

SENATE COMMITTEE SUBSTITUTE FOR
SENATE, No. 1

STATE OF NEW JERSEY
219th LEGISLATURE

ADOPTED FEBRUARY 11, 2021

Sponsored by:

Senator STEPHEN M. SWEENEY

District 3 (Cumberland, Gloucester and Salem)

Senator VIN GOPAL

District 11 (Monmouth)

Co-Sponsored by:

Senators Singer, Oroho, A.M.Bucco, O'Scanlon and Singleton

SYNOPSIS

Encourages sharing of services; makes appropriations.

CURRENT VERSION OF TEXT

Substitute as adopted by the Senate Budget and Appropriations Committee.



(Sponsorship Updated As Of: 2/17/2021)

1 AN ACT promoting the more effective operation of local
2 government and the sharing of services among local units,
3 amending P.L.2007, c.63, amending P.L.2007, c.54, making
4 appropriations, and repealing various statutes.

5

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

8

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

11 2. The Legislature finds and declares:

12 a. Historically, many specialized statutes have been enacted to
13 permit shared services between local units for particular purposes.

14 b. (1) Other laws, permitting a variety of shared services,
15 including interlocal services agreements, joint meetings, regional
16 service agencies, and consolidated and regional services**[,]** exist
17 but have not been very effective in promoting the broad use of
18 shared services as a technique to reduce local expenses funded by
19 property taxpayers.

20 (2) The goal of encouraging and facilitating the provision of
21 local and regional services through a shared service agreement,
22 joint contract, or consolidation that results in cost savings that may
23 be passed along to property taxpayers over time, is an important
24 goal of the State of New Jersey, and delays caused by disputes over
25 Civil Service rules and tenure provisions resulting from a shared
26 service, joint meeting, regional service agency, or consolidation
27 must be resolved expeditiously to ensure that such provisions do not
28 hinder that goal.

29 c. It is appropriate for the Legislature to enact a new shared
30 services statute that can be used to effectuate agreements between
31 local units for any service or circumstance intended to reduce
32 property taxes through the reduction of local expenses.

33 d. It is contrary to public policy that the tenure rights of certain
34 local personnel should effectively prohibit shared services
35 agreements for the services provided by those local personnel,
36 thereby depriving property taxpayers of property tax relief.

37 e. In order to evaluate the efficiencies related to the sharing of
38 services of certain local personnel having tenure rights in office, it
39 is appropriate to create a pilot program in seven counties of the
40 State which embody urban, suburban, and rural characteristics to
41 study the sharing of the services of these personnel between
42 municipalities by allowing for the dismissal of such a tenured local
43 official, as necessary, in order to promote and effectuate the sharing
44 of a service.

45 (cf: P.L.2018, c.140, s.2)

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

3 4. a. (1) Any local unit may enter into an agreement with any
4 other local unit or units to provide or receive any service that each
5 local unit participating in the agreement is empowered to provide or
6 receive within its own jurisdiction, including services incidental to the
7 primary purposes of any of the participating local units including
8 services from licensed or certified professionals required by statute to
9 be appointed.

10 In the case of pilot municipalities, tenure rights shall not prohibit
11 the sharing of services for a municipal clerk, a chief financial officer,
12 an assessor, a tax collector, a municipal treasurer, or a municipal
13 superintendent of public works. The statutory requirements that each
14 municipality must appoint a municipal clerk, a chief financial officer,
15 an assessor, a tax collector, a municipal treasurer, a municipal
16 engineer, and a principal public works manager shall, for those pilot
17 municipalities, permit and include the provision of the services of any
18 of those municipal employees through a shared service agreement
19 pursuant to the provisions of P.L.2007, c.63 (C.40A:65-1 et seq.). The
20 shared service agreement shall be subject to the provisions of
21 subsection d. of this section and of section 3 of P.L.2013, c.166
22 (C.40A:65-4.2).

23 In a shared service agreement between pilot municipalities for the
24 services of a municipal clerk, a chief financial officer, an assessor, a
25 tax collector, a municipal treasurer, or a municipal superintendent of
26 public works, the agent-party, as that term is used in subsection d. of
27 section 7 of P.L.2007, c.63 (C.40A:65-7), shall select for employment
28 under the agreement one of the employees of the pilot municipalities
29 that are party to the agreement who was employed in that same
30 capacity prior to the approval of the agreement.

31 (2) Notwithstanding any law, rule or regulation to the contrary,
32 any agreement between local units for the provision of shared services
33 shall be entered into pursuant to sections 1 to 37 of P.L.2007, c.63
34 (C.40A:65-1 et al.); provided, however, that agreements regarding
35 shared services that are otherwise regulated by statute, rule, or
36 regulation are specifically excluded from sections 1 to 37 of P.L.2007,
37 c.63 (C.40A:65-1 et al.).

38 (3) The board is authorized to render a decision in the
39 determination of the statutory basis under which a specific shared
40 service is governed.

41 b. **【Any】** Every agreement entered into pursuant to this section
42 shall be filed, for informational purposes, with the Division of Local
43 Government Services in the Department of Community Affairs,
44 together with an estimate of the cost savings anticipated to be achieved
45 by the local units that are the parties to the agreement **【in the case of**
46 **an agreement between pilot municipalities】**, pursuant to rules and
47 regulations promulgated by the director.

1 c. In the case of a pilot municipality, a tenured municipal clerk,
2 chief financial officer, assessor, tax collector, municipal
3 superintendent of public works, or municipal treasurer may be
4 dismissed to effectuate the sharing of a service entered into pursuant to
5 the provisions of P.L.2007, c.63 (C.40A:65-1 et seq.) and such
6 dismissal shall be deemed to be in the interest of the economy or
7 efficiency of the participants in the shared service agreement.

