

# ASSEMBLY, No. 4162

## STATE OF NEW JERSEY 218th LEGISLATURE

INTRODUCED JUNE 11, 2018

**Sponsored by:**

**Assemblyman ROY FREIMAN**

**District 16 (Hunterdon, Mercer, Middlesex and Somerset)**

**SYNOPSIS**

Reforms annual State revenue estimating and reporting, and executive State budget presentation and revenue certification processes.

**CURRENT VERSION OF TEXT**

As introduced.



1 AN ACT reforming annual State revenue estimating and reporting,  
2 and executive State budget presentation and revenue certification  
3 processes, amending P.L.1944, c.112 and P.L.1979, c.8 and  
4 supplementing Title 52 of the Revised Statutes.

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

8  
9 1. (New section) a. The State Treasurer, ex officio, and the  
10 Legislative Budget and Finance Officer, ex officio, shall, together  
11 with a third public member who shall be jointly selected thereby,  
12 constitute a New Jersey Revenue Advisory Board that shall provide  
13 the Governor and the Legislature with advisory consensus forecasts  
14 of State revenues anticipated to be received by the State during:

15 (1) the present and next commencing fiscal year to support  
16 annual State appropriations; and

17 (2) the next two ensuing fiscal years thereafter to support annual  
18 State appropriations.

19 b. The public member shall be qualified by education, training  
20 or experience related to State tax policy and revenue analysis. The  
21 public member selected shall not be an individual who is holding  
22 elective office. The public member selected shall serve for a term  
23 of three years and may be reappointed for successive terms. A  
24 vacancy in the public member position of the group shall be filled  
25 by the joint selection of the other members. For purposes of board  
26 membership, any vacancy in the Office of the State Treasurer shall  
27 be filled by the acting State Treasurer as designated by law by the  
28 Governor, and any vacancy in the position of Legislative Budget  
29 and Finance Office shall be filled by the Executive Director of the  
30 Office of Legislative Services.

31 c. The New Jersey Revenue Advisory Board shall organize as  
32 soon as practicable, but no later than the 10th day after the selection  
33 of its public member. The board chairperson shall be designated  
34 from among its ex officio members to serve as chairperson on a  
35 rotating basis with the State Treasurer serving during the fiscal year  
36 commencing July 1, 2015 and during each fiscal year commencing  
37 in odd-numbered years and the Legislative Budget and Finance  
38 Officer serving as chairperson during fiscal years commencing in  
39 even-numbered years. The chairperson shall appoint a secretary  
40 who need not be a member of the board.

41 d. The New Jersey Revenue Advisory Board shall convene one  
42 or more public hearings at the place or places it designates during  
43 the second quarter of each State fiscal year. The board shall receive  
44 public testimony and may invite such other participants who, in the  
45 judgment of the board, may provide guidance on the current  
46 conditions in, and probable outlook for, the performance of the

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

Matter underlined thus is new matter.

1 economy of the State, as well as the effect of such conditions and  
2 such performance on State revenues.

3 e. The New Jersey Revenue Advisory Board shall conduct  
4 public meetings at the place or places it designates,

5 (1) one of which shall be on or before January 15 of each State  
6 fiscal year to adopt the advisory consensus forecasts required  
7 pursuant to paragraphs (1) and (2) of subsection a. of this section,  
8 and

9 (2) one of which shall be on or before May 15 of each State  
10 fiscal year to readopt or revise the advisory consensus forecasts  
11 required pursuant to paragraph (1) of subsection a. of this section.

12 The board may meet and hold additional public meetings at the  
13 times and in the places as the chairperson deems necessary and  
14 appropriate to fulfill the duties of the board including but not  
15 limited to providing periodic revisions to previous advisory  
16 consensus State revenue forecasts. The board shall be entitled to  
17 call to its assistance, and avail itself of the services of, the  
18 employees of any State department, board, bureau, commission, or  
19 agency as it may require and as may be available for its purposes.

