[First Reprint]

SENATE, No. 690

STATE OF NEW JERSEY

217th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2016 SESSION

Sponsored by:
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Co-Sponsored by:
Senator Beck, Assemblywomen Downey, Spencer and Assemblyman Wisniewski

SYNOPSIS

Increases flexibility, clarity, and available tools of optional municipal consolidation process.

CURRENT VERSION OF TEXT

As reported by the Senate Community and Urban Affairs Committee on March 7, 2016, with amendments.

(Sponsorship Updated As Of: 3/17/2016)

AN ACT concerning municipal consolidation and amending P.L.2007, c.63, and P.L.1995, c.376.

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

1. Section 25 of P.L.2007, c.63 (C.40A:65-25) is amended to read as follows:

25. a. The Legislature finds and declares that in order to encourage municipalities to increase efficiency through municipal consolidation for the purpose of reducing expenses borne by their property taxpayers, more flexible options need to be available to the elected municipal officials and voters than are available through the "Municipal Consolidation Act," P.L.1977, c.435 (C.40:43-66.35 et al.).

b. (1) In lieu of the procedures set forth in the "Municipal Consolidation Act," P.L.1977, c.435 (C.40:43-66.35 et al.), the governing bodies from two or more **[**contiguous**]** municipalities <u>situated in the same county</u> may apply to the board for either:

(a) approval of a plan to consolidate their municipalities; or

(b) creation of a Municipal Consolidation Study Commission, as described in subsection c. of this section.

(2) A representative committee of registered voters from two or more **[**contiguous**]** municipalities<u>, which committee shall contain at least one registered voter from each participating municipality,</u> may petition the board for the creation of a Municipal Consolidation Study Commission, as described in subsection c. of this section. <u>The petition, or each petition paper, as the case may be, shall state the purpose of the petition, and shall name the municipalities for which a Municipal Consolidation Study Commission is proposed.</u> The petition, to be sufficient, shall be signed by the registered and qualified voters of **[**the municipalities**]** <u>each municipality</u> in a number at least equal to 10% of the total votes cast in **[**those municipalities**]** <u>each municipality</u> at the last preceding general election at which members of the General Assembly were elected. <u>The signatures for a petition shall be obtained within two years of the date of the last preceding general election at which members of the General Assembly were elected. The petition shall be filed with the clerk of each municipality who shall, within 30 days, ascertain and certify the number and validity of the signatures affixed thereto with respect to the municipality served by the clerk.</u>

<u>If the petition is determined to be insufficient, notice shall, within 30 days, be provided to the registered voters constituting the representative committee that filed the petition, which committee</u>

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 <u>thus</u> is new matter.
Matter enclosed in superscript numerals has been adopted as follows:
[1]Senate SCU committee amendments adopted March 7, 2016.

shall have 10 days from receipt of the notification of insufficiency to file a supplementary petition designed to rectify such insufficiency, which shall be in the same form and shall be filed in the same manner as the original petition. If no supplementary petition is filed within 10 days after such notification of insufficiency, or if the clerk shall, within five days after such a supplementary petition is filed, examine it and determine it to be still insufficient, the clerk shall execute a certificate of insufficiency and notify the representative committee of the insufficiency. A finding of insufficiency shall not prejudice the filing of a new petition for the same purpose, provided that such new petition otherwise conforms to the requirements of this paragraph.

If the petition is determined to be sufficient, the clerk of each municipality shall so certify, and shall forthwith provide the petition and proposed consolidation plan for public inspection on the Internet website of each participating municipality, if one exists, or, if one does not exist, on the Internet website of the Department of Community Affairs, transmit certified copies to the governing body of the municipality served by the clerk, to the clerk of each of the other municipalities named in the petition, and to the board.

The board shall also accept a combination of applications from ⟦local⟧ municipal governing bodies, pursuant to subparagraph (b) of paragraph (1) of this subsection, and petitions from representative committees of registered voters, pursuant to this paragraph, from two or more ⟦contiguous⟧ municipalities, requesting the creation of a Municipal Consolidation Study Commission ⟦; however, if each municipality submits an application from its governing body, any proposed consolidation plan shall be approved by voter referendum in each of the municipalities⟧.

(3) The board shall provide application forms, model petitions, and technical assistance to any governing bodies or voters desiring to apply to the board for approval of a consolidation plan or the creation of a Municipal Consolidation Study Commission.

