

P.L. 2024, CHAPTER 108, *approved January 6, 2025*
Senate, No. 3969

1 AN ACT concerning municipal rehabilitation and economic recovery
2 and amending P.L.2002, c.43.

3
4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

6
7 1. Section 3 of P.L.2002, c.43 (C.52:27BBB-3) is amended to
8 read as follows:

9 3. As used in this act:

10 "Authority" means the New Jersey Economic Development
11 Authority established pursuant to P.L.1974, c.80 (C.34:1B-1 et
12 seq.).

13 "Board" means the State Economic Recovery Board established
14 pursuant to section 36 of P.L.2002, c.43 (C.52:27BBB-36).

15 "Chief operating officer" means that person appointed pursuant
16 to P.L.2002, c.43 (C.52:27BBB-1 et al.) responsible for
17 reorganizing governmental operations of a qualified municipality in
18 order to assure the delivery of essential municipal services and the
19 professional administration of that municipal government.

20 "Commissioner" means the Commissioner of Community
21 Affairs.

22 "Contiguous with" means within.

23 "Director" means the Director of the Division of Local
24 Government Services in the Department of Community Affairs.

25 "Economic recovery term" means the period commencing with
26 the expiration of the term of the chief operating officer and
27 terminating **[15]** 20 years thereafter.

28 "In consultation with" means with consideration of the input of,
29 or the advice of, the mayor, governing body, chief operating officer
30 or director, as the case may be, without regard to the form or
31 manner of the consultation.

32 "Local Finance Board" means the Local Finance Board of the
33 Division of Local Government Services in the Department of
34 Community Affairs.

35 "Mayor" means the mayor or chief executive officer of the
36 municipality, as appropriate to the form of government.

37 "Project" means: (1) (a) acquisition, construction, reconstruction,
38 repair, alteration, improvement and extension of any building,
39 structure, facility, including water transmission facilities or other
40 improvement, whether or not in existence or under construction, (b)
41 purchase and installation of equipment and machinery, (c)

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

Matter underlined thus is new matter.

1 acquisition and improvement of real estate and the extension or
2 provision of utilities, access roads and other appurtenant facilities;
3 and (2) (a) the acquisition, financing, or refinancing of inventory,
4 raw materials, supplies, work in process, or stock in trade, or (b) the
5 financing, refinancing or consolidation of secured or unsecured
6 debt, borrowings, or obligations, or (c) the provision of financing
7 for any other expense incurred in the ordinary course of business;
8 all of which are to be used or occupied by any person in any
9 enterprise promoting employment, either for the manufacturing,
10 processing or assembly of materials or products, or for research or
11 office purposes, including, but not limited to, medical and other
12 professional facilities, or for industrial, recreational, hotel or motel
13 facilities, public utility and warehousing, or for commercial and
14 service purposes, including, but not limited to, retail outlets, retail
15 shopping centers, restaurant and retail food outlets, and any and all
16 other employment promoting enterprises, including, but not limited
17 to, motion picture and television studios and facilities and
18 commercial fishing facilities, commercial facilities for recreational
19 fishermen, fishing vessels, aquaculture facilities and marketing
20 facilities for fish and fish products and (d) acquisition of an equity
21 interest in, including capital stock of, any corporation; or any
22 combination of the above, which the authority determines will: (i)
23 tend to maintain or provide gainful employment opportunities
24 within and for the people of the State, or (ii) aid, assist and
25 encourage the economic development or redevelopment of any
26 political subdivision of the State, or (iii) maintain or increase the
27 tax base of the State or of any political subdivision of the State, or
28 (iv) maintain or diversify and expand employment promoting
29 enterprises within the State; and (3) the cost of acquisition,
30 construction, reconstruction, repair, alteration, improvement and
31 extension of an energy saving improvement or pollution control
32 project which the authority determines will tend to reduce the
33 consumption in a building devoted to industrial or commercial
34 purposes, or in an office building, of nonrenewable sources of
35 energy or to reduce, abate or prevent environmental pollution
36 within the State; and (4) the acquisition, construction,
37 reconstruction, repair, alteration, improvement, extension,
38 development, financing or refinancing of infrastructure and
39 transportation facilities or improvements related to economic
40 development and of cultural, recreational and tourism facilities or
41 improvements related to economic development and of capital
42 facilities for primary and secondary schools and of mixed use
43 projects consisting of housing and commercial development; and
44 (5) the establishment, acquisition, construction, rehabilitation,
45 improvement, and ownership of port facilities as defined in section
46 3 of P.L.1997, c.150 (C.34:1B-146). Project may also include:
47 reimbursement to any person for costs in connection with any

1 project, or the refinancing of any project or portion thereof, if such
2 actions are determined by the authority to be necessary and in the
3 public interest to maintain employment and the tax base of any
4 political subdivision and likely to facilitate improvements or the
5 completion of the project; and developing property and any
6 construction, reconstruction, improvement, alteration, equipment or
7 maintenance or repair, or planning and designing in connection
8 therewith. For the purpose of carrying out mixed use projects
9 consisting of both housing and commercial development, the
10 authority may enter into agreements with the New Jersey Housing
11 and Mortgage Finance Agency for loan guarantees for any such
12 project in accordance with the provisions of P.L.1995, c.359
13 (C.55:14K-64 et al.), and for that purpose shall allocate to the New
14 Jersey Housing and Mortgage Finance Agency, under such
15 agreements, funding available pursuant to subsection a. of section 4
16 of P.L.1992, c.16 (C.34:1B-7.13). "Project" shall not include a
17 school facilities project.