20 f. The members of the New Jersey Revenue Advisory Board  
21 shall serve without compensation for their service on the board, but  
22 may be reimbursed for travel and other miscellaneous expenses  
23 necessary to perform their duties, within the limits of the funds  
24 appropriated or otherwise made available to the board for its  
25 purposes or as may be reimbursed by the agency in which the  
26 members may serve.

27 g. A government record for the purposes of P.L.1995, c.23  
28 (C.47:1A-1.1 et al.) shall not include the following: any  
29 memorandum, correspondence, notes, report or other  
30 communication prepared by, or for the specific use of, a member of  
31 the New Jersey Revenue Advisory Board in the course of the  
32 board's or board member's consultations, deliberations or official  
33 duties as a board member, except that this provision shall not apply  
34 to an otherwise publicly accessible report submitted to the New  
35 Jersey Revenue Advisory Board or its members, or the advisory  
36 consensus State revenue forecasts required by this section to be  
37 prepared and adopted by the board.

38

39 2. Section 11 of article 3 of P.L.1944, c.112 (C.52:27B-20) is  
40 amended to read as follows:

41 11. The Governor shall examine and consider all requests for  
42 appropriations, together with the findings and recommendations of  
43 the Director of the Division of Budget and Accounting, and shall  
44 formulate the Governor's budget recommendations, which shall be  
45 presented as a budget message by the Governor during an  
46 appearance before a joint session of the Legislature which shall be  
47 convened at 12 noon on a date on or before the fourth Tuesday in  
48 February in each year.

1 The budget message shall include the proposed complete  
2 financial program of the State Government for the next ensuing  
3 fiscal year, and shall set forth in columnar form detailed as to each  
4 source of anticipated revenue and the purposes to which the  
5 recommended appropriations and permissions to spend shall apply  
6 for each spending agency in substantially the following form:

7 A. Revenues for the General Fund, other budgeted State  
8 revenues, all other dedicated funds, Federal aid funds, and trust  
9 funds:

10 (1) An estimate of all balances to be on hand on the first of July  
11 next ensuing which are to be available for appropriations, supported  
12 by the calculations used in arriving at the estimated figures;

13 (2) An estimate of the anticipated revenues from all sources  
14 applicable to the next ensuing budget period, together with the  
15 actual amount earned from each source during the last completed  
16 fiscal year, and the estimate of revenues expected to be earned from  
17 each source for the current fiscal year.

18 (3) An explanation of any variance of the estimates with respect  
19 to current and next ensuing fiscal year for item (2) above compared  
20 to the advisory consensus forecasts of State revenues prepared by  
21 the New Jersey Revenue Advisory Board pursuant to section 1 of  
22 P.L. , c. (C. ) (pending before the Legislature as this bill).

23 B. (Deleted by amendment, P.L.2003, c.275).

24 C. Appropriations. The total of the appropriations  
25 recommended for the ensuing fiscal year in substantially the  
26 following form:

27 Detailed Budget:

28 (1) An itemized statement of the amounts of all [appropriation]  
29 appropriations [requests] and [requests for permission]  
30 permissions to spend recommended by the Governor from the  
31 General State Fund, other budgeted State revenues, other dedicated  
32 funds and Federal aid and trust funds;

33 (2) **【An itemized statement of the amounts recommended by the**  
34 **Governor with respect to item (1) above;**

35 (3) **【An itemized statement of all amounts appropriated and**  
36 **permissions granted for the current fiscal year with respect to item**  
37 **【"1"】 (1) above;**

38 **【(4)】 (3) An itemized statement of all amounts appropriated**  
39 **and permissions granted for the last preceding fiscal year with**  
40 **respect to item (1) above detailed as to annual and supplemental**  
41 **appropriations, transfers of appropriations, State Emergency Fund**  
42 **allotments, and permission to spend, as the case may be, and**  
43 **showing also total expenditures, reserves, lapses and unencumbered**  
44 **balances;**

45 **【(5)】 (4) In addition, such other statistical information as may**  
46 **more fully show comparisons and costs of the several departments.**  
47 (cf: P.L.2003, c.275, s.1)