(4) ⟦A consolidation commission established pursuant to P.L.1977, c.435 (C.40:43-66.35 et seq.) in the year prior to enactment of sections 1 to 37 of P.L.2007, c.63 (C.40A:65-1 et al.) may apply to the Local Finance Board for approval to use the provisions of sections 25 through 29 of P.L.2007, c.63 (C.40A:65-25 through C.40A:65-29).⟧ (Deleted by amendment, P.L. , c.) (pending before the Legislature as this bill)

(5) Municipalities that are not contiguous may be consolidated if located within a reasonable distance from each other and situated in the same county. The applicant shall have the burden of proving that a non-contiguous consolidation is reasonable as such.

(6) Upon the approval by the board of a consolidation plan submitted by municipalities or the issuance of a final report by a

Municipal Consolidation Study Commission recommending consolidation, the clerk of each participating municipality shall cause the question of consolidation to be submitted to the registered voters of each municipality on the date of the next general or municipal election, whichever shall occur sooner and allows sufficient time to publish all required notices. At that election, the question shall be submitted in the same manner as other public questions in each such municipality, and in the following form or such part thereof as shall be applicable:

"Shall (insert the names of the participating municipalities) be consolidated into a single new municipality to be known as (insert name and type of municipality) and governed under (insert the plan or form of government of the new municipality)?"

(7) A proposal to consolidate municipalities into a single new municipality shall be deemed approved and adopted only if a majority of those voting on the question of consolidation in each of the participating municipalities votes in favor of the question at such referendum.

c. An application to create a Municipal Consolidation Study Commission shall propose a process to study the feasibility of consolidating the participating municipalities into a single new municipality or merging one into the other. The application shall include provisions for:

(1) the means of selection, number, and qualifications of study commissioners;

(2) the timeframe for the study, which shall be no more than three years, along with key events and deadlines, including time for review of the report by State agencies, which review shall be no less than three months;

(3) whether a preliminary report shall be issued in addition to the final report;

(4) whether the development of a consolidation implementation plan will be a part of the study;

(5) ⟦the means for any proposed consolidation plan to be approved; either by voter referendum, by the governing bodies, or both;⟧ (Deleted by amendment, P.L. , c.) (pending before the Legislature as this bill) ⟦and⟧

(6) if proposed by a representative group of voters, justification of that group's standing to serve as the community advocate for the consolidation proposal;

(7) the designation of an administrative support entity, if any, and;

(8) the proposed means of funding the study.

At any time, the board may require the submission of any other information that it may deem helpful to its review of an application to create a Municipal Consolidation Study Commission.

For the purposes of this subsection, “administrative support entity” means a government agency, an institution of higher

education, or a not-for-profit entity that will provide funds or other resources or administer contracts and finances for a Municipal Consolidation Study Commission. An administrative support entity shall be subject to the government records provisions of P.L.1963, c.73 (C.47:1A-1 et seq.). An administrative support entity designated by a commission shall not be eligible for a public contract with the single new municipality created by a consolidation recommended by the commission except for a contract for the study of, or the administration of contracts and finances for another commission with regard to, any other potential consolidation.

(9) The commission shall prepare and publish a final report containing its findings and recommendations. The final report may include a statement, if any, by any commissioner dissenting from the findings and recommendations set forth in the final report and the findings of the Department of Community Affairs on the fiscal aspects of the proposed consolidation. The commission shall file its final report with the clerk of each participating municipality, the county clerk, the division, and the Secretary of State. The clerk of each participating municipality shall deliver a copy of the final report to each member of the municipal governing body. The commission shall cause a reasonable number of copies of the final report to be printed and made available to the general public, and shall provide additional copies upon request. Upon its filing, the final report shall be provided for public inspection on the Internet website of each participating municipality, if one exists, or, if one does not exist, the final report shall be posted on the Internet website of the Department of Community Affairs.

(10) If the commission recommends the consolidation of the participating municipalities into a single new municipality in its final report, the commission shall prepare an official abstract of the final report, which abstract shall consist of a concise statement that is objective in content and presentation, and that is descriptive of the substance of the plan. At the time the commission files its final report, and again on a date not less than 30 days preceding the date fixed for the referendum on the consolidation question, the commission shall cause the official abstract to be published at least once in a newspaper of general circulation in the participating municipalities, together with notice of:

(a) The time, place, and purpose of the election;

(b) The manner in which copies of the commission's final report may be obtained; and

(c) A statement that, if the voters favor consolidation by a majority vote in each of the participating municipalities, the consolidation plan, if any, shall become binding and legally enforceable between or among such municipalities.

