

# ASSEMBLY, No. 3119

## STATE OF NEW JERSEY 213th LEGISLATURE

INTRODUCED SEPTEMBER 15, 2008

**Sponsored by:**

**Assemblyman JOSEPH J. ROBERTS, JR.**

**District 5 (Camden and Gloucester)**

**Assemblyman JOHN S. WISNIEWSKI**

**District 19 (Middlesex)**

**SYNOPSIS**

Renames “Local Unit Alignment, Reorganization, and Consolidation Commission” as “Karcher Commission”; requires commission to promulgate two consecutive plans for municipal consolidation; provides for enactment of municipal consolidation plans.

**CURRENT VERSION OF TEXT**

As introduced.



(Sponsorship Updated As Of: 11/24/2009)

1 AN ACT concerning municipal consolidation and amending and  
2 supplementing P.L.2007, c.54.

3

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

6

7 1. Section 2 of P.L.2007, c.54 (C.52:27D-502) is amended to  
8 read as follows:

9 2. For the purposes of this act:

10 “Commission” means the **["Local Unit Alignment,**  
11 **Reorganization, and Consolidation Commission"]** “Karcher  
12 Commission” established pursuant to section 3 of P.L.2007, c.54  
13 (C.52:27D-503).

14 “Local unit” means a municipality or fire district, and shall not  
15 include a school district, regional school district, or county.  
16 (cf: P.L.2007, c.54, s.2)

17

18 2. Section 3 of P.L.2007, c.54 (C.52:27D-503) is amended to  
19 read as follows:

20 3. a. There is established in but not of the Department of  
21 Community Affairs, the **["Local Unit Alignment, Reorganization,**  
22 **and Consolidation Commission.”]** “Karcher Commission.”

23 b. The commission shall consist of nine voting members: the  
24 Commissioner of Community Affairs (or a designee) and the State  
25 Treasurer (or a designee), who shall both serve ex-officio; and  
26 seven public members, and shall be appointed as follows: one  
27 member appointed by the President of the Senate, one member  
28 appointed by the Minority Leader of the Senate, one member  
29 appointed by the Speaker of the General Assembly, one member  
30 appointed by the Minority Leader of the General Assembly, and  
31 three members, no more than two of whom shall be of the same  
32 political party, appointed by the Governor, with the advice and  
33 consent of the Senate. Of the three public members appointed by  
34 the Governor, one member shall reside in a northern county  
35 (Bergen, Essex, Hudson, Morris, Passaic, Union, Sussex, or  
36 Warren), one member shall reside in a central county (Hunterdon,  
37 Mercer, Middlesex, Monmouth, or Somerset), and one member  
38 shall reside in a southern county (Atlantic, Burlington, Camden,  
39 Cape May, Cumberland, Gloucester, Ocean, or Salem). No  
40 appointee shall be an elected official of a local unit or county unless  
41 that person has significant experience in shared service initiatives  
42 and demonstrated success at having implemented such agreements  
43 at the local level.

**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 c. Members of the commission shall serve without  
2 compensation, but shall be reimbursed for expenses actually  
3 incurred in the performance of their duties.

4 d. The members shall be appointed within 60 days following the  
5 effective date of this act. The public members shall serve for terms  
6 of five years and until the appointment and qualification of a  
7 successor; except that in making the first appointments to the  
8 commission, one person shall be appointed to serve for one year,  
9 one for two years, one for three years, one for four years, and four  
10 for five years. The length of the respective term of each member of  
11 the first commission shall be determined by lot at the organization  
12 of the first commission. A public member may be reappointed.  
13 Any vacancy in the membership of the commission shall be filled in  
14 the same manner as the original appointment was made for the  
15 unexpired term only.

16 (cf: P.L.2007, c.54, s.3)

17

18 3. Section 4 of P.L.2007, c.54 (C.52:27D-504) is amended to  
19 read as follows:

20 4. a. The **["Local Unit Alignment, Reorganization, and**  
21 **Consolidation Commission"]** "Karcher Commission" shall organize  
22 as soon as practicable after the appointment of its members and  
23 annually shall select a chair from among its members and a  
24 secretary, who need not be a member of the commission. The  
25 commission shall appoint an executive director, who shall serve at  
26 the pleasure of the commission and who shall have expertise in one  
27 or more local government subjects, such as planning, local finance,  
28 geography, taxation, or other relevant fields. The executive director  
29 shall appoint professional staff qualified by training and experience  
30 to serve the commission. The executive director and professional  
31 staff shall serve at the pleasure of the commission.