8 d. In the case of a pilot municipality, a tenured municipal clerk,
9 chief financial officer, assessor, tax collector, municipal
10 superintendent of public works, or municipal treasurer who has been
11 dismissed to effectuate a shared service agreement entered into
12 pursuant to the provisions of P.L.2007, c.63 (C.40A:65-1 et seq.) shall
13 be reappointed to his or her former position, and shall regain his or her
14 tenured status, if the shared service agreement is cancelled, or expires,
15 within the two-year period immediately following the dismissal of that
16 person.

17 e. Notwithstanding any law, rule, or regulation to the contrary, a
18 local unit or units may enter into a shared service agreement with a
19 federal military base, to the extent permitted by 10 U.S.C. s.2679,
20 under which services would be provided to the extent a local unit
21 involved in the agreement is empowered to provide those services
22 within its own jurisdiction. This subsection shall not be construed to
23 impact existing federal or State civil service laws, rules, or regulations
24 with respect to federal employees or employees of a local unit. Where
25 federal law and State law conflict regarding the content and duration
26 of such agreements, federal law shall control.

27 (cf: P.L.2017, c.21, s.1)

28
29 3. Section 11 of P.L.2007, c.63 (C.40A:65-11) is amended to read
30 as follows:

31 11. a. When a local unit contracts, through a shared service **[,]**
32 agreement or joint [meeting, or regional service agency] contract to
33 have another local unit, joint meeting or regional service agency
34 provide a service it is currently providing using public employees and
35 one or more of the local units have adopted Title 11A, Civil Service,
36 then the agreement shall include an employment reconciliation plan in
37 accordance with this section that shall specifically set forth the
38 intended jurisdiction of the Civil Service Commission. Unless
39 otherwise agreed to by the parties, the local unit that will be providing
40 the service shall be responsible for filing the reconciliation plan with
41 the Civil Service Commission. An employment reconciliation plan
42 shall be subject to the following provisions:

43 (1) **[a determination of those employees, if any, that shall be**
44 **transferred to the providing local unit, retained by the recipient local**
45 **unit, or terminated from employment for reasons of economy or**
46 **efficiency, subject to the provisions of any existing collective**
47 **bargaining agreements within the local units.]** (Deleted by
48 amendment, P.L. , c.)

1 (2) **【**any employee terminated for reasons of economy or
2 efficiency by the local unit providing the service under the shared
3 service agreement shall be given a terminal leave payment of not less
4 than a period of one month for each five-year period of past service as
5 an employee with the local unit, or other enhanced benefits that may
6 be provided or negotiated. For the purposes of this paragraph,
7 "terminal leave payment" means a single, lump sum payment, paid at
8 termination, calculated using the regular base salary at the time of
9 termination. Unless otherwise negotiated or provided by the
10 employer, a terminal leave benefit shall not include extended payment,
11 or payment for retroactive salary increases, bonuses, overtime,
12 longevity, sick leave, accrued vacation or other time benefit, or any
13 other benefit. **】** (Deleted by amendment, P.L. , c.)

14 (3) **【**the Civil Service Commission shall place any employee that
15 has permanent status pursuant to Title 11A, Civil Service, of the New
16 Jersey Statutes that is terminated for reasons of economy or efficiency
17 at any time by either local unit on a special reemployment list for any
18 civil service employer within the county of the agreement or any
19 political subdivision therein. **】** (Deleted by amendment,
20 P.L. , c.)

21 (4) when a proposed shared service agreement or joint contract
22 affects employees in local units subject to Title 11A, Civil Service, of
23 the New Jersey Statutes, **【**an employment reconciliation plan shall be
24 filed with the Civil Service Commission prior to the approval of the
25 shared service agreement. The commission shall review it for
26 consistency with this section within 45 days of receipt and it shall be
27 deemed approved, subject to approval of the shared service agreement
28 by the end of that time, unless the commission has responded with a
29 denial or conditions that must be met in order for it to be approved. **】**
30 the parties to the proposed shared service agreement or joint
31 contract, as appropriate, may request relaxation of the provisions of
32 Title 11A, Civil Service, of the New Jersey Statutes, along with the
33 corresponding rules and regulations, including but not limited to
34 selection and appointment, to require employees of the local units
35 who are not subject to Title 11A, Civil Service, of the New Jersey
36 Statutes prior to the execution of a shared service agreement or joint
37 contract to become civil service employees for the purpose of
38 creating a uniform employee pool from which the new shared
39 service or joint contract provider shall hire employees until the pool
40 is exhausted. This expedited designation of a person as a civil
41 service employee for the purpose of creating a uniform employee
42 pool, without regard to the normal processes, including testing and
43 employment lists, shall provide employees so designated with civil
44 service rights.

45 (5) when an action is required of the Civil Service Commission by
46 this section, parties to a **【planned】** proposed shared service agreement
47 or joint contract may consult with that commission in advance of the

1 action and the commission shall provide such technical support as may
2 be necessary to assist in the preparation of an employment
3 reconciliation plan or any other action required of the commission by
4 this section.

5 (6) a determination of those employees, if any, that shall be
6 transferred to the providing local unit, regional service agency, or
7 joint meeting, retained by the recipient local unit, or terminated
8 from employment for reasons of economy or efficiency. These
9 employment decisions made by the local units on whose behalf the
10 plan is submitted shall be subject to the provisions of any existing
11 collective bargaining agreements within the affected local units that
12 would be applicable specifically to the employees being transferred,
13 retained, or terminated, as appropriate. In the event of any conflict
14 in the operation of collective bargaining agreements of the affected
15 local units as it pertains to such employment decisions, the dispute
16 shall be settled by the parties using mediation or, if that is
17 unsuccessful, by binding arbitration, conducted by the Public
18 Employment Relations Commission.

