

SENATE, No. 1304

STATE OF NEW JERSEY

INTRODUCED JUNE 13, 1996

By Senator CONNORS

1 AN ACT exempting certain municipalities from annual budget review
2 by the State and supplementing chapter 4 of Title 40A of the New
3 Jersey Statutes.

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

7
8 1. Notwithstanding the provisions of N.J.S.40A:4-10 and
9 N.J.S.40A:4-76 through N.J.S.40A:4-79, the Local Finance Board
10 shall adopt rules, pursuant to the "Administrative Procedure Act,"
11 P.L.1968, c.410 (C.52:14B-1 et seq.), to exempt a municipality in
12 good financial condition from the requirement that the Director of the
13 Division of Local Government Services certify and examine its annual
14 budget. The rules so adopted shall provide for a system of local
15 examination and approval of such budgets by municipal officials in
16 place of the annual certification and examination. The budget
17 certification and examination exemption shall not be applicable to a
18 municipality that the director finds is fiscally unsound or in which the
19 fiscal practices have been conducted contrary to law or sound
20 administrative practice.

21 a. The director shall examine the budget of a municipality
22 exempted from annual budget certification and examination pursuant
23 to the requirements of the "Local Budget Law," N.J.S.40A:4-1 et seq.
24 at least every third year.

25 b. The governing body and chief financial officer of an exempt
26 municipality shall each file an annual certification with the director
27 stating that, with reference to the municipality's adopted budget, they
28 have:

29 (1) examined it in the manner prescribed under N.J.S.40A:4-76;

30 (2) determined that it complies with the requirements set forth in
31 N.J.S.40A:4-77; and

32 (3) determined that it complies with all other provisions of law,
33 including but not limited to the requirements of the "Local Budget
34 Law, " N.J.S.40A:4-1 et seq. and of P.L.1976, c.68 (C.40A:4-45.1 et
35 seq.), and the regulations of the Local Finance Board.

36 c. All budget documents required by law or by regulations adopted
37 by the Local Finance Board shall be filed annually by an exempt

1 municipality with the director on a timely basis.

2 d. An exempt municipality shall meet all other criteria and
3 responsibilities established by the regulations adopted by the Local
4 Finance Board.

5 e. The director shall act to require immediate compliance by an
6 exempt municipality with the requirements of the "Local Budget Law,"
7 N.J.S.40A:4-1 et seq., when the director finds that the exemption
8 impairs the fiscal integrity or solvency of any such municipality.

9 f. The director shall retain jurisdiction over any appeal by an
10 aggrieved party of the action by the governing body of an exempt
11 municipality in adopting an annual budget.

12

13 2. This act shall take effect immediately.

14

15

16

STATEMENT

17

18 This bill would exempt municipalities in sound financial condition,
19 as defined by the Local Finance Board, from annual budget
20 certification and examination by the Director of the Division of Local
21 Government Services in the Department of Community Affairs.
22 Instead, the mayor and the chief financial officer of a municipality
23 would each certify to the director that they have examined the budget
24 and determined that it complies with the requirements set forth under
25 the "Local Budget Law," N.J.S.40A:4-1 et seq., the cap law
26 (P.L.1976, c.68; C.40A:4-45.1 et seq.), and regulations promulgated
27 by the Local Finance Board. The director would be required to
28 examine the budget of each municipality at least every third year.
29 Municipalities determined by the director to be in unsound financial
30 condition would not be exempt from annual State budget certifications
31 and examinations.

32

33

34

35

36 Revises requirement of annual State review of municipal budgets.