

SENATE, No. 113

STATE OF NEW JERSEY

Introduced Pending Technical Review by Legislative Counsel

PRE-FILED FOR INTRODUCTION IN THE 1996 SESSION

By Senators CIESLA and MATHEUSSEN

1 AN ACT consolidating the distribution of certain State aid for  
2 municipalities into an annual block grant program, supplementing  
3 Title 52 of the Revised Statutes, amending P.L.1976, c.68 and  
4 repealing parts of statutory law.

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

8  
9 1. (New section) This act shall be known and may be cited as the  
10 "Municipal Aid Consolidation Block Grant Act."

11  
12 2. (New section) a. The Director of the Division of Local  
13 Government Services in the Department of Community Affairs shall  
14 annually distribute State aid to a municipality that received State aid  
15 for calendar years 1991, 1992, 1993 or 1994 pursuant to any of the  
16 following acts and programs:

17 (1) Business personal property tax replacement program, P.L.1966,  
18 c.135 (C.54:11D-1 et seq.);

19 (2) Class II railroad property aid program, sections 19 through 24  
20 of P.L.1966, c.139 (C.54:29A-24.1 et seq.);

21 (3) State aid to densely populated municipalities program,  
22 P.L.1990, c.85 (C.52:27D-384 et seq.);

23 (4) Aid to depressed rural centers program, P.L.1977, c.260  
24 (C.52:27D-162 et seq.);

25 (5) Legislative Initiative Municipal Block Grant Program  
26 appropriation distributed by the Department of Community Affairs  
27 pursuant to P.L.1994, c.67 and P.L.1994, c.68;

28 (6) Payments to municipalities to replace franchise tax on certain  
29 telecommunications carriers program, subsection b. of section 5 of  
30 P.L.1989, c.2 (C.54:30A-24.2);

31 (7) "Safe and Clean Neighborhoods Act of 1979," P.L.1979, c.118  
32 (C.52:27D-118.1 et seq.);

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

Matter underlined thus is new matter.

- 1 (8) Supplementary aid for fire services program, P.L.1985, c.295  
2 (C.52:27D-118.17 et seq.);
- 3 (9) Safe and clean neighborhoods program: expanded police  
4 services, P.L.1985, c.170 (C.52:27D-118.11 et seq.);
- 5 (10) "Supplemental Municipal Property Tax Relief Act" -  
6 Additional Municipal Aid appropriations;
- 7 (11) "Supplemental Municipal Property Tax Relief Act" - formula  
8 aid program, section 5 of P.L.1991, c.63 (C.52:27D-118.34; and  
9 "Supplemental Municipal Property Tax Relief Act" - Hold Harmless  
10 Formula Aid appropriations; or
- 11 (12) Municipal urban aid program, P.L.1978, c.14 (C.52:27D-178  
12 et seq.) in an amount equal to the largest annual total amount received  
13 by that municipality for these aid programs for either calendar year  
14 1991, 1992, 1993 or 1994;
- 15 b. Provided however, that the amount for paragraph (11) of  
16 subsection a. of this section for calendar year 1994 shall include the  
17 amount of the Health Insurance Premium Rebate Offset and Savings  
18 from Pension Fund Changes used to reduce the payment of certain  
19 municipal aid pursuant to P.L.1994, c.67, the fiscal year 1995 annual  
20 appropriations act; and,
- 21 c. Provided further, however, that for paragraph (8) of subsection  
22 a. of this section, the amount of aid received by a municipality shall  
23 include amounts apportioned to a municipality and paid to a fire  
24 district in such municipality.
- 25
- 26 3. (New section) The Legislature shall annually appropriate the  
27 amount necessary to fund the municipal aid consolidation block grants  
28 to be distributed pursuant to section 2 of P.L....., c..... (C....) (Now  
29 pending before the Legislature as this bill).
- 30
- 31 4. (New section) Aid distributed to a municipality pursuant to  
32 section 2 of P.L....., c..... (C....) (Now pending before the Legislature  
33 as this bill), may be anticipated in any amount up to the maximum  
34 amount of that aid to be distributed to the municipality in compliance  
35 with the "Local Budget Law," N.J.S.40A:4-1 et seq.
- 36
- 37 5. (New section) On or before July 15 annually, and after  
38 enactment of the annual State appropriations act, the Director of the  
39 Division of Local Government Services in the Department of  
40 Community Affairs shall certify to each municipality eligible for a  
41 municipal aid consolidation block grant the amount of the block grant  
42 to be paid to the municipality and the actual dates that payments of the  
43 block grant amount will be made. The amount of the municipal aid  
44 consolidation block grant to be paid to each municipality shall be  
45 distributed in six equal monthly payments on or before the 30th day of  
46 the month in each of the last six months of the calendar year. The

1 division shall, in so far as may be practicable, make the payments by  
2 means of electronic funds transfer to such depository as each  
3 municipality shall designate subject to such electronic funds transfer  
4 requirements as shall be prescribed by the director.