1       3. (New section) The Governor shall, together with the  
2 Governor's budget recommendations, which shall be presented as a  
3 budget message by the Governor pursuant to section 11 of article 3  
4 of P.L.1944, c.112 (C.52:27B-20), present:

5       a. For the ensuing fiscal year a comparison of recommended  
6 appropriations amounts to statutory amounts, in an appendix  
7 included in the published detailed Governor's budget  
8 recommendations described in section 11 of article 3 of P.L.1944,  
9 c.112 (C.52:27B-20), set forth in column form as a convenient  
10 comparison of current services basis budget amounts for State  
11 pension system employer contributions, State Aid for education,  
12 Municipal Aid; and programs of direct taxpayer property tax relief,  
13 with the differences, if any, of these amounts required for these  
14 programs if the State were to fund all of its statutory obligations at  
15 the current or normal service levels for these programs.

16       b. For each of the next two fiscal years following the ensuing  
17 fiscal year, an itemized statement of the amounts projected by the  
18 Governor with respect to item (1) of subsection C. of section 11 of  
19 article 3 of P.L.1944, c.112 (C.52:27B-20), adjusted for current  
20 services basis budgeting for program specific inflation, previously  
21 enacted program expansions and eliminations, and caseload or  
22 population changes accompanied by specific statements of  
23 underlying assumptions and methods used to calculate all current  
24 services basis amounts.

25       c. For each of the second and third fiscal years after the current  
26 fiscal year, projections of anticipated revenues from all sources  
27 applicable to those budget periods.

28  
29       4. Section 15 of P.L.1979, c.8 (C.52:11-68) is amended to read  
30 as follows:

31       15. It shall be the duty of the Legislative Budget and Finance  
32 Officer to:

33       a. At the request of the Legislature or any member thereof,  
34 collect and assemble factual information relating to the fiscal affairs  
35 of the State;

36       b. At the request of the Legislature or any member thereof,  
37 examine requests for appropriations and receive and investigate the  
38 truth, fairness and correctness of all claims against the State for  
39 payment of which appropriations are to be requested;

40       c. Report to the Legislature through the **【Joint Appropriations**  
41 **Committee】** budget and appropriations committees, or in such other  
42 manner as shall be directed by the Legislature, upon the foregoing  
43 and as to any other matter which may be of assistance to **【said**  
44 **committee】** the budget and appropriations committees or the  
45 Legislature in forming an independent judgment in the  
46 determination of any fiscal matters before it and **【attend upon】**  
47 assist the **【Joint Appropriations Committee】** budget and

1 appropriations committees during [its sittings and] any budget or  
2 revenue hearings thereof and perform such services for [it as it] the  
3 committees as they shall direct;

4 d. Provide the Legislature with expenditure information and,  
5 upon request, performance analyses of programs and transactions.  
6 (cf: P.L.1985, c.162, s.12)

7  
8 5. (New section) The Director of the Division of Budget and  
9 Accounting in the Department of the Treasury, in consultation with  
10 the Legislative Budget and Finance Officer and the Office of  
11 Information Technology, shall design, develop, and maintain a  
12 single, public searchable Internet database, that contains and  
13 displays information on the amounts of all appropriations and  
14 permissions to spend recommended by the Governor for the current  
15 and next ensuing fiscal year, that will allow users to customize and  
16 display for budget program classification, consisting of an operating  
17 program function of closely related activities with an identifiable  
18 objective or goal, that may be within one or across more than one  
19 spending agency or unit, summaries of related appropriations that  
20 may appear at different locations within the Governor's budget  
21 message.