19 (7) the Civil Service Commission shall place any employee who
20 has permanent status pursuant to Title 11A, Civil Service, of the
21 New Jersey Statutes, and who is terminated for reasons of economy
22 or efficiency at any time by either local unit on a special
23 reemployment list for any civil service employer within the county
24 of the shared service, regional service agency, or joint meeting, or
25 any political subdivision therein, except that an employee who has
26 turned down a reemployment opportunity in a position that is one
27 with the same or substantially similar job duties as, the same title
28 and series as, the same or substantially similar hours of work as,
29 and a location within a 25-mile radius of, the position from which
30 the employee was terminated, shall be removed from the special
31 reemployment list. For the purposes of this paragraph, a
32 reemployment opportunity shall meet the requirement of the “same
33 or substantially similar hours of work” if the reemployment
34 opportunity has the same starting and ending times of work, and at
35 least the same numbers of hours per work week as the job from
36 which the employee was terminated.

37 (8) when an employee of a jurisdiction that has not adopted
38 Title 11A, Civil Service, of the New Jersey Statutes, is transferred
39 and given a civil service job title pursuant to a shared service
40 agreement or joint contract, then upon termination of the agreement
41 or contract that employee shall remain an employee of the
42 jurisdiction to which the employee was transferred, and subject to
43 the provisions of Title 11A, Civil Service, of the New Jersey
44 Statutes.

45 b. **¶** If all the local units that are parties to the agreement are
46 subject to the provisions of Title 11A, Civil Service, of the New Jersey
47 Statutes, the Civil Service Commission shall create an implementation
48 plan for the agreement that will: (1) transfer employees with current

1 status in current title unless reclassified, or (2) reclassify employees
2 into job titles that best reflect the work to be performed. The Civil
3 Service Commission shall review whether any existing hiring or
4 promotional lists should be merged, inactivated, or re-announced.
5 Non-transferred employees shall be removed or suspended only for
6 good cause and after the opportunity for a hearing before the Civil
7 Service Commission; provided, however, that they may be laid-off in
8 accordance with the provisions of N.J.S.11A:8-1 et seq., and the
9 regulations promulgated thereunder.】 The final decision of which
10 employees shall transfer to the new employer is vested solely with the
11 local unit that will provide the service and subject to the provisions of
12 any existing collective bargaining agreements within the affected local
13 units. Any layoff or termination of personnel for reasons of
14 economy or efficiency to effectuate a shared service agreement
15 shall be made after the local unit that is providing the service
16 determines which employees shall transfer from a recipient local
17 unit to the providing local unit. Any layoff or termination of
18 personnel for reasons of economy or efficiency to effectuate a joint
19 contract shall be made after the management committee determines
20 which employees shall transfer from a contracting local unit to the
21 joint meeting or regional service agency.

22 c. (1) (a) If the local unit that will provide the service pursuant
23 to a shared service agreement or joint contract is subject to Title 11A,
24 Civil Service, of the New Jersey Statutes, but the local unit to receive
25 the service is not subject to that Title, and the contracting local units
26 desire that some or all employees of the recipient local unit are to be
27 transferred to the providing local unit, the Civil Service Commission
28 shall vest **【only】** those employees **【who have been employed for one**
29 **year or more in permanent status pursuant to N.J.S.11A:9-9】** in
30 appropriate titles, seniority, and civil service tenure with the providing
31 local unit based on the duties of the position, information provided by
32 the recipient local unit, and the recommendation of the local unit
33 providing the service. The final decision of which employees shall
34 transfer to the **【new employer】** local unit that will provide the service
35 is vested solely with the local unit that will provide the service **【and**
36 **subject to the provisions of any existing collective bargaining**
37 **agreements within the local units】** , subject to the provisions of any
38 collective bargaining agreements in effect within the providing local
39 unit affecting any position into which an employee would be
40 transferred.

41 (b) (1) If the local unit that will provide the service is not
42 subject to the provisions of Title 11A, Civil Service, of the New
43 Jersey Statutes, but the local unit that will receive the service is
44 subject to that Title, and some or all employees of the recipient
45 local unit are to be transferred to the providing local unit and
46 thereby become permanent employees of the providing local unit,
47 any civil service rules incorporated by reference into a collective

1 bargaining agreement applicable to the employees of the recipient
2 local unit shall continue to apply to the transferred employees until
3 the expiration of the collective bargaining agreement.

4 (2) The transferred employees shall be subject to layoff
5 procedures prior to the transfer to the local unit that will provide the
6 service. The current employer of an employee who is being laid off
7 for reasons of economy due to the implementation of a joint contract
8 or shared service agreement, in consultation with the new employer,
9 shall provide the employee with notice of the layoff at least 45 days
10 prior to the layoff date, unless a collective bargaining agreement,
11 employment contract, or personnel policy sets forth a different notice
12 requirement. In the case of a shared service agreement, only an
13 employee who has permanent status pursuant to Title 11A, Civil
14 Service, of the New Jersey Statutes shall have a right to appeal the
15 good faith of such layoff by the current employer to the Civil Service
16 Commission, which may consolidate all such appeals. All appeals
17 shall be filed within 20 days of the final notice of such layoff. A
18 layoff shall not be carried out until any appeal of the layoff has been
19 decided. The Civil Service Commission shall adopt rules and
20 regulations, pursuant to the "Administrative Procedure Act," P.L.1968,
21 c.410 (C.52:14B-1 et seq.), setting forth permissible grounds for an
22 appeal pursuant to this paragraph.