5  
6 6. (New section) No appeal or review may be taken by any person  
7 or any municipality with respect to any of the provisions of this act  
8 except in the case of an arithmetical or typographical error in the  
9 calculation of the distribution of aid hereunder.

10  
11 7. (New section) Notwithstanding the provisions of any law to the  
12 contrary, a municipality shall appropriate and pay to a fire district  
13 responsible for providing fire protection in the municipality an amount  
14 equal to the amount paid to that fire district pursuant to P.L.1985,  
15 c.295 (C.52:27D-118.17 et seq.), during the calendar year used to  
16 determine total aid pursuant to section 2 of P.L....., c..... (C.....) (Now  
17 pending before the Legislature as this bill).

18  
19 8. Section 2 of P.L.1976, c.68 (C.40A:4-45.2) is amended to read  
20 as follows:

21 2. Beginning with the tax year 1991 municipalities, other than  
22 those having a municipal purposes tax rate of \$0.10 or less per  
23 \$100.00, and counties shall be prohibited from increasing their final  
24 appropriations by more than 5% or the index rate, whichever is less,  
25 over the previous year, except within the provisions set forth  
26 hereunder.

27 For the purpose of this section, in computing its final appropriations  
28 for the previous year, a municipality or county shall include, as part of  
29 its final appropriations:

30 a. Amounts of revenue generated by an increase in its valuations  
31 based solely on applying the preceding year's local purposes tax rate  
32 of the municipality to the assessed value of new construction or  
33 improvements, or on applying the preceding year's county tax rate to  
34 the apportionment valuation of new construction or improvements, as  
35 may be appropriate;

36 b. (Deleted by amendment, P.L.1990, c.89.)

37 c. Amounts approved by referendum, pursuant to section 1 of  
38 P.L.1979, c.268 (C.40A:4-45.3a) and section 2 of P.L.1983, c.312  
39 (C.40A:4-45.19);

40 d. (Deleted by amendment, P.L.1990, c.89.)

41 e. Expenditures for the assumption of any service or function of a  
42 local public utility, a local public authority, or a special purposes  
43 district, as approved by the Local Finance Board pursuant to section  
44 3 of P.L.1983, c.49 (C.40A:4-45.13);

45 f. Any amounts expended to offset the revenue or matching funds  
46 provided in the calendar year prior to the first year in which a

1 municipal aid consolidated block grant is received under an aid  
2 program repealed by P.L. ...., c. .... (C. ....) (Now pending before the  
3 Legislature as this bill).

4 For the 1991 local budget year, the final appropriations from the  
5 prior year shall be the total appropriations for the 1990 budget year.  
6 In each local budget year in which any service, function, or portion  
7 thereof, is transferred to, or assumed by, the State or federal  
8 government from a municipal government, the municipality shall  
9 deduct from its final appropriations upon which its permissible  
10 expenditures are calculated the amount which the municipality  
11 expended for that service or function during the last full budget year,  
12 or portion thereof, throughout which the service or function so  
13 transferred was funded from appropriations in the municipal budget.

14 In each budget year subsequent to 1990, whenever any municipality  
15 shall have transferred to any local public utility, any local public  
16 authority or any special purposes district, during the immediately  
17 preceding budget year, or at any time during the current budget year  
18 prior to the final adoption of the budget, any service or function  
19 funded during the immediately preceding budget year, either partially  
20 or wholly, from appropriations in the municipal budget, the  
21 municipality shall deduct from its final appropriations upon which its  
22 permissible expenditures are calculated pursuant to this section the  
23 amount which the municipality expended for that service or function  
24 during the last full budget year throughout which the service or  
25 function so transferred was funded from appropriations in the  
26 municipal budget.