Upon the filing of the final report, the official abstract and notice required by this paragraph shall be provided for public inspection on the Internet website of each participating municipality within 30

days, if one exists, or, if one does not exist, the official abstract and notice shall be posted on the Internet website of the Department of Community Affairs.

d. (1) An application to the board for consideration of a consolidation plan or to create a Municipal Consolidation Study Commission shall be subject to a public hearing within each municipality to be studied ⟦, and a joint public hearing in a place that is easily accessible to the residents of both or all of the municipalities⟧.

(2) The public hearings shall be facilitated by the board and conducted in accordance with the provisions of the "Senator Byron M. Baer Open Public Meetings Act," P.L.1975, c.231 (C.10:4-6 et seq.).

(3) The board may, as a condition of approval, require that a consolidation implementation plan be amended. After approval of a plan by the board, it may be amended upon petition to the board by the applicant, subject to the approval of the board either prior or subsequent to a referendum. Based on the nature of the amendment, the board may decide to hold a public hearing in any of the municipalities affected by the plan, or at a regular meeting, or both.

e. ⟦Every⟧ (1) A Municipal Consolidation Study Commission shall include a representative of the Department of Community Affairs as a non-voting representative on the commission. The representative shall not be a resident of a municipality participating in the study. The department shall prepare an objective fiscal study of the fiscal aspects of a consolidation and shall provide it to the commission in a timely manner.

(2) A commission shall include a member of the governing body of each participating municipality.

(3) The majority of the commissioners shall be registered voters of the participating municipalities. The participating municipalities shall be represented by equal numbers of commissioners.

(4) If there is a vacancy in the membership of the commission, the commissioners of the participating municipality in which the vacancy occurred shall, within 10 days after notification of such vacancy, fill the vacancy by appointment of a registered voter of the municipality.

(5) A commission shall organize and hold its first meeting as soon as may be practicable after the petition for its creation is approved by the board, but no later than 90 days after such approval. The commission shall elect from its membership a chair and a vice-chair. The commission shall fix its hours and places of meeting, adopt such rules for the conduct of its business as it may deem necessary and advisable, and appoint a secretary, who need not be a member of the commission. A majority of the total membership of the commission shall constitute a quorum for the transaction of business, but a recommendation of the commission

shall require a concurring vote by a majority of the commissioners from each of the participating municipalities. At its first meeting, or as soon thereafter as may be practicable, the commission shall establish a schedule for the conduct of its business. A copy of such schedule shall be filed with the clerk of each of the participating municipalities and with the Commissioner of Community Affairs within 90 days of the first meeting.

(6) The commissioners shall serve without compensation.

(7) The commission shall hold its meetings and hearings in accordance with the "Senator Byron M. Baer Open Public Meetings Act," P.L.1975, c.231 (C.10:4-6 et seq.), and shall generally provide for the widest possible public information and discussion with regard to the purposes and progress of its work.

(8) The commission shall have the power to take testimony and issue subpoenas; to compel the attendance of officers and employees of the participating municipalities; to compel the production of all books, documents, and other papers of the participating municipalities; and to administer oaths to persons appearing before it to testify. Any such subpoena shall be enforceable, and misconduct of a witness may be dealt with, in the manner provided by the "County and Municipal Investigations Law," P.L.1953, c.38 (C.2A:67A-1 et seq.).

(9) The commission shall prepare and publish a final report containing its findings and recommendations. The commission shall publish the final report on the Internet website of each participating municipality, within thirty days, if one exists, or, if one does not exist, the official abstract and notice shall be posted on the Internet website of the Department of Community Affairs. The final report may include a statement, if any, by any commissioner dissenting from the findings and recommendations set forth in the final report and the findings of the Department of Community Affairs on the fiscal aspects of the proposed consolidation. The commission shall file its final report with the clerk of each participating municipality, the county clerk, the division, and the Secretary of State. The clerk of each participating municipality shall deliver a copy of the final report to each member of the municipal governing body. The commission shall cause a reasonable number of copies of the final report to be printed and made available to the general public, and shall provide additional copies upon request. Upon its filing, the final report shall be provided for public inspection on the Internet website of each participating municipality, if one exists, or, if one does not exist, the final report shall be posted on the Internet website of the Department of Community Affairs.