23 (3) Except as otherwise provided in subparagraph (b) of
24 paragraph (1) of this subsection, once transferred, an employee shall
25 be a permanent employee of the new employer and subject to any
26 collective bargaining agreements, employment contracts, personnel
27 policies, and provisions that exist for the new employer. The final
28 decision of which employees shall transfer to the new employer is
29 vested solely with the local unit that will provide the service, subject to
30 the provisions of any existing collective bargaining agreements within
31 the affected local units. In the event of any conflict in the operation of
32 collective bargaining agreements of the affected local units as it
33 pertains to such employment decisions, the dispute shall be settled by
34 the parties using mediation, conducted by the Public Employment
35 Relations Commission. If mediation is not successful, the dispute
36 shall be settled by binding arbitration, conducted by the Public
37 Employment Relations Commission.

38 d. **【**If the local unit that will provide the service is not subject to
39 the provisions of Title 11A, Civil Service, of the New Jersey Statutes,
40 but the local unit that will receive the service is subject to that Title
41 and the parties desire that some or all employees of the recipient local
42 unit are to be transferred to the providing local unit, the transferred
43 employees shall be granted tenure in office and shall only be removed
44 or suspended for good cause and after a hearing; provided, however,
45 that they may be laid-off in accordance with the provisions of
46 N.J.S.11A:8-1 et seq., and the regulations promulgated thereunder.
47 The transferred employees shall be subject to layoff procedures prior
48 to the transfer to the new entity. Once transferred, they will be subject

1 to any employment contracts and provisions that exist for the new
2 entity. The final decision of which employees shall transfer to the new
3 employer is vested solely with the local unit that will provide the
4 service and subject to any collective bargaining agreements within the
5 local units..**】** (Deleted by amendment, P.L. _____, c. _____) (pending
6 before the Legislature as this bill. _____)
7 (cf: P.L.2019, c.433, s.5).

8
9 4. Section 18 of P.L.2007, c.63 (C.40A:65-18) is amended to
10 read as follows:

11 18. a. When a joint meeting or regional service agency merges
12 bargaining units that have current contracts negotiated in accordance
13 with the provisions of the "New Jersey Employer-Employee Relations
14 Act," P.L.1941, c.100 (C.34:13A-1 et seq.), the terms and conditions
15 of the existing contracts shall apply to the rights of the members of the
16 respective bargaining units until a new contract is negotiated, reduced
17 to writing, and signed by the parties as provided pursuant to law and
18 regulation promulgated thereunder.

19 b. The Public Employment Relations Commission is specifically
20 authorized to provide technical advice, pursuant to section 12 of
21 P.L.1968, c.303 (C.34:13A-8.3), and mediation services to integrate
22 separate labor agreements into single agreements for the joint contract.
23 The commission may order binding arbitration, pursuant to P.L.1995,
24 c.425 (C.34:13A-14a et al.), to integrate any labor agreement.

25 c. When local units enter into a joint contract that results in the
26 merger of bargaining units, if a dispute arises over the
27 representation of employees in the merged unit, the Public
28 Employment Relations Commission is authorized to provide
29 technical advice pursuant to section 12 of P.L.1968, c.303
30 (C.34:13A-8.3), and mediation services to resolve representation
31 disputes. If disputes over representation cannot be resolved through
32 advice and mediation, the Public Employment Relations
33 Commission shall determine the appropriate units for purposes of
34 collective negotiations and shall conduct secret ballot elections in
35 such units to permit employees to select their majority
36 representative pursuant to the commission's rules and regulations.
37 Agreements between majority representatives regarding the
38 representation of employees in a merged unit shall be binding on
39 the new employer.

40 (cf: P.L.2019, c.433, s.9)

41
42 5. Section 22 of P.L.2007, c.63 (C.C.40A:65-22) is amended to
43 read as follows:

44 22. a. The management committee shall comply with the
45 requirements of sections 10 and 11 of P.L.1983, c.313 (C.40A:5A-
46 10 and C.40A:5A-11) regarding the submission and approval of an
47 annual budget to the Director of the Division of Local Government

1 Services in the Department of Community Affairs, or to the
2 Commissioner of Education, as appropriate.

3 b. The management committee, not later than November 1 of
4 each year, shall certify to the participating local units the total costs
5 and expenses of operation, other than acquisition and construction
6 costs, of the services, public improvements, works, facilities, or
7 undertakings for the ensuing year, in accordance with the terms and
8 provisions of the joint contract, together with an apportionment of
9 the costs and expenses of operation among the participating local
10 units in accordance with the method of apportionment provided in
11 the joint contract. It shall be the duty of each participating local
12 unit to include its apportioned share of such costs and expenses of
13 operation in its annual budget, and to pay over to the management
14 committee its apportioned share as provided in the joint contract.
15 Operations under the budget and related matters shall be subject to
16 and in accordance with rules of the Local Finance Board or the
17 Commissioner of Education, as appropriate. The Local Finance
18 Board shall be responsible for the determination of the appropriate
19 rule-making authority with regard to each joint contract. For the
20 first year of operation under the joint contract, a participating local
21 unit may adopt a supplemental or emergency appropriation for the
22 purpose of paying its apportioned share of the costs and expenses of
23 operation, if provision therefor has not been made in the annual
24 budget.

25 (cf: P.L.2007, c.63, s.22)

26
27 6. Section 2 of P.L.2007, c.54 (C.52:27D-502) is amended to read
28 as follows:

29 2. For the purposes of this act:

30 "Commission" means the "Local Unit Alignment, Reorganization,
31 and Consolidation Commission" established pursuant to section 3 of
32 P.L.2007, c.54 (C.52:27D-503); and, on and after the effective date of
33 P.L. , c. (C.) (pending before the Legislature as this bill), shall
34 mean any other entity created, or designated, by an act of the
35 Legislature to perform the duties required pursuant to P.L.2007, c.54
36 (C.52:27D-501 et seq.).

37 "Local unit" means a municipality or fire district, and shall not
38 include a school district, regional school district, or county.