22  
23 6. (New section) After submission of the Governor's budget  
24 message to the Legislature pursuant to section 11 of article 3 of  
25 P.L.1944, c.112 (C.52:27B-20), the State Treasurer shall, after the  
26 second public meeting of the New Jersey Revenue Advisory Board  
27 required by subsection e. of section 1 of P.L. , c. (C. )  
28 (pending before the Legislature as this bill) and before May 31  
29 annually, appear before the Legislature's budget and appropriations  
30 committees with a report of any revisions to the estimates of the  
31 amount of revenue collected and anticipated to be collected by the  
32 State to support appropriations for the current fiscal year and to  
33 support appropriations for the ensuing fiscal year as had been  
34 provided in the Governor's budget message. If the State Treasurer  
35 reports to the committees any downward revisions to the these  
36 estimates compared to the estimates presented in the Governor's  
37 budget recommendations made pursuant to section 11 of article 3 of  
38 P.L.1944, c.112 (C.52:27B-20), the State Treasurer shall report  
39 therewith any changes in appropriations recommended for the  
40 current and next ensuing fiscal year.

41  
42 7. (New section) a. Each annual appropriations bill which has  
43 passed the Legislature shall include a display in the preamble of the  
44 bill the various items of State revenue anticipated to be collected by  
45 the State to support appropriations for that fiscal year that the  
46 Legislature has determined shall be available to support those  
47 appropriations, and which shall be thereby deemed recommended  
48 by the Legislature. The Governor shall not certify the total amount

1 of revenue on hand and anticipated which will be available to meet  
2 all appropriations for that fiscal year pursuant to the Governor's  
3 responsibility under Article VIII, Section II, paragraph 2 of the New  
4 Jersey Constitution prior to the passage by the Legislature of an  
5 annual appropriations bill.

6 b. Each Governor, within a 30 day period before the last day of  
7 that Governor's tenure in office, shall certify the total amount of  
8 revenue on hand and anticipated which will be available to meet all  
9 appropriations for the current fiscal year and recommend to the  
10 Legislature a contingency plan describing specific action to be  
11 undertaken by the next Governor or the Legislature to address a  
12 potential revenue shortfall for the fiscal year if such a potential  
13 revenue shortfall is indicated in the certification of revenue required  
14 pursuant to this subsection.

15

16 8. Section 37 of article 3 of P.L.1944, c.112 (C.52:27B-46) is  
17 amended to read as follows:

18 37. The Director of the Division of Budget and Accounting shall  
19 prepare, within 60 days following December 31 and 90 days  
20 following the last day in which annual appropriations are available  
21 for expenditure during each fiscal year, a complete report showing:

22 a. Balance sheet of all assets and liabilities for all State funds.

23 b. Statement of **【General State Fund】** accrued revenues as  
24 compared with anticipated revenues of the General State Fund, the  
25 Property Tax Relief Fund, the Casino Revenue Fund, and other  
26 budgeted State funds.

27 c. Summary report of the General State Fund, the Property Tax  
28 Relief Fund, the Casino Revenue Fund, and other budgeted State  
29 funds showing the condition of the appropriations, which shall  
30 reflect the original appropriation, supplemental appropriations,  
31 appropriated revenue, reappropriations, transfers to and from,  
32 allotments from the emergency fund and expenditures made against  
33 such appropriations.

34 d. **【Such】** Statement of miscellaneous revenues itemized by  
35 department, major sources of budgeted federal aid itemized by  
36 department, itemized information on income to the General State  
37 Fund and other budgeted State revenues from major dedicated and  
38 trust funds, sales and use tax collections by industry sector codes,  
39 and such other information as **【he】** the director may deem  
40 necessary and proper.

41 Such **【statement】** report, certified by the director, shall be  
42 transmitted forthwith to the Governor, and shall be and remain a  
43 public document on file in the office of the director, subject to  
44 inspection by any citizen of the State, who shall have the right to  
45 make or obtain copies thereof under such reasonable regulations as  
46 the director may prescribe. Copies of **【said statement】** the report  
47 shall be transmitted at the same time to the President of the Senate,  
48 the Speaker of the General Assembly, the chairman of the

1 respective appropriation committees, the State Treasurer and the  
2 State Auditor.

