

SENATE, No. 2070

STATE OF NEW JERSEY 214th LEGISLATURE

INTRODUCED JUNE 10, 2010

Sponsored by:

Senator NICHOLAS J. SACCO

District 32 (Bergen and Hudson)

Senator JAMES BEACH

District 6 (Camden)

SYNOPSIS

Requires transfer of municipal free library surplus amounts above 20% to municipality for its general purposes, which may include property tax relief.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 6/25/2010)

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1 AN ACT concerning the transfer of certain municipal free library
2 surplus amounts to municipalities and amending R.S.40:54-15
3 and P.L.2007, c.62.

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

7
8 1. R.S.40:54-15 is amended to read as follows:

9 40:54-15. a. The board of trustees shall make an annual report
10 to the chief financial officer of the municipality which shall include
11 a statement setting forth in detail all public revenues received by the
12 library, all State aid received by the library, all expenditures made
13 by the library and the balance of funds available. Notwithstanding
14 the requirements of R.S.40:54-8 pertaining to the amount required
15 to be raised and appropriated for library purposes, the annual report
16 **[may] shall** identify excess funds that the board **[intends] is**
17 required to approve and transfer to the municipality as
18 miscellaneous revenue. The excess funds **[intended for transfer**
19 **may] transferred shall** be any **[amount that exceeds the sum of the**
20 **amount of the audited operating expenditures of the library for the**
21 **most recent available year, plus an additional 25% of those**
22 **operating expenditures, excluding funds restricted for capital**
23 **projects and grants, to be maintained as surplus] undesignated**
24 **general fund balance in excess of 20 percent of the audited**
25 **operating expenditures for the preceding budget year.** The annual
26 report shall also include an analysis of the state and condition of the
27 library and shall be sent to the municipal governing body and to the
28 State Library. The State Librarian shall prescribe by regulation the
29 form of all such reports.

30 b. (1) The board of trustees of a municipal free library **[may]**
31 shall adopt a resolution **[of its intent]** to transfer excess funds to the
32 municipality, as identified in its annual report pursuant to
33 subsection a. of this section.

34 (2) **[The board of trustees of a municipal free library established**
35 **after the effective date of P.L.2008, c.8 shall not adopt a resolution**
36 **of intent pursuant to this subsection before the eighth budget year**
37 **following its establishment.] (Deleted by amendment, P.L. _____,**
38 **c. ____.) (pending before the Legislature as this bill)**

39 c. Once the board of trustees has adopted a resolution **[of**
40 **intent]** pursuant to subsection b. of this section, it shall forward the
41 resolution to the State Librarian**[for approval, along with any other**
42 **information required by the State Librarian and in accordance with**
43 **procedures and forms promulgated by the State Librarian in**
44 **consultation with the Director of the Division of Local Government**

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 Services in the Department of Community Affairs]. [The State
2 Librarian shall approve any resolution upon a determination that all
3 of the following provisions are met:]

4 [(1) the] The municipal free library [will still] shall not retain a
5 sum [equal to] from its received public funds that is greater than 20
6 percent of the amount of the audited operating expenditures of the
7 library for the most recent available year [plus an additional 25% of
8 that amount] as surplus, excluding funds restricted for capital
9 projects and grants[, to be maintained as surplus;

10 (2) the municipality and the municipal free library are in
11 compliance with all conditions imposed by rule or regulation
12 promulgated by the State Librarian for per capita library aid to
13 public libraries according to the "state library aid law,"
14 N.J.S.18A:74-1 et seq., and pertaining to appropriations for the
15 maintenance of a municipal free library according to R.S.40:54-8 or
16 section 2 of P.L.1959, c.155 (C.40:54-29.4) in the case of a joint
17 free public library;

18 (3) there are sufficient funds remaining in the municipal free
19 library's operating budget for the maintenance of the library for the
20 balance of the fiscal year in which the transfer of funds to the
21 municipality occurs; and

22 (4) the library board of trustees has a written plan of at least
23 three years that reflects that the long-term funding needs of the
24 library will be met, and that any capital expense will contribute to
25 the provision of efficient and effective library services, and that the
26 written plan has been approved by the State Librarian].

27 d. Upon [approval] adoption of its resolution [of intent by the
28 State Librarian pursuant to subsection c. of this section], the board
29 of trustees [may] shall cause the amount of the excess funds
30 identified in its resolution to be transferred to the municipality for
31 its general purposes, which may include property tax relief.