18 "Qualified municipality" means a municipality: (1) that has been
19 subject to the supervision of a financial review board pursuant to
20 the "Special Municipal Aid Act," P.L.1987, c.75 (C.52:27D-118.24
21 et seq.) for at least one year; (2) that has been subject to the
22 supervision of the Local Finance Board pursuant to the "Local
23 Government Supervision Act (1947)," P.L.1947, c.151 (C.52:27BB-
24 1 et seq.) for at least one year; and (3) which, according to its most
25 recently adopted municipal budget, is dependent upon State aid and
26 other State revenues for not less than 55 percent of its total budget.

27 "Regional Impact Council" or "council" means that body
28 established pursuant to section 39 of P.L.2002, c.43 (C.52:27BBB-
29 39).

30 "Rehabilitation term" means that period during which the
31 qualified municipality is under the direction of the chief operating
32 officer appointed pursuant to section 7 of P.L.2002, c.43
33 (C.52:27BBB-7).

34 "Special arbitrator" means that judge designated by the Chief
35 Justice pursuant to section 5 of P.L.2002, c.43 (C.52:27BBB-5).

36 "State supervision" means supervision pursuant to Article 4 of
37 the "Local Government Supervision Act (1947)," P.L.1947, c.151
38 (C.52:27BB-54 et seq.).

39 "Treasurer" or "State treasurer" means the Treasurer of the State
40 of New Jersey.

41 "Under rehabilitation and economic recovery" means that period
42 which coincides with the rehabilitation term and the economic
43 recovery term.

44 (cf: P.L.2021, c.30, s.1)

45

46 2. Section 6 of P.L.2002, c.43 (C.52:27BBB-6) is amended to
47 read as follows:

1 6. a. Upon the appointment of a chief operating officer
2 pursuant to section 7 of P.L.2002, c.43 (C.52:27BBB-7), a qualified
3 municipality shall be under rehabilitation and economic recovery.
4 This period shall begin with the assumption of job responsibilities
5 by the chief operating officer pursuant to this section and terminate
6 **【15】** 20 years following the end of the term of the chief operating
7 officer. The period corresponding with the term of the chief
8 operating officer shall be referred to hereinafter as the rehabilitation
9 term. The period commencing with the expiration of the term of the
10 chief operating officer and terminating terminate **【15】** 20 years
11 thereafter shall be referred to hereinafter as the economic recovery
12 term.

13 b. (1) During the economic recovery term, the mayor shall
14 exercise those powers delegated to the mayor pursuant to the form
15 of government, the charter and the administrative code of the
16 municipality, and those powers delegated to the mayor under
17 general law. In addition, during the economic recovery term, the
18 mayor shall retain the power to veto the minutes of any independent
19 board or authority, including, but not limited to, the housing
20 authority, parking authority, redevelopment authority, planning
21 board and board of adjustment. No action taken at any meeting of
22 any independent board or authority shall have force or effect until
23 10 days, exclusive of Saturdays, Sundays and public holidays, after
24 the copy of the minutes shall have been delivered to the mayor. If,
25 in that 10-day period, the mayor returns the copy of the minutes
26 with a veto of any action taken by the board or authority at the
27 meeting, that action shall be null and void and of no force and
28 effect. Following the completion of the 10-day period, those
29 actions not vetoed shall be considered approved.

30 (2) During the first 18 months of the economic recovery term,
31 the mayor shall have the power to veto or terminate any
32 employment contract not subject to a collective bargaining
33 agreement, whether or not subject to Title 11A, Civil Service, of the
34 New Jersey Statutes. This shall not apply to employment contracts
35 under extension pursuant to terms under the expired contract.

36 (3) The mayor shall cause to be issued an interim report and a
37 final report on the progress of the municipality toward achieving
38 municipal rehabilitation and economic recovery, as set forth in
39 section 8 of P.L.2002, c.43 (C.52:27BBB-8). The interim report
40 shall be issued no later than June 30, **【2021】** 2026, and the final
41 report shall be issued at the end of the economic recovery term.