(10) If the commission recommends the consolidation of the participating municipalities into a single new municipality in its final report, the commission shall prepare an official abstract of the final report, which abstract shall consist of a concise statement that

is objective in content and presentation, and that is descriptive of the substance of the plan. At the time the commission files its final report, and again on a date not less than 30 days preceding the date fixed for the referendum on the consolidation question, the commission shall cause the official abstract to be published at least once in a newspaper of general circulation in the participating municipalities, together with notice of:

(a) The time, place, and purpose of the election;

(b) The manner in which copies of the commission's final report may be obtained; and

(c) A statement that, if the voters favor consolidation by a majority vote in each of the participating municipalities, the consolidation plan, if any, shall become binding and legally enforceable between or among such municipalities.

Upon the filing of the final report, the official abstract and notice required by this paragraph shall be provided for public inspection on the Internet website of each participating municipality within thirty days, if one exists, or, if one does not exist, the official abstract and notice shall be posted on the Internet website of the Department of Community Affairs.

(11) The commission shall be discharged:

(a) on the 30th day following the filing of its final report, if such report recommends against the consolidation of the participating municipalities;

(b) on the date of the certification of the results of the referendum, if such certification establishes that the consolidation recommended by the commission has not been approved by the voters of each of the participating municipalities; or

(c) upon the creation of the task force pursuant to subsection a. of section 27 of P.L.2007, c.63 (C.40A:65-27), if the certification of the results of the referendum establishes that the consolidation recommended by the commission has been approved by the voters of each of the participating municipalities.

f. If the consolidation would include the consolidation of boards of education, a person appointed by the Commissioner of Education shall serve as a non-voting member of that Municipal Consolidation Study Commission. The representative of the Commissioner of Education shall not be a resident of a community participating in the study. The county superintendent of schools shall conduct a study on the impact of consolidation on the educational system and its finances. The report shall be provided to the commission in a timely manner.

g. There shall be no more than one of either a consolidation plan study, a Municipal Consolidation Study Commission, or a joint municipal consolidation created under the "Municipal Consolidation Act," P.L.1977, c.435 (C.40:43-66.35 et al.), active in a single municipality at the same time. In the event that more than one application is filed with the board or is being considered

by the governing bodies while another action affecting the same municipality or municipalities is under consideration, the board shall consider the applications and shall join any proposed creation of a joint municipal consolidation together and approve only one action as the board deems to be in the public interest. Prior to approving a single action, the board shall hold a public hearing permitting all parties to present testimony on the merits of their action in relation to the other proposals. Once ⟦an action is approved by the board⟧ a referendum is held, another action from the same combination of municipalities shall not be approved for at least five years.

h. In considering its decisions concerning consolidation under sections 1 ⟦to⟧ through 37 of P.L.2007, c.63 (C.40A:65-1 et al.), the ⟦Local Finance Board⟧ board and any other State agency shall take into account local conditions, the reasonableness of proposed decisions, and the facilitation of the consolidation process ⟦in making decisions concerning consolidation⟧. In considering such decisions, the board may pursue a waiver of a law, rule, or regulation that may not have anticipated a phase-in or consolidation of services through referral of the matter to the appropriate agency pursuant to paragraph (3) of subsection b. of section 26 of P.L.2007, c.63 (C.40A:65-26).

(cf: P.L.2011, c.55, s.1)

2. Section 26 of P.L.2007, c.63 (C.40A:65-26) is amended to read as follows:

26. a. A consolidation plan or report of a Municipal Consolidation Study Commission shall include the provisions of sections 16 and 24 of P.L.1977, c.435 (C.40:43-66.50 and 40:43-66.58), insofar as they are consistent with the provisions of sections 1 ⟦to⟧ through 37 of P.L.2007, c.63 (C.40A:65-1 et al.). In addition, a consolidation plan or report of a Municipal Consolidation Study Commission shall address the following implementation issues:

(1) a timetable for implementing the consolidation plan;

(2) duplicate positions, including those held by tenured, certified officers, listing those positions proposed to be abolished for reasons of economy, efficiency or other good cause and listing those positions proposed to be merged; ⟦and⟧

(3) applicability of the provisions of Title 11A, Civil Service, of the New Jersey Statutes, if Title 11A has been adopted by one or more consolidating municipalities ;