32 b. The commission may meet and hold hearings at the places it  
33 designates throughout the State.

34 (cf: P.L.2007, c.54, s.4)

35

36 4. Section 5 of P.L.2007, c.54 (C.52:27D-505) is amended to  
37 read as follows:

38 5. a. (1) The commission shall study and report on the structure  
39 and functions of county and municipal government, including local  
40 taxing districts, their statutory bases, including the fiscal  
41 relationship between local governments, and the appropriate  
42 allocation of service delivery responsibilities from the standpoint of  
43 efficiency.

44 (2) The commission shall recommend legislative changes which  
45 would encourage the more efficient operation of local government.  
46 These changes may include the structural and administrative  
47 streamlining of county and municipal government functions,  
48 including but not limited to, the transfer of functions from one level

1 of government to another, with particular emphasis on the  
2 assumption by counties of responsibility for the provision of certain  
3 services generally provided by municipalities, such as public safety  
4 and public works, pursuant to the provisions of the “Uniform  
5 Shared Services and Consolidation Act,” sections 1 through 35 of  
6 P.L.2007, c.63 (C.40A:65-1 through C.40A:65-35), and the use or  
7 establishment of regional service delivery entities.

8 (3) The commission shall also consider optimal service levels,  
9 ratios of employees to population served, cost structures for service  
10 delivery, and other best practices.

11 Within two-years following the effective date of this act, the  
12 commission shall report its findings to the Governor, the President  
13 of the Senate, and the Speaker of the General Assembly.

14 b. Based on its findings pursuant to paragraph 3 of subsection a.  
15 of this section, the commission shall develop criteria to serve as the  
16 basis for recommending the consolidation of specific  
17 municipalities, the merger of specific existing autonomous agencies  
18 into the parent municipal or county government, or the sharing of  
19 services between municipalities or between municipalities and other  
20 public entities. Recommendations for sharing services may result  
21 from a study focusing exclusively on the sharing of services or may  
22 result from a study examining potential consolidation.  
23 Municipalities to be considered for consolidation shall be within the  
24 same county and shall also be situated within the same legislative  
25 district.

26 The criteria to govern a study to examine consolidation or the  
27 sharing of services shall include, but need not be limited to:

28 (1) a consideration of geographic factors, such as a shared  
29 boundary, or in the case of the recommended consolidation of more  
30 than two local units, that the consolidated local unit will have a  
31 contiguous boundary;

32 (2) an analysis of the economic costs and benefits of  
33 consolidation or the sharing of services, as the case may be,  
34 including potential tax savings and reductions in government costs  
35 through economies of scale;

36 (3) measures to ensure that costs and benefits of consolidation or  
37 service sharing are distributed equitably across the entire  
38 community; and

39 (4) measures to safeguard the interests of communities in the  
40 municipalities for which consolidation is recommended.

41 The commission shall give priority to local units that volunteer  
42 to be studied.

43 c. When a municipal consolidation is recommended by the  
44 commission, the commission shall substitute for a joint municipal  
45 consolidation study commission that would be formed pursuant to  
46 section 7 of the “Municipal Consolidation Act,” P.L.1977, c.435  
47 (C.40:43-66.41) or any other statute governing municipal

1 consolidation, and no voter approval shall be required to create the  
2 study commission.

3 d. When a consolidation or shared service is recommended by  
4 the commission, the commission shall recommend for State funding  
5 any extraordinary expenses necessitated by the consolidation plan  
6 or shared service agreement. The commission shall recommend  
7 that this funding be provided either by funds made available to the  
8 commission for that purpose or by the Legislature or State  
9 Treasurer as part of the annual State budget process.

10 e. On or before the first day of the third month next following  
11 promulgation of the plans required under section 5 of P.L. \_\_\_\_\_, c.  
12 (C. \_\_\_\_\_) (pending before the Legislature as this bill) the commission  
13 shall issue a notice to all municipalities that do not meet the  
14 minimum standards set forth in section 5 of P.L. \_\_\_\_\_, c. (C. \_\_\_\_\_)  
15 (pending before the Legislature as this bill) with regard to the first  
16 or second five-year plan for municipal consolidation, as  
17 appropriate, and information concerning the logistical and  
18 administrative assistance available to municipalities who enter into  
19 a voluntary consolidation plan.