42 (4) The mayor shall authorize the municipal planning board,
43 from time to time, to prepare a program of municipal capital
44 improvement projects projected over a term of at least six years,
45 and amendments thereto. The program may include current and
46 future major projects being, or to be, undertaken with federal, State,

1 county, or other public funds, or under federal, State, or county
2 supervision. The first year of the program shall, upon adoption by
3 the governing body, constitute the capital budget of the
4 municipality as required by N.J.S.40A:4-43 et seq. The program
5 shall classify projects in regard to the urgency and need for
6 realization, and shall recommend a time sequence for their
7 implementation. The program may also contain the estimated cost
8 of each project and indicate probable operating and maintenance
9 costs and probable revenues, if any, as well as existing sources of
10 funds, or the need for additional sources of funds, for the
11 implementation and operation of each project. The program shall,
12 as far as possible, be based on existing information in the
13 possession of the departments and agencies of the municipality and
14 shall take into account public facility needs indicated by the
15 prospective development shown in the master plan of the
16 municipality or as permitted by other municipal land use controls.

17 (5) While the municipality is under rehabilitation and economic
18 recovery, the mayor shall retain the power to make those
19 appointments to municipal authorities, boards or commissions, as
20 the case may be, which is otherwise allocated to the mayor pursuant
21 to law.

22 The mayor may retain staff for the purpose of advising the mayor
23 and aiding in the performance of constituent services during the
24 rehabilitation term.

25 (6) The Director of the Division of Local Government Services
26 in the Department of Community Affairs shall annually conduct a
27 compliance audit of the activities of a qualified municipality during
28 the economic recovery term to ensure compliance with P.L.2002,
29 c.43 (C.52:27BBB-1 et al.) and other relevant State laws and shall
30 report the findings to the Local Finance Board and the mayor.

31 (7) The financial incentives set forth in sections 54 through 56
32 of P.L.2002, c.43 (C.52:27BBB-53 through 55) shall remain in
33 effect until the municipality is no longer eligible for financial
34 assistance pursuant to the "Special Municipal Aid Act," P.L.1987,
35 c.75 (C.52:27D-118.24 et seq.).

36 c. Upon the assumption of job responsibilities by the chief
37 operating officer, the financial review board created pursuant to
38 section 5 of P.L.1999, c.156 (C.52:27D-118.30a) to oversee the
39 finances of the municipality shall cease to function and the
40 municipality shall cease to be under supervision pursuant to Article
41 4 of P.L.1947, c.151 (C.52:27BB-54 et seq.).

42 All outstanding debts or obligations incurred by a qualified
43 municipality or the New Jersey Housing and Mortgage Finance
44 Agency established pursuant to section 4 of the "New Jersey
45 Housing and Mortgage Finance Agency Law of 1983," P.L.1983,
46 c.530 (C.55:14K-4) and secured by a right of first refusal on
47 municipally-owned property as of 10 days following a

1 determination by the commissioner that the municipality fulfills the
2 definition of a qualified municipality pursuant to section 4 of
3 P.L.2002, c.43 (C.52:27BBB-4), with any subsidiary of that agency
4 with jurisdiction in a qualified municipality, other than those debts
5 or obligations represented by bonds or other negotiable instruments,
6 are forgiven.

7 Notwithstanding the termination of the financial review board
8 and supervision, all memorandums of understanding entered into by
9 the municipality as a condition of receiving assistance under
10 P.L.1987, c.75 (C.52:27D-118.24 et seq.) that require the
11 municipality to implement any government, administrative,
12 operational efficiency or oversight measures necessary for the fiscal
13 recovery of the municipality as recommended by the director and
14 approved by the Local Finance Board shall continue to have full
15 force and effect.

16 During the rehabilitation term, the chief operating officer shall
17 be responsible for entering into any memorandum of understanding
18 on behalf of the qualified municipality that is required as a
19 condition of receiving assistance under P.L.1987, c.75 (C.52:27D-
20 118.24 et seq.), or any other law; provided, however, that those
21 memoranda of understanding shall be consistent with the provisions
22 of P.L.2002, c.43 (C.52:27BBB-1 et al.) and P.L.2007, c.176
23 (C.52:27BBB-2.2 et al.), and the powers of the chief operating
24 officer granted pursuant thereto. Any such memoranda of
25 understanding shall be executed between the chief operating officer
26 and the Director of the Division of Local Government Services in
27 the Department of Community Affairs. Whenever the powers and
28 duties of the chief operating officer have devolved upon the director
29 pursuant to subsection b. of section 7 of P.L.2002, c.43
30 (C.52:27BBB-7), the memorandum of understanding shall be
31 executed between the director, on behalf of the qualified
32 municipality, and the State Treasurer, on behalf of the State.
33 (cf: P.L.2021, c.30, s.2.)

34

35 3. This act shall take effect immediately.

36

37

38

STATEMENT

39

40 This bill would extend the economic recovery term under the
41 "Municipal Rehabilitation and Economic Recovery Act," P.L.2002,
42 c.43 (C.52:27BBB-1 et al.) (MRERA), by five years. This would
43 extend the special governing procedures, economic benefits, and
44 additional oversight measures provided for a qualified municipality
45 under the MRERA. Based upon the continuing unique fiscal
46 distress facing the City of Camden, it is evident that a longer