(4) a process for the efficient and economical equalization of the assessment on the properties of the new municipality for the apportionment of taxes in accordance with Article VIII, Section I, paragraph 1 of the New Jersey Constitution. Such process shall be subject to the review and approval of the Director of the Division of

Taxation in the Department of the Treasury, in consultation with the assessors of the municipalities, the governing bodies of the municipalities, the Municipal Consolidation Study Commission, the county tax board, and the director. Such approval shall be obtained before an application for approval of a consolidation plan is submitted to the board or before a Municipal Consolidation Study Commission votes on its final report, as the case may be. The Director of the Division of Taxation may, after due consideration, waive any law, rule, or regulation concerning the assessment of property that may not have anticipated a phase-in or consolidation of services if a waiver is found reasonable to further the process of consolidation; and

(5) the projected property tax impact resulting from consolidation.

b. The following policies may be considered and implemented under an application for approval of a consolidation plan, and may be included as part of a study under the "Municipal Consolidation Act," P.L.1977, c.435 (C.40:43-66.35 et al.), or as part of a study conducted by a Municipal Consolidation Study Commission pursuant to sections 1 [to] through 37 of P.L.2007, c.63 (C.40A:65-1 et al.):

(1) creation of a consolidation implementation plan to establish a timetable of significant events and goals to be achieved as part of a consolidation study;

(2) a phase-in of a consolidation over a fixed period of time. Such a plan shall be subject to review and approval of the [Local Finance Board] board prior to it being [approved by the governing bodies or] subject to voter referendum;

(3) variations from [existing State law or State department rules] any law, rule, or regulation that may not have anticipated a phase-in or consolidation of services. [When] If variations are proposed, they shall be submitted to the board which shall refer it to the agency with oversight responsibility. After due consideration, the referee agency is empowered to waive such law [or rules] , rule, or regulation if a waiver is found reasonable to further the process of consolidation. [Where] If no such agency exists, the Commissioner of Community Affairs shall act on behalf of the State. These requests shall be acted on within 45 days of their receipt by an agency, and they shall be deemed approved, subject to approval of a consolidation proposal by the municipalities, by the end of that time unless the agency has responded with a denial, conditions that must be met in order for it to be approved, or an alternative approach to resolving the matter;

(4) the use of advisory planning districts, comprised of residents living in the former territories of each former municipality to provide advice to the planning board and the zoning board of adjustment on applications and master plan changes affecting those

areas. A consolidation study plan shall specify the types and nature of the development and zoning applications that the advisory planning districts shall review and the official boards shall be required to respond, at a public meeting, to each suggestion made by an advisory planning district;

(5) the establishment of service districts ⟦comprised of the boundaries of any or all of the former municipalities⟧ which may be used to allocate resources and used for official geographic references in the new municipality;

(6) the continued use of boundary lines of any or all of the former municipalities to continue local ordinances that existed prior to consolidation <u>or the establishment of special districts which may be subject to different ordinances than the remainder of the new municipality</u> that the governing body deems necessary and appropriate. The need for any such differentiation shall be reviewed by the governing body at least every five years and shall only be continued upon the affirmative vote of the full membership of the governing body, and if such continuance fails, the governing body shall then adopt uniform policies for the entire area; ⟦and⟧

(7) the apportionment of existing debt <u>, or debt newly created in accordance with any financial arrangement between any or all of the former municipalities in furtherance of any aspect of a consolidation plan,</u> between the taxpayers of the consolidating municipalities, including whether ⟦existing⟧ <u>such</u> debt should be apportioned ⟦in the same manner as debt⟧ within special taxing districts ⟦so that the taxpayers of each consolidating municipality will continue to be responsible for their own pre-consolidation debts⟧ <u>; and</u>

<u>(8) the execution of any financial or other agreement between any or all of the former municipalities to adjust benefits between the municipalities, provide indemnification from legal actions stemming from a consolidation, or provide incentives or other acts to facilitate municipal consolidation. Such agreement shall be subject to the review and approval of the director. Such approval shall be obtained before an application for approval of a consolidation plan is submitted to the board or before a Municipal Consolidation Study Commission votes on its final report, as the case may be</u>.

c. ⟦When⟧ <u>If</u> one of the municipalities is subject to the provisions of Title 11A, Civil Service, of the New Jersey Statutes, the question of whether the new municipality shall be subject to the provisions of that Title shall be the subject of a public referendum before all of the voters of the consolidating municipalities. Upon the approval by a majority of those voting, regardless of their municipality of residence, the new municipality shall be subject to the provisions of that Title.

d. If one or more of the municipalities has adopted an annual levy pursuant to section 7 of P.L.1997, c.24 (C.40:12-15.7), the question of whether the new municipality shall impose such levy and the amount or rate of the levy shall be the subject of a public referendum before all the voters of the consolidating municipalities pursuant to subsection a. of section 7 of P.L.1997, c.24 (C.40:12-15.7), which shall be held at the same time of the first election of officers for the new municipality.

