

# SENATE CONCURRENT RESOLUTION No. 65

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## STATE OF NEW JERSEY

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INTRODUCED MAY 9, 1996

By Senator SCHLUTER

1   **A CONCURRENT RESOLUTION** proposing to amend Article VIII, Section II  
2   by the addition of a new paragraph, Article VIII, Section II, paragraphs 2  
3   and 3, Article IV, Section IV, paragraph 6, and Article V, Section IV,  
4   paragraph 15 of the Constitution of the State of New Jersey.

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6   **BE IT RESOLVED** by the Senate of the State of New Jersey (*the General*  
7   *Assembly concurring*):

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9       1. The following proposed amendment to the Constitution of the State of  
10      New Jersey is agreed to:

11                  PROPOSED AMENDMENT

12       a. Amend Article VIII, Section II by adding the following paragraph:  
13           6. (a) A bill concerning the establishment, manner or method of the  
14          payment or crediting by the State to local government units of all or some  
15          stated portion of a State collected tax or other revenue, shall not pass, except  
16          by vote of three-fifths of all members of each house, if that bill  
17           (1) is identified within the text of such bill as being subject to this  
18          paragraph and concerning replacement or hold-harmless State aid for a tax or  
19          revenue source previously collected by local government units, any amount of  
20          the proceeds of which had inured to the benefit of local government units, but  
21          which locally beneficial tax or revenue source is repealed, redirected or  
22          reduced by law from the previous level of local government unit benefit; or  
23           (2) is identified within the text of such bill as being subject to this  
24          paragraph and concerning a new State collected tax or other revenue source  
25          not previously collected by local government units, intended as a guaranteed  
26          source of State aid to local government units.  
27       (b) The Legislature may prescribe in the text of a bill proposing such  
28          replacement, hold-harmless or guaranteed State aid for local government units  
29          a section identifying that the bill concerns the payment or crediting by the State  
30          to local government units of such replacement, hold-harmless or guaranteed  
31          State aid, that such bill shall not pass except by vote of three-fifths of all the  
32          members of each house and that such bill is subject to the provisions of this

**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      paragraph 6.

2            (c) When such bill referred to hereinabove has finally passed both houses,  
3      the bill shall be subject to the provisions of paragraph 14 of Section I of  
4      Article V of this Constitution.

5            (d) Upon enactment into law of a bill referred to hereinabove, no such law  
6      shall be subject to repeal or amendment except by subsequent enactment into  
7      law of a bill that contains a section identifying that the bill concerns the  
8      payment by the State to local government units of such replacement,  
9      hold-harmless or guaranteed State aid and any such bill proposing such repeal  
10     or amendment shall not pass except by vote of three-fifths of all the members  
11     of each house.

12          (e) Upon enactment into law of a bill referred to hereinabove, the  
13     appropriation and payment or crediting of replacement, hold-harmless or  
14     guaranteed State aid to any local government unit shall not be made in an  
15     amount less than that amount as shall be calculated pursuant to such  
16     replacement, hold-harmless or guaranteed State aid law, and the full  
17     appropriation and payment or crediting of such replacement, hold-harmless or  
18     guaranteed State aid shall not be suspended or superseded by the absence of  
19     an appropriation of money for such purposes, by the provisions of one or  
20     more items of appropriation of money, or by general conditions, restrictions  
21     or limitations imposed upon the expenditure, use or application of  
22     appropriated funds set forth in an act containing one or more items of  
23     appropriation of money.

24          b. Amend Article IV, Section IV, paragraph 6 to read as follows:

25            6. All bills and joint resolutions shall be read three times in each house  
26      before final passage. No bill or joint resolution shall be read a third time in  
27      either house until after the intervention of one full calendar day following the  
28      day of the second reading; but if either house shall resolve by vote of  
29      three-fourths of all its members, signified by yeas and nays entered on the  
30      journal, that a bill or joint resolution is an emergency measure, it may proceed  
31      forthwith from second to third reading. No bill or joint resolution shall pass,  
32      unless there shall be a majority of all the members of each body personally  
33      present and agreeing thereto, and the yeas and nays of the members voting on  
34      such final passage shall be entered on the journal, provided however, that a bill  
35      concerning replacement, hold-harmless or guaranteed State aid to any local  
36      government unit subject to the provisions of paragraph 6 of Section II of  
37      Article VIII of this Constitution shall not pass except as provided in that  
38      paragraph, with the yeas and nays of the members voting on such final passage  
39      entered on the journal.