39 (cf: P.L.2007, c.54, s.2)

40
41 7. Section 3 of P.L.2007, c.54 (C.52:27D-503) is amended to read
42 as follows:

43 3. a. There is established in but not of the Department of
44 Community Affairs, the "Local Unit Alignment, Reorganization, and
45 Consolidation Commission."

46 b. The commission shall consist of **[nine]** eleven voting
47 members: the Commissioner of Community Affairs (or a designee)
48 and the State Treasurer (or a designee), who shall both serve ex-

1 officio; and ~~seven~~ nine public members, and shall be appointed as
2 follows: one member appointed by the President of the Senate, one
3 member appointed by the Minority Leader of the Senate, one member
4 appointed by the Speaker of the General Assembly, one member
5 appointed by the Minority Leader of the General Assembly, and
6 ~~three~~ five members, no more than two of whom shall be of the same
7 political party, appointed by the Governor, with the advice and consent
8 of the Senate. ~~Of~~ With respect to the ~~three~~ five public members
9 appointed by the Governor, one member shall reside in a northern
10 county (Bergen, Essex, Hudson, Morris, Passaic, Union, Sussex, or
11 Warren), one member shall reside in a central county (Hunterdon,
12 Mercer, Middlesex, Monmouth, or Somerset), and one member shall
13 reside in a southern county (Atlantic, Burlington, Camden, Cape May,
14 Cumberland, Gloucester, Ocean, or Salem). The fourth public
15 member appointed by the Governor shall be a member of either the
16 New Jersey State Policemen's Benevolent Association (PBA), the
17 New Jersey State Firefighters' Mutual Benevolent Association
18 (FMBA), the Communication Workers of America (CWA), or the
19 American Federation of State, County, and Municipal Employees
20 (AFSCME), representing State or local public employees. The fifth
21 public member appointed by the Governor shall be a person with at
22 least 10 years of experience as a municipal administrator, manager, or
23 chief financial officer. No appointee shall be an elected official of a
24 local unit or county unless that person has significant experience in
25 shared service initiatives and demonstrated success at having
26 implemented such agreements at the local level.

27 c. Members of the commission shall serve without compensation,
28 but shall be reimbursed for expenses actually incurred in the
29 performance of their duties.

30 d. The members shall be appointed within 60 days following the
31 effective date of this act. The public members shall serve for terms of
32 five years and until the appointment and qualification of a successor;
33 except that in making the first appointments to the commission, one
34 person shall be appointed to serve for one year, one for two years, one
35 for three years, one for four years, and four for five years. The length
36 of the respective term of each member of the first commission shall be
37 determined by lot at the organization of the first commission. A public
38 member may be reappointed. Any vacancy in the membership of the
39 commission shall be filled in the same manner as the original
40 appointment was made for the unexpired term only.

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

42
43 8. Section 5 of P.L.2007, c.54 (C.52:27D-505) is amended to
44 read as follows:

45 5. a. (1) The commission shall study and report on the
46 structure and functions of county and municipal government,
47 including local taxing districts, their statutory bases, including the
48 fiscal relationship between local governments, and the appropriate

1 allocation of service delivery responsibilities from the standpoint of
2 efficiency, including whether some municipal services and
3 functions would be more efficiently provided by counties. The
4 study of the transfer of the municipal tax assessment function to the
5 county through the appointment of a county assessor and deputy
6 county assessors in a pilot county pursuant to the "Property
7 Assessment Reform Act," sections 1 through 15 of P.L.2009, c.118
8 (C.54:1-86 et seq.), shall be conducted in consultation with the
9 Director of the Division of Taxation in the Department of the
10 Treasury.

11 (2) The commission shall recommend legislative changes which
12 would encourage the more efficient operation of local government.
13 These changes may include the structural and administrative
14 streamlining of county and municipal government functions,
15 including but not limited to, the transfer of functions from one level
16 of government to another, particularly the delivery of some
17 municipal services and function by counties, and the use or
18 establishment of regional service delivery entities.

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

22 Within two years following the effective date of P.L.2007, c.54
23 (C.52:27D-501 et al.), the commission shall report its findings to
24 the Governor, the President of the Senate, and the Speaker of the
25 General Assembly; provided, however, that findings concerning the
26 transfer of the municipal tax assessment function to the county
27 through the appointment of a county assessor and deputy county
28 assessors shall be reported on or before February 1 of the sixth year
29 next following the effective date of P.L.2009, c.118 (C.54:1-
30 86 et al.).

31 b. Based on its findings pursuant to paragraph (3) of subsection
32 a. of this section, the commission shall develop criteria to serve as
33 the basis; for recommending the consolidation of specific
34 municipalities **[,] and** the merger of specific existing autonomous
35 agencies into the parent municipal or county government, **[or] and**
36 for recommending the sharing of services between municipalities or
37 between municipalities and other public entities, including but not
38 limited to counties, fire districts, school districts, and regional
39 school districts. **[Recommendations for sharing services may result**
40 **from a study focusing exclusively on the sharing of services or may**
41 **result from a study examining potential consolidation.**
42 Municipalities to be considered for consolidation shall be within the
43 same county and shall also be situated within the same legislative
44 district.]

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

47 (1) a consideration of geographic factors, such as a shared
48 boundary, or in the case of the recommended consolidation of more

1 than two local units, that the consolidated local unit will have a
2 contiguous boundary;

3 (2) an analysis of the economic costs and benefits of
4 consolidation or the sharing of services, as the case may be,
5 including potential tax savings and reductions in government costs
6 through economies of scale;

7 (3) measures to ensure that costs and benefits of consolidation
8 or service sharing are distributed equitably across the entire
9 community; **and**

10 (4) measures to safeguard the interests of communities in the
11 municipalities for which consolidation or sharing of services is
12 recommended, including the impact of a recommended
13 consolidation or sharing of services on the ability of the public
14 entity to comply with applicable State and federal laws and
15 regulations and on the overall quality and efficient delivery of those
16 services; and

17 (5) measures to evaluate and assess potential health and safety
18 impacts associated with consolidation or sharing of services, if the
19 consolidation or sharing of services relates to fire services or police
20 services.

