

SENATE, No. 238

STATE OF NEW JERSEY
215th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2012 SESSION

Sponsored by:

Senator STEVEN V. OROHO

District 24 (Morris, Sussex and Warren)

Co-Sponsored by:

Senators Connors and Addiego

SYNOPSIS

Establishes a 2.0 percent cap on annual appropriations increases for certain State government spending.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel



S238 OROHO

1 AN ACT setting a 2.0 percent cap on annual appropriations increases
2 for certain State government spending, supplementing Title 52 of
3 the Revised Statutes.
4

5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:
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8 1. a. (1) For each fiscal year commencing after enactment of
9 this act, no annual appropriation law or supplemental appropriation
10 law or other law appropriating money from any source, for any
11 State purpose for the same fiscal year shall be enacted if the
12 appropriation or appropriations contained therein, together with all
13 prior appropriations made for the same fiscal year, shall exceed the
14 amount of total appropriations enacted for the prior fiscal year by
15 more than 2.0 percent.

16 (2) The fiscal year appropriation limit established by this section
17 shall not be construed as requiring the enactment of appropriations
18 for a fiscal year of an amount equal to the limit.

19 (3) The amount of appropriation permitted by a fiscal year
20 appropriation limit imposed during any of the three immediately
21 preceding fiscal years and not appropriated during any of those
22 years may be appropriated in a current fiscal year without regard to
23 the current fiscal year appropriation limit. That appropriation of
24 previously unused permitted appropriations from up to three
25 preceding fiscal years shall not be used to determine the
26 appropriation limit for the next fiscal year.

27 (4) The unexpended balance of an appropriation, once enacted
28 under the fiscal year appropriation limit established by this section,
29 may be reappropriated in the next fiscal year without being subject
30 to the annual fiscal year appropriation limit for that next fiscal year,
31 and any unexpended balance amount shall not be included in
32 determining the base amount of enacted appropriations applicable
33 for any subsequent fiscal year in which it is reappropriated.

34 b. The following appropriations shall not be subject to the fiscal
35 year appropriation limit established in subsection a. of this section:

36 (1) of State aid for school districts, municipalities and counties;

37 (2) money received or reasonably anticipated to be received by
38 the State from the federal government;

39 (3) for State government payments that may be required to be
40 made by a provision of the New Jersey Constitution to pension
41 systems that provide for retirement benefits;

42 (4) for payment of State capital construction projects, including
43 but not limited to appropriations of State revenue directed to be
44 credited to a special account in the General Fund for purposes of the
45 State transportation system pursuant to Article VIII, Section II,
46 paragraph 4 of the New Jersey Constitution and for the line-item
47 appropriations for the planning, acquisition, engineering,

1 construction, reconstruction, repair and rehabilitation of the
2 transportation system in this State pursuant to that paragraph;

3 (5) to pay the interest and principal due on debt authorized by a
4 majority of the legally qualified voters of this State pursuant to the
5 provisions of Article VIII, Section II, paragraph 3 of the New
6 Jersey Constitution or due on refinancing bonds issued pursuant
7 thereto, and to pay the interest and principal due on debt of an
8 autonomous public corporate entity, established either as an
9 instrumentality of the State or otherwise exercising public and
10 essential governmental functions, which debt or liability has a
11 pledge of an annual State appropriation as the ways and means to
12 pay the interest of such debt or the refinancing thereof, if such an
13 appropriation was enacted before the fiscal year appropriation limit
14 established in subsection a. of this section applied;

15 (6) required for purposes of war, or to repel invasion, or to
16 suppress insurrection, or to meet an extraordinary emergency
17 caused by disaster or act of God, but not including money for
18 routine personnel costs and operations historically funded as part of
19 the annual appropriations act for the support of the State
20 government; and

21 (7) money required to be deposited in, and expended from, the
22 "Property Tax Relief Fund" established by N.J.S.54A:9-25.

23 The appropriation limit for the first fiscal year commencing after
24 enactment of this act, shall be determined using as the base amount
25 for that determination the amount of all appropriations enacted in
26 the prior fiscal year, exclusive of appropriations listed as exceptions
27 in paragraphs (1) through (7) of subsection b. of this section.

28 c. Notwithstanding subsection a. of this section and the
29 provisions of Article IV, Section IV, paragraph 6 of the New Jersey
30 Constitution, the Legislature may, from time to time, provide by
31 law for an appropriation or appropriations in excess of the
32 appropriation limit provided in subsection a. of this section if the
33 bill that proposes to enact such excess appropriation or
34 appropriations is passed by the Legislature as a fiscal emergency
35 measure by the affirmative vote of two-thirds of the authorized
36 membership of each house of the Legislature. Appropriations
37 enacted as fiscal emergency measures pursuant to subsection c. of
38 this section shall not be used in determining the base amount of
39 enacted appropriations for the purpose of determining an annual
40 appropriation limit for the subsequent fiscal year.

41 d. No transfer of an item of appropriation or other budgetary
42 mechanism shall allow for an appropriation in excess of the
43 appropriation limit provided by subsection a. of this section except
44 under the procedure provided by subsection c. of this section.

45 e. If any function or service performed by the State is
46 transferred to, or its costs of operation or performance are assumed
47 by, any agency or instrumentality of the State or of any county or

1 municipality, with the power to issue bonds to finance the
2 undertaking of any function or the performance of any service, the
3 decrease in State appropriations in the fiscal year in which the
4 transfer or assumption occurred shall be deemed to have occurred in
5 the prior fiscal year so as to decrease the prior year appropriations
6 as the base upon which the appropriation limit shall be calculated.
7 "Bonds" as used in this subsection means bonds which do not
8 constitute a debt or liability of the State or of any of its counties or
9 municipalities or a pledge of the faith and credit of the State or of
10 any of its counties or municipalities.

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12 2. This act shall take effect immediately but shall apply to the
13 fiscal years beginning on or after July 1 next following the date of
14 its enactment.

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STATEMENT

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19 This bill limits the amount that the State can appropriate for
20 certain State government spending in a fiscal year to not more than
21 2.0 percent above the amount of those appropriations in the prior
22 fiscal year. The exceptions are appropriations: (1) for State aid to
23 school districts, municipalities and counties, (2) of federal funds,
24 (3) for State government payments that may be required to be made
25 by a provision of the New Jersey Constitution to pension systems
26 that provide for retirement benefits, (4) for State capital
27 construction projects, (5) to pay debt service on voter-approved
28 State bonds and certain appropriation contract bonds, (6) required
29 for purposes of war, to repel invasion, or to suppress insurrection,
30 or to meet extraordinary emergencies caused by disasters or acts of
31 God, and (7) from the Property Tax Relief Fund. This limit will not
32 apply to unused limit amounts from the three previous fiscal years,
33 which may be banked to be appropriated in the next fiscal year.
34 This limit will also not apply to unspent appropriations from the
35 immediately preceding fiscal year, originally appropriated under an
36 annual limit and then reappropriated by law.

37 The annual State appropriations limit may only be exceeded by
38 passage of a fiscal emergency measure by the affirmative vote of
39 two-thirds of the authorized membership of each house of the
40 Legislature.