected will earn additional interest for the county during the seven month deferral period until the payment is due in county fiscal year 1998. Therefore, counties may realize additional interest earnings during the deferment period. It is not known how many counties will take advantage of the bill's provision.

If this bill is enacted quickly, some counties that have delayed the adoption of their budgets may anticipate the payment deferral in their budget calculations and thereby reduce their property tax requirements in county fiscal year 1997. It is not known how many counties will be in a position to do this. These counties will have to include the payment in county fiscal year 1998, a year in which no payment is required under current law, and will have to have sufficient resources to do so.

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.