32 (cf: P.L.2008, c.8, s.1)

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34 2. Section 10 of P.L.2007, c.62 (C.40A:4-45.45) is amended to
35 read as follows:

36 10. a. In the preparation of its budget the amount to be raised by
37 taxation by a local unit shall not exceed the sum of new ratables, the
38 adjusted tax levy, and the total of waivers approved pursuant to
39 section 11 of P.L.2007, c.62 (C.40A:4-45.46); provided, however,
40 that in the case of a county, the amount to be raised by taxation
41 shall not exceed the amount permitted by section 4 of P.L.1976,
42 c.68 (C.40A:4-45.4).

43 b. The following exclusions shall be added to the calculation of
44 the adjusted tax levy:

45 (1) increases in amounts required to be raised for (a) all debt
46 service and (b) lease payments with county improvement authorities

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1 pursuant to leases in effect on the effective date of P.L.2007, c.62
2 (C.18A:7F-37 et al.);

3 (2) increases in amounts required to be raised to replace State
4 formula aid due to a reduction in State formula aid from the
5 previous local budget year;

6 (3) increases in amounts for certain pension contributions set
7 forth in section 5 of P.L.2003, c.108 (C.40A:4-45.43) for the years
8 set forth in that section;

9 (4) with respect to municipalities, any increase, greater than four
10 percent, in the reserve for uncollected taxes that is required by law;

11 (5) increases in health care costs equal to that portion of the
12 actual increase in total health care costs for the budget year that is
13 in excess of four percent of the total health care costs in the prior
14 year, but is not in excess of the product of the total health care costs
15 in the prior year and the average percentage increase of the State
16 Health Benefits Program, P.L.1961, c.49 (C.52:14-17.25 et seq.), as
17 annually determined by the Division of Pensions and Benefits in the
18 Department of the Treasury;

19 (6) increases in amounts for certain normal and accrued liability
20 pension contributions set forth in sections 1 and 2 of P.L.2009, c.19
21 amending section 24 of P.L.1954, c.84 (C.43:15A-24) and section
22 15 of P.L.1944, c.255 (C.43:16A-15) equal to that portion of the
23 actual increase in normal and accrued liability pension contributions
24 for the budget year that is in excess of four percent of the normal
25 and accrued liability pension contributions in the prior year;

26 (7) surplus amounts transferred from a municipal free library
27 pursuant to R.S.40:54-15.

28 Notwithstanding the other provisions of this subsection, when
29 the appropriation for all debt service is less than the amount
30 appropriated for all debt service in the prior fiscal year, the amount
31 of the difference shall be deducted from the sum of the exclusions
32 listed in paragraphs (1) through ~~[(6)]~~ (7) of this subsection. If
33 there are no exclusions, then the amount of the difference shall
34 reduce the adjusted tax levy by that amount. Any cancelled or
35 unexpended appropriation for any exclusion pursuant to this
36 subsection or waiver pursuant to section 11 of P.L.2007, c.62
37 (C.40A:4-45.46), also shall be deducted from the sum of the
38 exclusions listed in paragraphs (1) through ~~[(6)]~~ (7) or directly
39 reduce the adjusted tax levy if there are no exclusions.

40 (cf: P.L.2009, c.19, s.4)

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42 3. This act shall take effect immediately.

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STATEMENT

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47 This bill is intended to provide property tax relief to municipal
48 taxpayers while protecting those municipal free libraries that are not

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1 as financially stable as other municipal free libraries. Current
2 budgeting standards recommend a goal of 20% surplus of an entity's
3 operating budget, while most public bodies actually hold 10% or
4 lower of the amount of their operating budgets in surplus. At the
5 same time, however, many municipal free libraries are holding
6 surpluses in excess of 100% of their operating budget, and these
7 huge surpluses are increasing each year as municipalities are
8 required to make their annual donation based on a fixed formula,
9 required by N.J.S.A.40:56-8, of 1/3 of a mil on every dollar of
10 assessable equalized value, regardless of the financial state of the
11 library. Those municipal free libraries that are not in good financial
12 standing would not be affected by this bill until such time as they
13 have built a surplus in excess of 20% of their operating budget.

14 Specifically, this bill would require a municipal free library to
15 transfer any undesignated general fund balance that exceeds 20% of
16 its audited operating expenditures for the previous year to the
17 municipality that established the municipal free library for its
18 general purposes, which may include property tax relief. This
19 transferred library surplus amount would be an exclusion that is
20 added to the adjusted tax levy when calculating the municipality's
21 property tax levy cap so that it would not increase the amount
22 permitted to be raised by taxation under the levy cap.

23 Under current law, a municipal free library may choose to
24 transfer to the municipality any amount that exceeds the amount of
25 the audited operating expenditures of the library for the most recent
26 available year plus an additional 25% of that amount, excluding
27 funds restricted for capital projects and grants, upon approval by the
28 State Librarian. This bill would amend N.J.S.A.40:54-15 to
29 eliminate that required approval, since the transfer would no longer
30 be discretionary.