(cf: P.L.2007, c.63, s.26)

3. Section 27 of P.L.2007, c.63 (C.40A:65-27) is amended to read as follows:

27. a. Once a consolidation has been approved by the **[**affected municipal governing bodies or**]** voters, the division shall create a task force consisting of officers of State departments, offices, and agencies, commissioners of a Municipal Consolidation Study Commission, if any, or other individuals, as it deems appropriate, and representatives of affected collective negotiations units, to facilitate the consolidation and provide technical assistance. The task force shall be created no later than 60 days after the date the results of the referendum are certified. The consolidation shall be implemented under the oversight of the board in accordance with the consolidation plan approved by the board, unless an alternate plan is approved by the board.

b. **[**When**]** If a consolidation plan provides that the consolidated municipality will be subject to the provisions of Title 11A, Civil Service, of the New Jersey Statutes , the Civil Service Commission is specifically authorized to create a consolidation implementation plan to vest non-civil service employees, based on the education and experience of the individuals, in appropriate titles and tenure.

c. Whenever a referendum question to decide if a consolidated municipality shall be subject to the provisions of Title 11A, Civil Service, of the New Jersey Statutes, fails, the employees of a municipality already subject to that Title shall be given non-civil service titles in the new entity and previously held tenure shall be vacated.

d. The Public Employment Relations Commission is authorized to provide technical advice, pursuant to section 12 of P.L.1968, c.303 (C.34:13A-8.3), to assist a new municipality and existing labor unions to integrate separate labor agreements into consolidated agreements and to adjust the structure of collective negotiations units, as the commission determines appropriate for the consolidated municipality.

e. If a consolidation has been approved by the voters, the consolidated municipality shall recognize and preserve the seniority, tenure, and pension rights of every full-time law enforcement officer [1]and firefighter[1] who is employed by each

participating municipality and who is in good standing at the time the consolidation is adopted, and none of those law enforcement officers [1]or firefighters[1] shall be terminated, except for cause; provided, however, this provision shall not be construed to prevent or prohibit a consolidated municipality from reducing the police [1]or firefighter[1] force as provided by law for reasons of economy and efficiency.

f. A consolidated municipality may provide for the appointment of a chief of police or other chief law enforcement officer [1], or a chief or other superior officer of any paid or part-paid fire department[1] . If such officer is appointed, the consolidated municipality shall provide that any other person who served as the chief of police or other chief law enforcement officer [1], or chief or other superior officer of any paid or part-paid fire department,[1] in one of the participating municipalities at the time the consolidation is adopted may elect either:

(1) to accept a demotion of no more than one rank without any loss of seniority rights, or any impairment of tenure or pension rights; or

(2) to retire from service.

A person who elects retirement shall not be demoted, but shall retain the rank of chief of police or other chief law enforcement officer [1], or chief or other superior officer of any paid or part-paid fire department,[1] and shall be given terminal leave for a period of one month for each five-year period of past service as a law enforcement officer [1]or firefighter[1] with the participating municipality. During the terminal leave, the person shall continue to receive full compensation and shall be entitled to all benefits, including any increases in compensation or benefits, that the person may have been entitled to if the person had remained on active duty.

g. If one or more of the participating municipalities have adopted Title 11A, Civil Service, of the New Jersey Statutes, any employee terminated for reasons of economy or efficiency by the consolidated municipality shall be given a terminal leave payment of not less than a period of one month for each five-year period of past service as an employee with the participating municipality, or other enhanced benefits that may be provided or negotiated. For the purposes of this subsection, "terminal leave payment" means a single, lump sum payment, paid at termination, calculated using the regular base salary at the time of termination. Unless otherwise negotiated or provided by the employer, a terminal leave benefit shall not include extended payment, or payment for retroactive salary increases, bonuses, overtime, longevity, sick leave, accrued vacation or other time benefit, or any other benefit.