20 f. At the end of the two-year period provided for voluntary  
21 municipal consolidation set forth in section 5 of P.L. \_\_\_\_\_, c.  
22 (C. \_\_\_\_\_) (pending before the Legislature as this bill), and as a  
23 supplement to those plans, the commission shall issue a report to  
24 the Legislature which recommends legislation to consolidate any  
25 municipalities that do not meet the minimum standards established  
26 in the first and second five-year plans and that have not entered into  
27 a voluntary consolidation plan. The recommended legislation shall  
28 provide that all consolidation plans mandated by the State be  
29 finalized by the third year of the first and second five-year plans.

30 (cf: P.L.2007, c.54, s.5)

31

32 5. (New section) a. The commission shall promulgate two  
33 plans, known as the “first five-year plan” and the “second five-year  
34 plan,” to effect the consolidation of specific municipalities within  
35 two consecutive five-year periods. The commission shall determine  
36 which municipalities shall be included in each plan based on  
37 location, size, local interest, or other criteria that the commission  
38 deems appropriate.

39 (1) The plans shall set forth criteria to prioritize municipalities  
40 for inclusion in the first and second five-year plans that shall  
41 include, but not be limited to, the following:

42 (a) amount of per capita spending;

43 (b) administrative costs of local governing bodies;

44 (c) evidence of inefficient service delivery;

45 (d) the potential for achieving an economy of scale in the cost of  
46 administration and service delivery; and

47 (e) an area, population, and population density that are deemed  
48 by the commission to be conducive to consolidation with an

1 adjoining municipality or municipalities, provided that, subject to  
2 subparagraphs (a) through (d) of this subsection, priority for the  
3 first five-year plan shall be given to municipalities of two square  
4 miles or less having fewer than 2,000 residents, and priority for the  
5 second five-year plan shall be given to municipalities of 10 square  
6 miles or less having fewer than 10,000 residents.

7 (2) The plans shall require that all municipalities that receive  
8 notice of their inclusion in the consolidation criteria of the first or  
9 second five-year plans shall merge with another municipality or  
10 municipalities in order to meet minimum standards set forth by the  
11 commission in regard to the criteria set forth in paragraph (1) of this  
12 section.

13 (3) Each plan shall provide a two-year period for municipalities  
14 to enter into voluntary consolidation plans to achieve the minimum  
15 standards set forth in the plan, and provide for logistical and  
16 administrative assistance for all municipalities which enter into a  
17 voluntary consolidation plan.

18 (4) Each plan shall require that at the end of the two-year period  
19 set forth in paragraph (3) of this subsection, the commission shall  
20 recommend legislation to consolidate any municipalities which  
21 have not entered into a voluntary consolidation plan.

22 (5) All consolidation plans required under this subsection shall  
23 be finalized by the fourth year of the five-year period.

24 b. The commission shall report any municipality in which a  
25 consolidation proposal is not approved by the voters of that  
26 municipality to the Local Finance Board and to the State Treasurer  
27 so that State aid payable to that municipality shall be adjusted  
28 according to the requirements of section 4 of P.L. , c. (C. )  
29 (pending before the Legislature as this bill).

30  
31 6. (New section) a. In the event that the majority of the voters in a  
32 municipality do not approve a consolidation proposal put before those  
33 voters at a general election pursuant to subsection a. of section 8 of  
34 P.L.2007, c.54 (C.52:27D-508), then for a period of five State fiscal  
35 years commencing from the first day of the fiscal year next following  
36 that election, the municipality shall be ineligible for Consolidated  
37 Municipal Property Tax Relief Aid, pursuant to section 2 of P.L.1999,  
38 c.168 (C.52:27D-442); "Supplemental Municipal Property Tax Relief  
39 Act" extraordinary aid, pursuant to section 4 of P.L.1991, c.63  
40 (C.52:27D-118.35); or Municipal Efficiency Promotion Aid, pursuant  
41 to section 1 of P.L.1995, c.247 (C.52:27D-181.1).