3 In addition the director shall prepare, publish and make public a  
4 summarized monthly report of the General State Fund, the Property  
5 Tax Relief Fund, and the Casino Revenue Fund no later than **[30**  
6 **days]** the 10th working day following the end of each month which  
7 shall reflect the accrued revenues as compared with anticipated  
8 revenues for the prior month, itemized by revenue source for major  
9 taxes, **[**by department for miscellaneous revenues, by department  
10 for major sources of Federal aid budgeted and with information on  
11 income to the General State Fund from the major dedicated and  
12 trust funds.**]** including collections of such accrued revenue by  
13 separate components of each such major tax, including but not  
14 limited to withholding and estimated payments by taxpayers of  
15 gross income tax, by collection methods such as by regular periodic  
16 taxpayer returns and through taxpayer compliance programs and  
17 other special efforts, and tax refund payments made therefrom and  
18 refund applications pending thereunder. The monthly report shall  
19 reflect the condition of the appropriations, any revisions to the most  
20 recent projection or certification of anticipated revenue and other  
21 such data **[**which**]** as the director shall determine.

22 Copies of the monthly reports shall be transmitted at the same  
23 time to the President of the Senate, the Speaker of the General  
24 Assembly, the chairs of the respective appropriation and budget  
25 committees, the State Treasurer, the Legislative Budget and Finance  
26 Officer and posted on the official website of the Division of Budget  
27 and Accounting in the Department of the Treasury and remain  
28 posted for the duration of the next three State fiscal years.  
29 (cf: P.L.1977, c.158, s.1)

30  
31 9. This act shall take effect immediately.

32

33

34

#### STATEMENT

35

36 This bill reforms several important phases in the annual State  
37 budget process to make more transparent and publicly available  
38 information that is considered by the executive and legislative  
39 branches in enacting the State annual appropriations act.

40 The bill modernizes statutes that have guided several important  
41 aspects of the process since the middle of the previous century.  
42 These include annual State revenue estimating and reporting,  
43 executive presentation of budget recommendations, revenue  
44 certification, and budget contingency planning. This bill establishes  
45 a joint legislative and executive branch New Jersey Revenue  
46 Advisory Board to provide consensus revenue forecasting advice  
47 for State budget purposes. More than half the states employ a



1 “consensus forecasting” process. A consensus process has the  
2 virtue of eliminating controversy and allows the participants to  
3 focus more clearly on the underlying budgetary issues each year. In  
4 addition, the process outlined in this bill will provide greater public  
5 input and transparency to the revenue forecast.

6 The New Jersey Revenue Advisory Board will consist of the  
7 State Treasurer, ex officio, the Legislative Budget and Finance  
8 Officer, ex officio, and a third public member jointly selected by  
9 the two State officials. The third public member will be qualified  
10 by education, training or experience related to State tax policy and  
11 revenue analysis.

12 The advisory board will hold at least one public hearing during  
13 the second quarter of each State fiscal year to receive public  
14 testimony and invite participants who can provide guidance on the  
15 current conditions in, and probable outlook for the performance of,  
16 the economy of the State, as well as the effect of such conditions  
17 and such performance on State revenues. The board will adopt its  
18 advisory consensus forecasts at a public meeting held on or before  
19 January 15 of each State fiscal year and readopt or revise the  
20 advisory consensus forecast for the current and ensuing fiscal year  
21 at a public meeting held on or before May 15 of each fiscal year.

22 The existence of the board will encourage collaboration in  
23 formulating the professional forecasting advice given by State  
24 budget officials on State revenues. It is intended to promote agreed-  
25 upon revenue estimates as a starting point for the budget-making  
26 policy debates involving the executive and legislative branches, and  
27 encourage a more thorough and regular public discussion of State  
28 revenue estimates in advance of State budget deadlines.

29 The bill also requires the Governor's budget message to the  
30 Legislature to include an explanation of any difference between the  
31 Governor's revenue estimates and the board's consensus estimates  
32 for the current and next fiscal year. The budget message will also  
33 be required to include for the next fiscal year for certain major  
34 appropriations programs a comparison of recommended budget  
35 amounts and statutorily required amounts. Also to be included for  
36 two subsequent fiscal years is a comparison of all recommended  
37 appropriations to appropriations projected to be required on a  
38 current services basis budgeting method. Also, the revenue  
39 estimates in the budget message will cover the previous fiscal year,  
40 the current fiscal year, the next fiscal year, and include projections  
41 for two ensuing fiscal years thereafter.