(cf: P.L.2008, c.29, s.103)

4. Section 28 of P.L.2007, c.63 (C.40A:65-28) is amended to read as follows:

28. a. [If a revaluation of property for the consolidated municipality is not implemented for the first local budget year of the consolidated municipality, then the assessments on the properties owned by the taxpayers of the former municipalities shall be equalized for the apportionment of taxes for the consolidated municipality, in the same manner as assessments are equalized for the apportionment of county taxes.] (Deleted by amendment, P.L. , c.) (pending before the Legislature as this bill)

b. The owners of any residential property or residential tenants of any municipality consolidated under sections 1 [to] through 37 of P.L.2007, c.63 (C.40A:65-1 et al.), or the "Municipal Consolidation Act," P.L.1977, c.435 (C.40:43-66.35 et al.), who experience a municipal or school district purposes real property tax increase in the first tax year following the municipal consolidation shall be entitled to annual property tax relief until such time as they sell or transfer their home or no longer reside as tenants in the rental unit they occupied just prior to the municipal consolidation. In the case of the owner of residential property, the property tax relief shall be reflected as a credit on the property tax bill equal to the difference between the municipal and school district purposes real property tax payable by the taxpayer for the tax year, subject to any adjustment as determined necessary by the Director of the Division of Local Government Services in the Department of Community Affairs to reflect operating budgets for a normal pre-consolidated fiscal year, and the municipal and school district purposes real property tax billed to that taxpayer for the tax year during which the consolidation is effectuated, as may be adjusted by the Director of the Division of Local Government Services in the Department of Community Affairs to reflect normal post-consolidation operating budgets for the municipalities and school districts. In the case of a residential tenant, the tax credit applied to an apartment property shall be distributed to eligible tenants pursuant to the provisions of the "Tenants' Property Tax Rebate Act," P.L.1976, c.63 (C.54:4-6.2 et seq.) and this section. The total of all such relief in the municipality shall be paid by the State to the municipality on a schedule determined by the Local Finance Board. For the purpose of this subsection, a "normal" budget year shall be one that, in the determination of the director, does not reflect expenses made in anticipation of, or in implementation of, a municipal consolidation.
(cf: P.L.2007, c.63, s.28)

5. Section 29 of P.L.2007, c.63 (C.40A:65-29) is amended to read as follows:

29. The provisions of sections 1 [to] through 37 of P.L.2007, c.63 (C.40A:65-1 et al.) shall be liberally construed to effectuate the intention of sections 25 through 28 of P.L.2007, c.63 (C.40A:65-25

through C.40A:65-28). The board is empowered to act to provide guidance, interpretation, make decisions, issue orders, and to resolve disputes regarding these sections or the "Municipal Consolidation Act," P.L.1977, c.435 (C.40:43-66.35 et al.). 【Decisions】 Actions of the board may be appealed directly to the Appellate Division of the Superior Court.
(cf: P.L.2007, c.63, s.29)

6. Section 1 of P.L.1995, c.376 (C.40:43-66.78) is amended to read as follows:

1. The Legislature finds and declares that the consolidation of sparsely populated municipalities into 【contiguous】 municipalities having larger populations should be encouraged as a means to reduce the costs of local government. The Legislature also finds that there should be a simplified consolidation process when a municipality seeking consolidation is sparsely populated and when the resulting consolidated municipality will have the same form of government as the municipality absorbing the sparsely populated municipality.
(cf: P.L.1995, c.376, s.1)

7. Section 2 of P.L.1995, c.376 (C.40:43-66.79) is amended to read as follows:

2. For the purposes of 【this act】 P.L.1995, c.376:

"Absorbing municipality" means a municipality into which a 【contiguous】 sparsely populated municipality situate in the same county intends to be consolidated pursuant to the provisions of P.L.1995, c.376 (C.40:43-66.78 et seq.).

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

"Consolidated municipality" means the single new municipality that results from an affirmative consolidation effort pursuant to the provisions of P.L.1995, c.376 (C.40:43-66.78 et seq.).