42 b. Beginning in the sixth fiscal year following the general election  
43 at which the consolidation proposal was not approved, the local unit  
44 shall again be eligible to receive aid from the programs listed in  
45 subsection a. of this section as follows:

46 (1) in the sixth fiscal year, 15 percent of the aid for which the  
47 municipality otherwise would be eligible,

48 (2) in the seventh fiscal year, 30 percent of the aid for which the

1 municipality otherwise would be eligible,

2 (3) in the eighth fiscal year, 45 percent of the aid for which the  
3 municipality otherwise would be eligible,

4 (4) in the ninth fiscal year, 60 percent of the aid for which the  
5 municipality otherwise would be eligible, and

6 (5) in the tenth fiscal year and all subsequent years, 75 percent of  
7 the aid for which the municipality would otherwise be eligible.

8 c. The application of this section to a municipality shall terminate  
9 upon the legislative consolidation of that municipality with another  
10 municipality.

11

12 7. Section 6 of P.L.2007, c.54 (C.52:27D-506) is amended to  
13 read as follows:

14 6. a. The **["Local Unit Alignment, Reorganization, and**  
15 **Consolidation Commission"]** "Karcher Commission" shall work in  
16 conjunction with the Local Finance Board and the Division of Local  
17 Government Services in the Department of Community Affairs. To  
18 the extent possible, the commission shall be entitled to the  
19 assistance and services of the employees of any State department,  
20 board, bureau, commission, or agency, as it may require and as may  
21 be available to it for its purposes.

22 b. The commission shall be entitled to the cooperation of the  
23 officials and employees of every county and municipality as it may  
24 require.

25 c. The commission may incur traveling and other  
26 miscellaneous expenses necessary to perform its duties, within the  
27 limits of funds available to it for its purposes.

28 (cf: P.L.2007, c.54, s.6)

29

30 8. Section 7 of P.L.2007, c.54 (C.52:27D-507) is amended to  
31 read as follows:

32 7. a. The **["Local Unit Alignment, Reorganization, and**  
33 **Consolidation Commission"]** "Karcher Commission" shall  
34 annually, by January 31st, submit to the Governor and the  
35 Legislature a report summarizing the commission's activities over  
36 the course of the previous calendar year.

37 b. In the event that the commission proposes consolidation of  
38 local units or a shared services agreement, the commission shall  
39 submit a consolidation or shared services proposal to the Governor  
40 and the Legislature no later than May 1st of the year in which the  
41 proposed consolidation is to be put before the voters pursuant to  
42 subsection a. of section 8 of P.L.2007, c.54 (C.52:27D-508). A  
43 municipal consolidation proposal shall include, but not be limited  
44 to, a description of the form of government, the election of officers,  
45 the apportionment of debts, and other issues between pairs or  
46 groups of municipalities which the commission proposes should  
47 consolidate or share services.

1 c. A consolidation or shared services proposal shall take effect  
2 ~~at the end of a period of 30 calendar days after~~ on the date on  
3 which the proposal is transmitted to the Senate and General  
4 Assembly, on a day on which both thereof shall be meeting in the  
5 course of a regular or special session~~], unless, between the date of~~  
6 transmittal and the end of the 30-day period, the Legislature passes  
7 a concurrent resolution stating in substance that the Legislature  
8 does not favor the consolidation proposal].

9 (cf: P.L.2007, c.54, s.7)

10  
11 9. This act shall take effect immediately.

12  
13 STATEMENT

14  
15 This bill renames the “Local Unit Alignment, Reorganization,  
16 and Consolidation Commission,” established pursuant to section 3  
17 of P.L.2007, c.54 (C.52:27D-503), as the “Karcher Commission,”  
18 after the late Assembly Speaker Alan J. Karcher, a longtime  
19 advocate of municipal consolidation and author of the book *New*  
20 *Jersey's Multiple Municipal Madness*.

