

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE COMMITTEE SUBSTITUTE FOR **SENATE, No. 1878**

STATE OF NEW JERSEY

DATED: DECEMBER 11, 1997

The Senate Budget and Appropriations Committee reports favorably the Senate Committee Substitute for Senate Bill No. 1878.

The Senate Committee Substitute for Senate Bill No. 1878, the "Emergency Services Volunteer Length of Service Award Program Act," allows counties, municipalities and boards of fire commissioners to create programs that reward the volunteer members of emergency service organizations for their faithful service. "Emergency service organizations" are volunteer fire or first aid organizations, whether organized as a fire company, fire department, fire district or a duly incorporated first aid, emergency, ambulance or rescue squad association. While the bill does not require that any organization provide a service award program, all future service award programs will be subject to the provisions of this bill.

The bill allows a local government unit to establish or terminate a program by ordinance and allows the board of fire commissioners of a fire district to establish or terminate a program by resolution. However, no such ordinance or resolution shall take effect until it is presented as a public question, for a municipality or county at the next general election and for a fire district at the next annual election, and ratified by the voters. Every ordinance or resolution creating a length of service awards program shall include a description of the program; a statement of the proposed estimated total amount to be budgeted for the program; a statement of the proposed maximum contributions; and, if the proposed program authorizes the crediting of prior year service, a statement of the number of prior years of service available for crediting for each active volunteer member. The maximum annual contributions may be increased from time to time without public hearing or public question if the contribution increase does not exceed the relative increase in a consumer price index defined by the bill.

The bill limits program vesting to volunteers with a minimum of five years of emergency service in any emergency service organization in the State. "Active service" after a program is established will be based on a schedule of points granted for activities designated by the sponsoring agency. They may include such functions as participation in training courses, drills, emergency responses, and service in an

elected or appointed position in the organization. A program could also provide for the crediting of up to 10 years of active service before the establishment of the program. Active service qualifications would be determined under the bylaws of the organization (for prior years service) or a schedule adopted by the sponsoring agency (for future years service). The bill provides for annual certification, review, and appeal of active service determinations of program eligibility.

The bill allows a length of service award program to be established as a defined contribution program. A defined contribution program must have a minimum contribution for each participating active volunteer member of \$100 per year of active emergency service and no more than \$1,150 per year of active emergency service. Length of service awards programs will be administered under the provisions of the bill like the deferred compensation plans adopted by local government units pursuant to P.L.1977, c.381 (C.43:15 B-1 et seq.), and will also be administered in compliance with provisions of the federal Internal Revenue Code for such programs.

The bill requires that annual appropriations for a length of service awards program be included in the budget of the local government unit as a separate line item. In the case of a fire district, the budget to be voted on at the time of the public question to establish a length of service awards program must include the first year's appropriation for funding such program, which appropriation, if the public question is defeated, will be removed from the budget. The bill places amounts expended for the service awards program outside of a municipality's budget cap.

The bill also provides for the protection of vested benefits from programs predating the operation of this bill and the protection of accumulated proceeds of the programs established under this bill.

FISCAL IMPACT

This bill has not been certified as requiring a fiscal note because it will not have an impact on State revenues or expenditures.