40      (cf: Article IV, Section IV, paragraph 6 effective Jan. 1, 1948)

41          c. Amend Article V, Section I, paragraph 15 to read as follows:

42            15. If any bill presented to the Governor shall contain one or more items  
43      of appropriation of money, he may object in whole or in part to any such item

1 or items while approving the other portions of the bill. In such case he shall  
2 append to the bill, at the time of signing it, a statement of each item or part  
3 thereof to which he objects, and each item or part so objected to shall not  
4 take effect. A copy of such statement shall be transmitted by him to the house  
5 in which the bill originated, and each item or part thereof objected to shall be  
6 separately reconsidered. If upon reconsideration, on or after the third day  
7 following said transmittal, one or more of such items or parts thereof be  
8 approved by two-thirds of all the members of each house, the same shall  
9 become a part of the law, notwithstanding the objections of the Governor. All  
10 the provisions of the preceding paragraph in relation to bills not approved by  
11 the Governor shall apply to cases in which he shall withhold his approval from  
12 any item or items or parts thereof contained in a bill appropriating money.

13 This paragraph shall not apply to an item or any part of an item of  
14 appropriation for replacement, hold-harmless or guaranteed State aid to any  
15 local government unit as provided for in paragraph 6 of Section II of Article  
16 VIII of this Constitution.

17 (cf: Article V, Section I, paragraph 15 effective Jan. 1, 1948)

18 d. Amend Article VIII, Section II, paragraph 2 to read as follows:  
19 2. No money shall be drawn from the State treasury but for appropriations  
20 made by law. All moneys for the support of the State government and for all  
21 other State purposes as far as can be ascertained or reasonably foreseen, shall  
22 be provided for in one general appropriation law covering one and the same  
23 fiscal year; except that when a change in the fiscal year is made, necessary  
24 provision may be made to effect the transition. The general appropriation law  
25 shall include full funding of the replacement, hold-harmless or guaranteed State  
26 aid amounts calculated pursuant to any act subject to the provisions of  
27 paragraph 6 of Section II of Article VIII of this Constitution. No general  
28 appropriation law or other law appropriating money for any State purpose  
29 shall be enacted if the appropriation contained therein, together with all prior  
30 appropriations made for the same fiscal period, shall exceed the total amount  
31 of revenue on hand and anticipated which will be available to meet such  
32 appropriations during such fiscal period, as certified by the Governor.

33 (cf: Article VIII, Section II, paragraph 2 effective Jan. 1, 1948)

34 e. Amend Article VIII, Section II, paragraph 3 to read as follows:

35 3. The Legislature shall not, in any manner, create in any fiscal year a debt  
36 or debts, liability or liabilities of the State, which together with any previous  
37 debts or liabilities shall exceed at any time one per centum of the total amount  
38 appropriated by the general appropriation law for that fiscal year, unless the  
39 same shall be authorized by a law for some single object or work distinctly  
40 specified therein. Regardless of any limitation relating to taxation in this  
41 Constitution, such law shall provide the ways and means, exclusive of loans,  
42 to pay the interest of such debt or liability as it falls due, and also to pay and  
43 discharge the principal thereof within thirty-five years from the time it is

1 contracted; and the law shall not be repealed until such debt or liability and the  
2 interest thereon are fully paid and discharged. Except as hereinafter provided,  
3 no such law shall take effect until it shall have been submitted to the people at  
4 a general election and approved by a majority of the legally qualified voters of  
5 the State voting thereon. No voter approval shall be required for any such law  
6 authorizing the creation of a debt or debts in a specified amount or an amount  
7 to be determined in accordance with such law for the refinancing of all or a  
8 portion of any outstanding debts or liabilities of the State heretofore or  
9 hereafter created, so long as such law shall require that the refinancing provide  
10 a debt service savings determined in a manner to be provided in such law and  
11 that the proceeds of such debt or debts and any investment income therefrom  
12 shall be applied to the payment of the principal of, any redemption premium  
13 on, and interest due and to become due on such debts or liabilities being  
14 refinanced on or prior to the redemption date or maturity date thereof,  
15 together with the costs associated with such refinancing. All money to be  
16 raised by the authority of such law shall be applied only to the specific object  
17 stated therein, and to the payment of the debt thereby create. This paragraph  
18 shall not be construed to refer to any money that has been or may be  
19 deposited with this State by the government of the United States. Nor shall  
20 anything in this paragraph contained apply to the creation of any debts or  
21 liabilities for purposes of war, or to repel invasion, or to suppress insurrection  
22 or to meet an emergency caused by disaster or act of God or to fund  
appropriations for replacement, hold-harmless or guaranteed State aid to local  
government units pursuant to paragraph 6 of Section II of Article VIII of this  
Constitution.

26 (cf: Article VIII, Section II, paragraph 3 amended effective December 8,  
27 1983)

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29 2. When this proposed amendment to the Constitution is finally agreed to  
30 pursuant to Article IX, paragraph 1 of the Constitution, it shall be submitted  
31 to the people at the next general election occurring more than three months  
32 after the final agreement and shall be published at least once in at least one  
33 newspaper of each county designated by the President of the Senate, the  
34 Speaker of the General Assembly and the Secretary of State, not less than  
35 three months prior to the general election.