27 (cf: P.L.1990, c.89, s.1)

28

29 9. (New section) For the purposes of the "Special Municipal Aid  
30 Act," P.L.1987, c.75 (C.52:27D-118.24 et seq.), and any other law  
31 referring to a "qualifying municipality" pursuant to section 1 of  
32 P.L.1978, c.14 (C.52:27D-178), a municipality which is qualified to  
33 receive assistance under P.L.1978, c.14, or an urban aid municipality,  
34 unless the context clearly indicates otherwise, such reference shall  
35 mean a qualifying municipality as defined in this section, where:

36 "ADC children" means the number of children between the ages of  
37 five and 17 years in the municipality enrolled in the Aid to Dependent  
38 Children Program, as made available by the Division of Family  
39 Development in the Department of Human Services for the base year  
40 in the publication "State of New Jersey, ADC Data Needed to  
41 Implement Public Law 89-10, the Elementary and Secondary  
42 Education Act of 1965."

43 "Base year" means the second year preceding the last annual  
44 apportionment of State aid pursuant to P.L.1978, c.14 (C.52:27D-178  
45 et seq.).

46 "Director" means the Director of the Division of Local Government

1 Services in the Department of Community Affairs.

2 "Equalization ratio" means the ratio of assessed value to true value  
3 of real property as published in the Certification of Table of Equalized  
4 Valuations\*by the Director of the Division of Taxation for the base  
5 year pursuant to P.L.1954, c.86, s.1 (C.54:1-35.1).

6 "Equalized tax rate" means the general tax rate multiplied by the  
7 equalization ratio.

8 "Equalized valuation" means net valuation taxable divided by the  
9 equalization ratio.

10 "General tax rate" means the tax rate for local taxing purposes as  
11 defined in R.S.54:4-52 and as expressed in column 7 of the Table of  
12 Aggregates for the base year.

13 "Municipal equalized valuation per capita" means a municipality's  
14 equalized valuation divided by the population of the municipality.

15 "Net valuation taxable" means the total value of property on which  
16 the general tax rate is computed as expressed in column 6 of the Table  
17 of Aggregates\*pursuant to R.S.54:4-52 for the base year.

18 "Population" means the official population count of the State of  
19 New Jersey for the base year as reported by the New Jersey  
20 Department of Labor, Office of Demographic and Economic Analysis.

21 "Publicly financed housing" means any dwelling unit constructed  
22 and operated under any of the following Federal and State housing  
23 programs:

24 (a) Any dwelling unit constructed under grants or mortgage  
25 financing of the New Jersey Housing Finance Agency.

26 (b) Any dwelling unit constructed under the following sections of  
27 the National Housing Act (Pub.L. 73-479) as amended and  
28 supplemented: section 221(d)(3) as added to by the Housing Act of  
29 1961 (Pub.L. 87-70) and as subsequently amended; section 236 as  
30 added to by the Housing and Urban Development Act of 1968 (Pub.L.  
31 90-448) and as subsequently amended; section 202, Housing Act of  
32 1959 (Pub.L. 86-372) and as subsequently amended; section 221-H,  
33 as added by the Demonstration Cities and Metropolitan Development  
34 Act of 1966 (Pub.L. 89-754) and as subsequently amended.

35 (c) Any dwelling unit constructed or operated under the United  
36 States Housing Act of 1937 (Pub.L. 75-412) and as subsequently  
37 added to and amended.

38 "Qualifying municipality" means a municipality in which:

39 The number of ADC children exceeds 250, except when the  
40 municipality's population exceeds 20,000 with a density exceeding  
41 7,000 per square mile and the municipality's equalized valuation per  
42 capita is less than the State equalized valuation per capita by \$4,500  
43 or more, and

44 There exists, in the case of a municipality with a population  
45 exceeding 15,000, publicly financed housing, and

46 The municipality's equalized tax rate exceeds the State equalized

1 tax rate, or the municipality's equalized valuation per capita is less than  
2 the State equalized valuation per capita by \$2,000 or more and its  
3 population exceeds 25,000, and

4 The municipality's equalized valuation per capita is less than the  
5 State equalized valuation per capita or the municipality's equalized tax  
6 rate exceeds the State equalized tax rate by \$0.75 or more.

7 "State equalized tax rate" means the sum of the total levies on  
8 which the tax rates for all the municipalities of the State are computed  
9 divided by the sum of the equalized valuations of all the municipalities  
10 of the State for the base year.

11 "State equalized valuation per capita" means the sum of the  
12 equalized valuations of all the municipalities of the State divided by  
13 the population of the State.

