

LEGISLATIVE FISCAL ESTIMATE TO
ASSEMBLY COMMITTEE SUBSTITUTE FOR
ASSEMBLY, Nos. 7, 819, 1123, 1127, 1134, 1219
and SENATE, No. 179

STATE OF NEW JERSEY

DATED: June 19, 1996

The Assembly Committee Substitute for Assembly, Nos. 7, 819, 1123, 1127, 1134, 1219 and Senate, No. 179 is legislation intended to provide relief from certain State mandates on counties and municipalities in order to produce local government cost savings that will reduce local property taxes or in some cases provide greater budgetary flexibility. The mandate relief items addressed in this bill include dog licenses, health ordinances, election law, traffic ordinances, shade tree ordinances, planning board powers, regional contribution agreements, appropriations caps, joint insurance funds, budget approvals, property tax refunds, school crossing guards, and contract discretion for services to affordable housing units. The OLS is not able to estimate the Statewide potential dollar property tax savings associated with any of these mandate relief items due to the lack of specific relevant municipal data.

Specifically, sections 1 and 2 of the committee substitute would permit a municipality to stagger the expiration of pet licenses. The OLS believes that this would make the administration of pet licenses easier and less subject to overtime costs and thereby could produce property tax savings.

Section 3 of the committee substitute requires the Department of State to investigate the methods of reducing mandatory election costs in municipalities with populations of 500 persons or less. The department would be required to report its findings to the Governor and to the Legislature in about six months from the date of enactment of this committee substitute. The OLS believes that the Secretary of State can accomplish its requirement to report its findings to the Governor and to the Legislature with its current budget resources. The OLS believes that the methods recommended in the report aimed at reducing mandatory election costs in municipalities with populations of 500 persons or less could eventually lead to property tax savings.

Sections 4 and 5 of the committee substitute permit health ordinances and codes adopted by a local board of health to be published in summary form, both prior to the public hearing and after adoption, in order to reduce the costs of publication. The OLS believes reducing the costs of the publication of health ordinances and codes could produce property tax savings.

Section 6 permits a municipality or county to impose parking

restrictions, designate no passing zones, and paint road striping and pavement markings on self-contained streets under municipal or county jurisdiction, as appropriate, without approval of the Commissioner of Transportation. R.S.39:4-8 would be amended to permit a municipality or county to act by ordinance or resolution, as appropriate, to effect the traffic control measure, with a copy of the ordinance or resolution transmitted to the Commissioner of Transportation along with an engineer's certification. The commissioner would have 90 days to review the ordinance or resolution and invalidate it if the provisions (1) are inconsistent with the Manual on Uniform Traffic Control Devices for Streets or Highways; (2) are inconsistent with accepted engineering standards; (3) are not based on the results of an accurate traffic and engineering survey; or (4) place an undue traffic burden or impact on streets in an adjoining municipality or negatively affect the flow of traffic on the State highway system. The OLS believes that expediting local traffic ordinance approval by the State could reduce local staff costs and thereby produce property tax savings.

Section 7 would permit ordinances adopted pursuant to the "Municipal Land Use Law," P.L.1975, c.291 (C.40:55D-1 et seq.), or an ordinance adopted by a park, parkway or shade tree commission to be published by title and summary. Section 1 of P.L.1977, c.395 (C.40:49-2.1), currently permits a land use ordinance to be published by title and summary only when it is six or more octavo pages of ordinary print in length. The OLS believes that by permitting all municipal land use ordinances to be published by title and summary would reduce local printing and staff costs and thereby produce property tax savings.

Section 8 would permit a nine member planning board in any municipality to exercise the powers of a zoning board of adjustment if so provided by ordinance, approved by voter referendum. This option is currently available under section 16 of P.L.1975, c.291 (C.40:55D-25) to municipalities with a population of 10,000 persons or less. The OLS believes that permitting all municipalities with a nine member planning board to exercise this option would reduce local municipal staff costs and thereby produce property tax savings.

Section 9 allows a local unit to bond for the amount of any contribution that it makes as a sending municipality under a regional contribution agreement pursuant to section 12 of P.L.1985, c.222 (C.52:27D-312). The OLS believes that this provision is intended to encourage regional contribution agreements and thereby enhance low and moderate income housing stock within the State. This bonding authority could relieve some fiscal pressure on the current operating budgets of municipalities with a Mount Laurel obligation by reducing the current burden of this financial obligation on their current property taxpayers and extending that burden over a greater number of years

and a greater number of taxpayers.

Section 10 amends N.J.S.40A:4-19 to increase the permissible amount of temporary county and municipal budgets from 25 percent of the previous year's total appropriations to 26.25 percent of those appropriations, representing the proportional part of a 5 percent cap increase, in years when a county or municipality increases its tax levy or budget, as appropriate. The OLS believes this provision allowing counties and municipalities greater flexibility in the period of time until their annual budget is adopted merely increases the spending authority for the temporary budget period and has no property tax impact.

Sections 11 and 12 would authorize a local unit to establish a dedicated fund into which may be deposited refunds from a joint insurance fund, which amounts would be retained to protect against a future year when claims payable by the joint insurance fund exceed contributions paid into the joint insurance fund by the local unit. The OLS notes that maintenance of such a revolving fund would allow a local unit to have assets readily available to make additional contributions into the joint insurance fund when they are needed without resorting to raising monies at that time and as such has no long term property tax impact.

Section 13 would permit the Local Finance Board to adopt rules establishing a three-year budget review cycle by the Director of the Division of Local Government Services in the Department of Community Affairs, for most municipalities. The governing body and the chief financial officer would be required to certify to the director that the municipality is in compliance with the statutory and regulatory budget procedures. The director would have the power to require immediate compliance with the State budget law from any municipality in which the exemption from annual State review impairs the fiscal integrity or solvency of the municipality. The OLS believes that such a three-year budget review cycle could produce property tax savings due to municipal staff cost reductions.

Section 14 increases from \$5 to \$10 the amount for which a tax collector can be preauthorized by resolution of the municipal governing body to process property tax refunds or to process cancellations of refunds or delinquencies. The OLS believes that increasing the preauthorization amount of tax refunds would have no significant property tax impact.

Sections 15 through 17 would permit municipalities to appoint police officers as adult crossing guards. Such appointees would not have to be specially trained in traffic control and, in the discretion of the chief of police, they could wear their normal police uniforms. The OLS believes that permitting municipalities to appoint police officers as adult crossing guards would have no significant property tax impact.

Sections 18 and 19 amend sections 3 and 15 respectively, of the

"Local Public Contracts Law," P.L.1971, c.198 (C.40A:11-3 and 40A:11-15), to extend the period of normal local public contracts from 12 months to 24 months, with the exception of those for professional services. The OLS believes that the additional 12 month contract time is likely to enable local units to bargain for better prices, thereby producing significant local property tax savings.

Section 20 would amend section 24 of the "Fair Housing Act," P.L.1985, c.222 (C.52:27D-324), to clarify that the Affordable Housing Management Service of the Department of Community Affairs, or any other entity that provides certain services to municipalities and developers that are providing affordable housing under that act, including the determination of occupant eligibility, the marketing of units and the determination of maximum resale prices or rents, cannot require an exclusive contract to service all of the eligible housing units of the municipality. The OLS believes that a municipality with an appropriate administrative agency, might seek to maximize cost efficiency by servicing a portion of the eligible units itself or contracting with another provider, thus reducing costs and producing property tax savings.

The legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67.