21 The commission shall **give priority to** only study local units
22 that **volunteer to be studied** , as of the effective date of
23 P.L. , c. (C.) (pending before the Legislature as this bill),
24 neither participate in a shared service agreement nor have
25 undertaken independent shared services studies or negotiations.

26 When the commission's study is one that could potentially serve
27 as the basis for a recommendation that, if not acted upon, could
28 result in a reduction of State aid pursuant to subsection f. of section
29 8 of P.L.2007, c.54 (C.52:27D-508), then the recommended model,
30 (1) must be projected to be capable of maintaining the same level of
31 service or improving the services provided by the participating
32 municipalities; and (2) must project either a meaningful savings or a
33 slowed rate of growth of costs to result over a reasonable period of
34 time.

35 c. (1) (a) Based upon criteria developed pursuant to
36 subsection b. of this section and in consultation with the local units
37 that are being studied, the commission shall undertake studies to
38 examine the sharing of services between specific municipalities or
39 between municipalities and other public entities. The commission
40 also may undertake studies to examine the consolidation potential
41 for specific municipalities, but the studies or recommendations shall
42 not be subject to potential reductions in State aid pursuant to
43 subsection f. of section 8 of P.L.2007, c.54 (C.52:27D-508).

44 (b) In undertaking its studies, the commission shall conduct one
45 on-site consultation session in each local unit being studied, with
46 the governing bodies, or their designees, and affected officials and
47 other public entities under consideration for consolidation or the
48 sharing of services. If the consultation sessions are subject to the

1 "Senator Byron M. Baer Open Public Meetings Act," P.L.1975,
2 c.231 (C.10:4-6 et seq.), the commission shall reimburse the local
3 units for any expenses incurred.

4 (c) Each consolidation proposal or shared services proposal
5 shall:

6 (i) detail the current delivery service being considered for the
7 shared service proposal, including personnel, equipment, and cost;
8 (ii) detail the cost, including personnel and equipment for the
9 proposed shared services;

10 (iii) include an estimate of the total net savings that will result
11 from implementation of the proposed consolidation or sharing of
12 services;

13 (iv) provide options for the delivery of the shared services and an
14 explanation of why those options are not optimum;

15 (v) include a transcription of the public hearings held pursuant
16 to paragraph (3) of this subsection; and

17 (vi) include any other pertinent information.

18 (d) The commission shall provide written notice of a
19 recommendation, including any economic analysis, made pursuant
20 to this subsection to the governing body of each local unit that is the
21 subject of the recommendation, together with documentation
22 supporting the commission's recommendation.

23 (e) A local unit may request the commission to undertake a
24 study to examine the local unit's potential for consolidation or the
25 sharing of services. A county may request the commission to
26 undertake a study to examine the county's potential for providing
27 specific shared services to constituent municipalities, however, no
28 county shall be included in a study that could potentially serve as
29 the basis for a recommendation that, if not acted upon, could result
30 in a reduction of State aid to a municipality pursuant to subsection
31 f. of section 8 of P.L.2007, c.54 (C.52:27D-508) unless the request
32 to undertake the study is agreed to by the governing bodies of the
33 affected municipalities through the adoption of resolutions stating
34 support.

35 (f) The results of any economic analysis performed by or on
36 behalf of the commission shall be submitted to the State Treasurer
37 for a review of the accuracy of the analysis prior to releasing a
38 recommendation pursuant to this subparagraph. At the same time,
39 the results of the economic analysis shall be submitted to the
40 affected municipalities and other public entities. No
41 recommendation for a shared service that is submitted to the State
42 Treasurer by the commission shall be made unless the commission
43 finds that the current level of service will be maintained or
44 improved for each affected municipality and that each affected
45 municipality will realize a cost savings. The State Treasurer shall,
46 within 90 days of receipt, weigh any contrary information or
47 evidence submitted by affected municipalities and other public
48 entities and then either certify the recommendation, or prepare a

1 memo of objections for the commission. The local unit shall,
2 within 90 days from the date that the commission submits the
3 economic analysis, either certify the recommendation or provide,
4 either electronically, by e-mail, by letter, or by personal delivery, a
5 written objection along with supporting documentation to the State
6 Treasurer. The commission shall work with the State Treasurer in
7 satisfying the objections prior to resubmitting a recommendation for
8 review and certification. In accordance with the results of its
9 studies, the commission may recommend the consolidation of
10 specific municipalities, or the sharing of services between specific
11 municipalities or between municipalities and other public entities.

12 (g) (i) The commission shall provide written notice to the
13 governing body of each municipality that is the subject of a
14 recommendation, together with supporting documentation and the
15 State Treasurer's certification of, or objections to, the economic
16 analysis. A notice recommending the sharing of services shall state
17 that the governing bodies have 14 months from the date of the
18 notice to approve a certified recommendation for a shared service,
19 or that they need not take any action with respect to a
20 recommendation for a shared service that was not certified by the
21 State Treasurer.

22 (ii) A municipality may contest the total net savings estimate
23 contained in the commission's proposal by appeal to the
24 Commissioner of Community Affairs within 30 days of receipt of
25 the recommendation. The commissioner shall have 15 business
26 days to review the analysis and the challenge in order to determine
27 whether the analysis should be adjusted. The commissioner may
28 extend the review time for the appeal if the commissioner deems a
29 hearing is necessary.