"Sparsely populated municipality" means a municipality with a population of less than 【500】 1,000 persons according to the most recent federal decennial census.
(cf: P.L.1995, c.376, s.2)

8. Section 3 of P.L.1995, c.376 (C.40:43-66.80) is amended to read as follows:

3. a. The governing body of a sparsely populated municipality may adopt, by two-thirds vote of its full membership, an ordinance 【proposing the municipality's consolidation into a contiguous municipality】 authorizing the mayor to meet with the director, the mayor of the absorbing municipality, and such municipal officials as the director shall require from the sparsely populated

municipality to formulate a plan to consolidate with an absorbing municipality.

b. The clerk of a municipality that adopts an ordinance pursuant to subsection a. of this section shall forward a copy of the ordinance to the governing body of the absorbing municipality and to the director within seven days of the effective date of the ordinance.

c. [If the] The governing body of the absorbing municipality [consents to the consolidation it shall] may, within 120 days after receipt of the ordinance adopted by the governing body of the sparsely populated municipality pursuant to subsection a. of this section, adopt an ordinance [consenting to consolidation] authorizing the mayor to meet with the director, the mayor of the sparsely populated municipality, and such municipal officials as the director shall require from the absorbing municipality to formulate a plan to consolidate with the sparsely populated municipality by a two-thirds vote of the full membership of the governing body and shall forward a copy of the ordinance to the director and the clerk of the sparsely populated municipality.

(cf: P.L.1995, c.376, s.3)

9. Section 4 of P.L.1995, c.376 (C.40:43-66.81) is amended to read as follows:

4. a. Whenever the governing body of a sparsely populated municipality [with a population between 100 and 500 persons according to the most recent federal decennial census] and the governing body of an absorbing municipality have both adopted ordinances [proposing and consenting to the consolidation of their respective municipalities] authorizing the formulation of a plan to consolidate, the director shall meet with the mayors and such other municipal officials as the director shall require from the sparsely populated municipality and the absorbing municipality. In consultation with the mayors, the director shall establish a timetable for the completion of the plan to consolidate. Upon its completion, the sparsely populated municipality and the absorbing municipality shall publish a summary of the plan at least once in a newspaper of general circulation in the municipalities and the complete plan on the municipality's Internet website, if one exists, or, if one does not exist, on the Internet website of the Department of Community Affairs. Upon publication of the consolidation plan, the [municipal] clerk of each municipality shall cause the question of consolidation to be submitted to the registered voters of each municipality on the date for the next general or regular municipal election occurring not less than 60 days after the [adoption of the ordinance of the absorbing municipality] publication of the consolidation plan. At that election, the question shall be submitted in the same manner as other public questions in each such

municipality, and in the following form or such part thereof as shall be applicable:

"Shall (insert the names of the municipalities) be consolidated into a single municipality to be known as (insert name of absorbing municipality) and governed under (insert the present plan or form of government of the absorbing municipality) pursuant to the consolidation plan?"

b. The question submitted pursuant to subsection a of this section shall be deemed approved and adopted only if a majority of those voting on the question in each of the municipalities votes in favor of the question.

c. The results of the election in each municipality in which the question was submitted shall be certified in accordance with Title 19 of the Revised Statutes, and the county clerk shall, in turn, not more than five days after said certification, notify the director of the election results.

(cf: P.L.1995, c.376, s.4)

10. Section 5 of P.L.1995, c.376 (C.40:43-66.82) is amended to read as follows:

5. a. Within 20 days of **[**either: (1) receipt of an ordinance consenting to consolidation pursuant to subsection c. of section 3 of P.L.1995, c.376 (C.40:43-66.80), with regard to a consolidation involving a sparsely populated municipality with a population of less than 100 persons according to the most recent federal decennial census, or (2)**]** the certification of the results of elections approving a consolidation pursuant to section 4 of P.L.1995, c.376 (C.40:43-66.81), the director shall meet with the mayors and such other municipal officials as the director shall require from the sparsely populated municipality and the absorbing municipality.

b. In consultation with the mayors , the director shall establish a timetable for the consolidation to become effective and shall make such budget, financial , and educational district adjustments as shall be required to complete the consolidation. The Commissioner of Education also shall be consulted with regard to the adjustment of educational district matters. The director shall also establish a timetable for the preparation of a new official map of the consolidated municipality showing the new boundaries.

c. The director, in consultation with the mayors, shall have all of the powers of a consolidation commission under the **[**"Municipal Consolidation Act," P.L.1977, c.435 (C.40:43-66.35 et seq.)**]** "Uniform Shared Services and Consolidation Act," P.L.2007, c.63 (C.40A:65-1 et seq.).

(cf: P.L.1995, c.376, s.5)

11. This act shall take effect immediately.