21 The bill requires The commission shall promulgate two plans,  
22 known as the “first five-year plan” and the “second five-year plan,”  
23 to effect the consolidation of specific municipalities within two  
24 consecutive five-year periods. The commission shall determine  
25 which municipalities shall be included in each plan based on  
26 location, size, local interest, or other criteria that the commission  
27 deems appropriate. The plans shall set forth criteria to prioritize  
28 municipalities for inclusion in the first and second five-year plans  
29 that shall include, but not be limited to, the following: amount of  
30 per capita spending; administrative costs of local governing bodies;  
31 evidence of inefficient service delivery; the potential for achieving  
32 an economy of scale in the cost of administration and service  
33 delivery; and an area, population, and population density that are  
34 deemed by the commission to be conducive to consolidation with an  
35 adjoining municipality or municipalities, provided that priority for  
36 the first five-year plan shall be given to municipalities of two  
37 square miles or less having fewer than 2,000 residents, and priority  
38 for the second five-year plan shall be given to municipalities of 10  
39 square miles or less having fewer than 10,000 residents.

40 The plans shall require that all municipalities that receive notice  
41 of their inclusion in the consolidation criteria of the first or second  
42 five-year plans shall merge with another municipality or  
43 municipalities in order to meet minimum standards set forth by the  
44 commission in regard to the criteria set forth in this bill. Each plan  
45 shall provide a two-year period for municipalities to enter into  
46 voluntary consolidation plans to achieve the minimum standards set  
47 forth in the plan, and provide for logistical and administrative  
48 assistance for all municipalities which enter into a voluntary



1 consolidation plan, and shall require that at the end of the two-year  
2 period for voluntary consolidation, the commission shall  
3 recommend legislation to consolidate any municipalities which  
4 have not entered into a voluntary consolidation plan. All  
5 consolidation plans required under this subsection shall be finalized  
6 by the fourth year of the five-year period.

7 The commission shall report any municipality in which a  
8 consolidation proposal is not approved by the voters of that  
9 municipality to the Local Finance Board and to the State Treasurer  
10 so that State aid payable to that municipality shall be adjusted  
11 according to the requirements of this bill.

12 The bill also requires the commission to recommend legislative  
13 changes which would encourage the more efficient operation of  
14 local government, with particular emphasis on the assumption by  
15 counties of responsibility for the provision of certain services  
16 generally provided by municipalities, such as public safety and  
17 public works, pursuant to the provisions of the "Uniform Shared  
18 Services and Consolidation Act," sections 1 through 35 of  
19 P.L.2007, c.63 (C.40A:65-1 through C.40A:65-35).

20 The bill also requires that if majority of the voters in a  
21 municipality do not approve a consolidation proposal put before  
22 those voters at a general election pursuant to subsection a. of  
23 section 8 of P.L.2007, c.54 (C.52:27D-508), then for a period of  
24 five State fiscal years commencing from the first day of the fiscal  
25 year next following that election, the municipality shall be  
26 ineligible for Consolidated Municipal Property Tax Relief Aid, as  
27 set forth in section 2 of P.L.1999, c.168 (C.52:27D-442);  
28 "Supplemental Municipal Property Tax Relief Act" extraordinary  
29 aid, as set forth in section 4 of P.L.1991, c.63 (C.52:27D-118.35);  
30 or Municipal Efficiency Promotion Aid, as set forth in section 1 of  
31 P.L.1995, c.247 (C.52:27D-181.1). Beginning in the sixth fiscal  
32 year following the general election at which the consolidation  
33 proposal was not approved, the local unit shall again be eligible to  
34 receive aid from those programs, as follows:

35 (1) in the sixth fiscal year, 15 percent of the aid for which the  
36 municipality otherwise would be eligible,

37 (2) in the seventh fiscal year, 30 percent of the aid for which the  
38 municipality otherwise would be eligible,

39 (3) in the eighth fiscal year, 45 percent of the aid for which the  
40 municipality otherwise would be eligible,

41 (4) in the ninth fiscal year, 60 percent of the aid for which the  
42 municipality otherwise would be eligible, and

43 (5) in the tenth fiscal year and all subsequent years, 75 percent  
44 of the aid for which the municipality would otherwise be eligible.

45 These restrictions would terminate upon the legislative  
46 consolidation of that municipality with another municipality.

47 Finally, the bill requires that a consolidation or shared services  
48 proposal shall take effect on the date on which the proposal is

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- 1 transmitted to the Senate and General Assembly, on a day on which
- 2 both houses of the Legislature are meeting in the course of a regular
- 3 or special session.