30 (2) When a municipal consolidation is recommended by the
31 commission, the commission shall substitute for a joint municipal
32 consolidation study commission that would be formed pursuant to
33 section 7 of the "Municipal Consolidation Act," P.L.1977, c.435
34 (C.40:43-66.41) or any other statute governing municipal
35 consolidation, and no voter approval shall be required to create the
36 study commission. The commission shall be present at one or more
37 of the public hearings required pursuant to subsection d. of section
38 25 of P.L.2007, c.63 (C.40A:65-25).

39 (3) When a sharing of services is recommended by the
40 commission, the governing body of each affected municipality shall
41 hold one public hearing in each municipality that would be affected
42 by the recommendation, in a place that is easily accessible to its
43 residents. At least one member of the commission shall attend
44 these public hearings to answer residents' questions. A public
45 hearing required by this paragraph shall be advertised in the official
46 newspaper of the local unit at least seven days prior to the public
47 hearing, posted in each local unit's official buildings and on each
48 local unit's official Internet website, if one exists, and shall also be

1 posted by the commission on its Internet website. The commission
2 shall reimburse the local units for any expenses incurred in holding
3 the public hearings required under this paragraph.

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

11 (cf: P.L.2009, c.118, s.16)

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

15 6. a. (1) The **["Local Unit Alignment, Reorganization, and**
16 **Consolidation Commission"]** commission shall work in conjunction
17 with the Local Finance Board and the Division of Local
18 Government Services in the Department of Community Affairs. **[To**
19 **the extent possible, the]** The commission may request specific
20 resources from the department. The department shall provide the
21 commission with all resources requested by the commission that the
22 department determines are reasonable and necessary for the
23 commission to operate and satisfy its statutory duties including, but
24 not limited to, the provision of offices, equipment, materials, and
25 administrative, technical, and legal personnel. The department shall
26 have the burden of showing that a request for resources is
27 unreasonable.

28 (2) The commission may also request, and shall be entitled to,
29 the assistance and services of the employees of any State
30 department, board, bureau, commission, or agency, as it may
31 require and as may be available to it for its purposes.

32 b. The commission may request, and shall be entitled to, the
33 cooperation of the officials and employees of every county and
34 municipality, as it may require.

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

38 d. The commission may contract for the services of
39 professional, technical, and operational personnel and consultants
40 as it may determine are necessary to perform its duties, within the
41 limits of funds available to it for its purposes.

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

43
44 10. Section 7 of P.L.2007, c.54 (C.52:27D-507) is amended to
45 read as follows:

46 7. a. The **["Local Unit Alignment, Reorganization, and**
47 **Consolidation Commission"]** commission shall annually, by

1 January 31st, submit to the Governor and the Legislature a report
2 summarizing the commission's activities over the course of the
3 previous calendar year.

4 b. In the event that the commission proposes consolidation of
5 local units **【or a shared services agreement】**, the commission shall
6 submit a copy of the consolidation 【or shared services】 proposal to
7 the Governor and the Legislature **【no later than May 1st of the year**
8 **in which the proposed consolidation is to be put before the voters**
9 **pursuant to subsection a. of section 8 of P.L.2007, c.54 (C.52:27D-**
10 **508). A municipal consolidation proposal shall include, but not be**
11 **limited to, a description of the form of government, the election of**
12 **officers, the apportionment of debts, and other issues between pairs**
13 **or groups of municipalities which the commission proposes should**
14 **consolidate or share services】** together with its annual report.

15 c. **【A consolidation or shared services proposal shall take**
16 **effect at the end of a period of 30 calendar days after the date on**
17 **which the proposal is transmitted to the Senate and General**
18 **Assembly, on a day on which both thereof shall be meeting in the**
19 **course of a regular or special session, unless, between the date of**
20 **transmittal and the end of the 30-day period, the Legislature passes**
21 **a concurrent resolution stating in substance that the Legislature**
22 **does not favor the consolidation proposal.】** (Deleted by amendment,
23 P.L. , c.)
24 (cf: P.L.2007, c.54, s.7)
25

26 11. Section 8 of P.L.2007, c.54 (C.52:27D-508) is amended to
27 read as follows:

28 8. a. **【Upon】** If a local unit receives a recommendation for the
29 sharing of services from the commission together with the 【taking
30 effect of a consolidation or shared services proposal】 State
31 Treasurer's certification of the recommendation, pursuant to
32 **【subsection b. of】** section **【7】** 5 of P.L.2007, c.54 **【(C.52:27D-**
33 **507)】** (C.52:27D-505), 【each recommendation included therein
34 shall be put before the affected voters at the next general election
35 and shall become effective only upon its】 the local unit shall
36 approve the recommendation within 14 months of the date of the
37 notice or be subject to a reduction of State aid in accordance with
38 subsection f. of this section. A local unit may approve a
39 recommendation for the sharing of services by adoption of an
40 ordinance, or by adoption by a majority of the voters of 【each
41 affected municipality】 the local unit.

42 Nothing in this subsection shall prohibit the governing body of a
43 local unit from approving a recommendation for the sharing of
44 services by adoption of a resolution or ordinance and placing that
45 proposal before the affected voters at the next general election.

1 b. **【**In order to effectuate the provisions of subsection a. of this
2 section, the Secretary of State**】** If the governing body of a local unit
3 chooses to place the question of approval of a recommendation for
4 the sharing of services before the voters, the clerk or other
5 appropriate administrative officer of the local unit shall forward to
6 the clerk of **【each】** the county in which the **【affected】** local **【units**
7 are**】** unit is located a public question to be included on the ballots at
8 the next general election for the election districts encompassing
9 those affected local units.

10 **【**(1) The question with respect to consolidation shall read as
11 follows:

12 "Shall (insert the names of the participating local units) be
13 consolidated into a single local unit to be known as (insert the name
14 proposed for the consolidated local unit)?"