14

15 10. The following are repealed:

16 Sections 1 through 9 of P.L.1966, c.135 (C.54:11D-1 through  
17 54:11D-9);

18 Sections 19 through 24 of P.L.1966, c.139 (C.54:29A-24.1 through  
19 54:29A-24.6);

20 Sections 1 through 11 of P.L.1990, c.85 (C.52:27D-384 through  
21 52:27D-394);

22 Sections 1 through 8 of P.L.1977, c.260 (C.52:27D-162 through  
23 52:27D-169);

24 Section 5 of P.L.1989, c.2 (C.54:30A-24.2);

25 Sections 1 through 10 of P.L.1979, c.118 (C.52:27D-118.1 through  
26 52:27D-118.10);

27 Sections 1 through 6 of P.L.1985, c.170 (C.52:27D-118.11 through  
28 52:27D-118.16);

29 Sections 1 through 7 of P.L.1985, c.295 (C.52:27D-118.17 through  
30 52:27D-118.23);

31 Section 3 of P.L.1991, c.63 (C.52:27D-118.34); and

32 Sections 1 through 4 of P.L.1978, c.14 (C.52:27D-178 through  
33 52:27D-181);

34

35 11. This act shall take effect July 1, 1995, and shall apply to State  
36 aid payments made on and after that date.

37

38

39

#### STATEMENT

40

41 This bill, which implements a recommendation of the Senate  
42 Bipartisan Task Force on Municipal Aid Reform, consolidates twelve  
43 State aid programs and holds each municipality that received aid under  
44 any of those programs during calendar years 1991, 1992, 1993 or  
45 1994 harmless against loss in the amount of annual State aid it will  
46 receive under the new replacement program designated the Municipal

1 Aid Consolidation Block Grant Act. Each municipality that received  
 2 State aid during calendar years 1991, 1992, 1993 or 1994 from any of  
 3 the consolidated aid programs will receive an annual block grant  
 4 distribution in an amount equal to the largest annual total amount  
 5 received for those calendar years by that municipality for the  
 6 consolidated programs. The aid programs being consolidated have  
 7 either had stable distributions for a number of years, have experienced  
 8 minimal changes in amounts distributed among municipalities from  
 9 year to year, or are block grants themselves. The State aid programs  
 10 included for consolidation and the total amounts distributed in  
 11 calendar year 1994 are as follows:

|    |   |               |
|----|---|---------------|
| 12 |   |               |
| 13 | Business Personal Property Tax              |               |
| 14 | Replacement program                         | 158,703,834   |
| 15 | Class II Railroad Property                  | 809,000       |
| 16 | Densely Populated Municipalities            | 25,000,000    |
| 17 | Depressed Rural Centers                     | 518,000       |
| 18 | Legislative Initiative Municipal Block      |               |
| 19 | Grant-Per Capita Aid                        | 33,000,000    |
| 20 | Payments to Replace Telecommunications Tax  | 6,500,000     |
| 21 | Safe and Clean Neighborhoods                | 26,352,724    |
| 22 | Supplemental Safe and Clean-Fire Services   | 8,000,000     |
| 23 | Supplemental Safe and Clean-Expanded Police | 24,537,269    |
| 24 | SMPTR-Additional Urban Aid                  | 25,000,000    |
| 25 | SMPTR-Formula and Hold Harmless Aid         | 314,179,566   |
| 26 | Municipal (Urban) Aid                       | 40,728,053    |
| 27 |   |               |
| 28 |   | =====         |
| 29 | Total Aid Distributed CY 1994               | \$663,328,446 |

30

31 No municipality will lose State aid under the new Municipal Aid  
 32 Consolidation Block Grant Act. The distribution of \$663,437,369  
 33 under this program will be \$108,923 more than was distributed under  
 34 all the consolidated aid programs in calendar year 1994. However, the  
 35 administrative savings that will be gained from consolidating these  
 36 programs, many of which require municipal applications and review by  
 37 either the Division of Local Government Services in the Department  
 38 of Community Affairs or the Department of the Treasury, will at least  
 39 offset the additional aid distribution.

40 Under this bill, each municipality will be able to anticipate stable  
 41 funding, maintain a single budgetary account rather than twelve  
 42 accounts, file no applications with the State in order to receive these  
 43 funds, and decide locally how best to use these block grant funds.

- 1 \_\_\_\_\_
- 2
- 3 "Municipal Aid Consolidation Block Grant Act."