42 The bill also establishes in statute the responsibilities of the  
43 Legislative Budget and Finance Officer in the Office of Legislative  
44 Services and the State Treasurer to assist the Legislature's budget  
45 and appropriations committees during their budget and revenue  
46 hearings. After the May public meeting of the Revenue Advisory  
47 Board the State Treasurer is required to appear before the  
48 committees to report on any revisions to revenue estimates for the

1 current and ensuing year compared to the estimates in the budget  
2 message. The State Treasurer must also report any changes in  
3 appropriations recommended for the current and next ensuing fiscal  
4 year compared to the recommendations in the budget message.

5 The bill also directs the Director of the Division of Budget and  
6 Accounting in the Department of the Treasury, in consultation with  
7 the Legislative Budget and Finance Officer and the Office of  
8 Information Technology, to design, develop, and maintain a single,  
9 public searchable Internet database, that contains and displays  
10 information on the amounts of all appropriations recommended by  
11 the Governor for the current and next ensuing fiscal year, that will  
12 allow users to customize and display recommended spending for  
13 budget program classifications that often appear at different  
14 locations within the Governor's budget message.

15 The bill also formalizes in statute certain responsibilities of both  
16 branches in revenue certifications. While the bill does not change  
17 the State constitutional responsibility given exclusively to the  
18 Governor to certify State revenue available to support annual State  
19 appropriations, the Legislature must follow the custom of listing  
20 anticipated revenues in the preamble of the annual budget bill  
21 which will be considered the Legislature's recommendations of  
22 revenue to support annual appropriations. The Governor shall not  
23 certify the total amount of revenue on hand and anticipated to  
24 balance the budget before the passage of an annual appropriations  
25 bill by the Legislature. An outgoing Governor, within a 30-day  
26 period before the last day of that Governor's tenure, will be required  
27 to recertify State revenue for the current fiscal year and provide to  
28 the Legislature a contingency plan recommending specific action to  
29 be undertaken by the next Governor or the Legislature to address a  
30 potential revenue shortfall for the fiscal year if the recertification so  
31 indicates.

32 The bill also improves the disclosure required for monthly and  
33 annual reporting of State revenue collections. The bill brings the  
34 State funds and revenues monthly reporting requirements statute up  
35 to date. This reporting requirement, added to the responsibilities of  
36 the Director of the Division of Budget and Accounting in 1944, was  
37 last amended in 1977. The provisions of this bill will enhance the  
38 current practice of monthly reporting to include the condition and  
39 income of all major State funds, including prompt disclosure of the  
40 State's accrued revenues as compared with anticipated revenues,  
41 itemized by revenue source for major taxes. Detailed monthly  
42 reporting will include collections of such accrued revenue by  
43 separate components of each such major tax, including but not  
44 limited to withholding and estimated payments by taxpayers of  
45 gross income tax, by collection methods such as by regular periodic  
46 taxpayer returns and through taxpayer compliance programs and  
47 other special efforts, and tax refund payments made and refund  
48 applications pending. The bill requires the monthly report to be

1 completed and published no later than the 10<sup>th</sup> working day  
2 following the end of each month, instead of at the end of the  
3 following month. Annual revenue reporting will also include a  
4 statement of miscellaneous revenues itemized by department, major  
5 sources of budgeted federal aid itemized by department, itemized  
6 information on income to the General State Fund and other  
7 budgeted State revenues from major dedicated and trust funds, and  
8 sales and use tax collections by industry sector codes.

9 The bill also expands the reporting requirement to include the  
10 Property Tax Relief Fund and the Casino Revenue Fund.

11 The bill requires that the monthly reports be transmitted to the  
12 President of the Senate, the Speaker of the General Assembly, the  
13 chairs of the respective appropriation and budget committees, the  
14 State Treasurer, the State Auditor and posted online on the official  
15 website of the Division of Budget and Accounting in the  
16 Department of the Treasury for the duration of three consecutive  
17 fiscal years.