15 (2)**】** The question with respect to a shared services proposal shall
16 read as follows:

17 "Shall (insert the services to be shared) be jointly undertaken
18 between (insert the names of the entities between which sharing is
19 to occur)? The State proposes this "sharing of services" and
20 estimates that it can save \$ (insert estimate of savings included in
21 the proposal pursuant to subsection c. of section 5 of P.L.2007, c.54
22 (C.52:27D-505)). This proposed sharing of service will (insert
23 "reduce," "increase," "not change," or "slow the rate of growth of")
24 the level of service currently provided by (insert the name of the
25 entity) according to the State's recommendation. This estimated
26 savings will result, on average, of a savings of \$ (insert savings per
27 property taxpayer based on averaged assessed property) per
28 property tax bill of the averaged assessed property of \$ (insert the
29 averaged assessed property). The (insert name of entity) (insert
30 "supports" or "opposes") this proposed shared service for the
31 following reason(s) (insert the one or more reasons). If a majority
32 of the voters vote "No", the State shall reduce "State Aid" to your
33 municipality by that amount each year." The reduction of State aid
34 may result in an increase in the property tax levy.

35 c. **【**The consolidation of pairs or groups of local units
36 recommended for consolidation under subsection a. of this section
37 shall be accomplished within 14**】** Local units that are the subject of
38 a recommendation for the sharing of services shall implement the
39 recommendation within 28 months following the **【voter approval】**
40 date of the **【consolidation recommendation】** notice of the
41 commission recommendation.

42 d. (1) No question with respect to a consolidation
43 recommended or proposed by the commission shall be submitted to
44 the voters of a local unit.

45 (2) The adoption of a form of government, the election of
46 officers, the apportionment of debts, and other issues between pairs
47 or groups of municipalities **【required】** that choose to consolidate

1 pursuant to ~~an approved~~ a consolidation ~~recommendation under~~
2 subsection c. of this section] proposal shall be determined by the
3 commission, as far as practicable, in accordance with the
4 procedures set forth in the "Municipal Consolidation Act,"
5 P.L.1977, c.435 (C.40:43-66.35 et al.) or any other statute
6 governing municipal consolidation. A consolidation shall be
7 approved by ordinance after two public hearings have been held one
8 after the first reading of the ordinance, and one after the second
9 reading of the ordinance.

10 e. For a period of 10 years ~~from the~~ following
11 implementation of an approved consolidation ~~of a pair or group of~~
12 municipalities pursuant to a consolidation recommendation
13 approved under subsection c. of this section] proposal, and
14 notwithstanding any law to the contrary, the residents of ~~those~~
15 municipalities] the consolidated municipality, or portions thereof,
16 shall not have the right to secede to form a new municipality, or to
17 consolidate with, or annex themselves to, any other municipality.

18 f. (1) If a municipality does not approve a recommendation for
19 the sharing of services within 14 months of the date of notice of the
20 commission's recommendation, or if that municipality does not
21 make a good faith attempt to enter into and implement the
22 recommended joint contract or shared service agreement within 28
23 months following the date of notice of the commission's
24 recommendation, then the State shall annually reduce the total
25 amount of State aid allocated to that municipality under the
26 Consolidated Municipal Property Tax Relief Aid (CMPTRA)
27 program, the Energy Tax Receipts Property Tax Relief Fund (ETR)
28 program, or both, by the total net savings estimated in the proposal
29 pursuant to subsection c. of section 5 of P.L.2007, c.54 (C.52:27D-
30 505).

31 (2) No municipality shall be subject to a reduction in its
32 CMPTRA or ETR allocation, or both, for its refusal to comply with a
33 consolidation recommendation or proposal by the commission.

34 (3) No municipality shall be subject to a reduction in its
35 CMPTRA or ETR allocation, or both, if it approved a
36 recommendation for the sharing of services and the failure to
37 implement the recommendation was due to the action or inaction of
38 the governing body or voters of another local unit.

39 (cf: P.L.2007, c.54, s.8)

40
41 12. (New section) There is appropriated from the General
42 Fund to the Department of Community Affairs such sums as may be
43 necessary for the operating expenses of the Local Unit Alignment,
44 Reorganization, and Consolidation Commission, or any other entity
45 created, or designated, on or after the effective date of PL. , c.
46 (C.) (pending before the Legislature as this bill) by an act of
47 the Legislature to perform the duties required pursuant to P.L.2007,

1 c.54 (C.52:27D-501 et seq.), subject to the approval of the Director
2 of the Division of Budget and Accounting in the Department of the
3 Treasury.

4
5 13. (New section) There is appropriated from the Property
6 Tax Relief Fund to the Department of Community Affairs such
7 sums for non-recurring costs that the Local Unit Alignment,
8 Reorganization, and Consolidation Commission, or any other entity
9 created, or designated, on or after the effective date of PL. , c.
10 (C.) (pending before the Legislature as this bill) by an act of
11 the Legislature to perform the duties required pursuant to P.L.2007,
12 c.54 (C.52:27D-501 et seq.), determines are necessary to fund
13 extraordinary expenses of local units to implement consolidation
14 plans and shared service agreements, subject to the approval of the
15 Director of the Division of Budget and Accounting in the
16 Department of the Treasury.

17
18 14. (New section) The following sections are repealed:
19 Section 8 of P.L.2007, c.63 (C.40A:65-8);
20 Section 17 of P.L.2007, c.63 (C.40A:65-17);
21 Section 19 of P.L.2007, c.63 (C.40A:65-19);
22 Sections 16 through 18 of P.L.1975, c.329 (C.26:3A2-16 through
23 C.26:3A2-18).

24
25 15. This act shall take effect immediately and shall only apply to
26 shared service agreements, joint contracts, or municipal consolidations
27 entered into on or after the effective date of this act.