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37 3. This proposed amendment to the Constitution shall be submitted to the  
38 people at that election in the following manner and form:

39 There shall be printed on each official ballot to be used at the general  
40 election, the following:

41 a. In every municipality in which voting machines are not used, a legend  
42 which shall immediately precede the question, as follows:

43 If you favor the proposition printed below make a cross (X), plus (+) or

- 1 check (T) in the square opposite the word 'Yes.' If you are opposed thereto
- 2 make a cross (X), plus (+) or check (T) in the square opposite the word 'No.'
- 3 In every municipality the following question:

1		LAWS GOVERNING GUARANTEED STATE AID MEASURES FOR LOCAL GOVERNMENT UNITS AND CERTAIN REPLACEMENT AND HOLD-HARMLESS REVENUES
2	YES	<p>Do you approve the proposed amendment to the State Constitution which provides that certain bills identified in their text as concerning replacement or hold-harmless State aid to local government units paid from a State collected tax or other revenue source previously collected by local government units or paid from a new State collected tax or other revenue source identified as a guaranteed source of State aid to local government units, shall not be passed except by a three-fifths majority vote of all the members of each house of the Legislature, that such bills once enacted shall not be subject to repeal or amendment except by such three-fifths majority vote, shall not be suspended or superseded by provisions imposed through the appropriations of money for such State aid, shall receive full funding in the annual appropriation act, the appropriations for which shall not be subject to line-item veto by the Governor, and the appropriations for which shall be an annual State obligation without the necessity of further public authorization therefor?</p>

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INTERPRETIVE STATEMENT	
NO	This amendment to the State Constitution concerns how the Legislature enacts and funds laws regarding State aid to local governments. It concerns State financial aid for local governments paid from State collected taxes or other revenue sources intended to replace or hold local governments harmless from revenue losses experienced from the elimination of a previously locally collected revenue source. The amendment also applies to State aid to local governments intended as a guaranteed source of aid funded from a new State collected tax or other revenue source not previously collected by local governments. Bills identified in their text as subject to this amendment and concerning the establishment, manner or method of payment of this State aid could not be passed, amended or repealed except by a three-fifths majority vote of all the members of each house of the Legislature. Also, full funding through the annual appropriation act of these State aid laws would be mandated and could not be suspended or superseded by other conditions imposed upon appropriations of the funding. Also the appropriation of full funding could not be line-item vetoed by the Governor but would be an annual State obligation without need of further public authorization. Bills enacting, amending or repealing those State aid laws would have to say that they concern State aid, are subject to passage only by three-fifths majority vote of each house of the Legislature and are subject to this amendment.

## STATEMENT

41 This concurrent resolution proposes an amendment to the Constitution of  
42 the State of New Jersey that would change the manner of passage and  
43 enactment of certain laws concerning State financial aid for local government

1 units. Bills identified in their text as concerning replacement or hold-harmless  
2 State aid to local government units paid from a State collected tax or other  
3 State revenue source previously collected by local government units, and  
4 identified in their text as subject to the funding guarantees of this constitutional  
5 amendment, could not be passed except by a three-fifths majority vote of all  
6 the members of each house of the Legislature. This amendment would also  
7 apply to bills identified as proposing a newly collected State tax or revenue  
8 source not previously collected by local government units intended as a  
9 guaranteed source of State aid to local government units.

10 The purpose of this amendment is to provide a process for passage of such  
11 State aid bills that would restrict the powers of the Governor and of  
12 subsequent Legislatures to divert moneys intended for local government  
13 programs through such State aid laws. The State Legislature and the  
14 Governor have enacted laws that remove from local government control  
15 certain revenue sources with the intent of replacing the local revenue with  
16 certain promised "hold-harmless" and revenue replacement State aid  
17 distribution programs. However, such promised State aid money in certain  
18 circumstances has not been fully funded or has been reduced or "skimmed" by  
19 State appropriations acts in order to divert local aid money to support State  
20 government general operations. This amendment provides a process, through  
21 the passage by a 3/5ths majority, of committing certain State funds in such  
22 circumstances for payment to local government entities with the assurance,  
23 absent a contrary 3/5ths majority vote, that such funding commitments will be  
24 honored.

25 Local State aid programs enacted by bills subject to this constitutional  
26 amendment would have to receive full funding in the annual appropriations act,  
27 could not be suspended or superceded by appropriations provisions and  
28 would not be subject to the Governor's line-item veto power over  
29 appropriations. A bill proposing to enact, repeal or amend such replacement,  
30 hold-harmless or guaranteed local government aid would be required to  
31 identify in a section of such bill that it concerns such State aid, is subject to  
32 passage only by three-fifths majority vote and is subject to the provisions of  
33 this constitutional amendment.

34 Bills subject to this constitutional amendment remain subject to the  
35 Governor's approval and the Governor's absolute and conditional veto powers  
36 and the constitutional provisions concerning the Legislature's reconsideration  
37 of returned bills.

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42 Proposes an amendment to the State Constitution to require special procedure  
43 for enactment of certain laws that promise guaranteed State aid for local

1 government units and certain revenue replacement and hold-harmless aid.