

ASSEMBLY, No. 1655

STATE OF NEW JERSEY 217th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2016 SESSION

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SYNOPSIS

Creates exclusion from municipal property tax levy cap for amounts necessary to provide required matching funds to qualify for grants and other funds.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



A1655 SCHAER, SUMTER

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1 AN ACT concerning exclusions from the property tax levy cap and
2 amending P.L.2007, c.62.

3

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

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7 1. Section 10 of P.L.2007, c.62 (C.40A:4-45.45) is amended to
8 read as follows:

9 10. a. (1) In the preparation of its budget the amount to be
10 raised by taxation by a local unit shall not exceed, except as
11 provided in paragraph (2) of this subsection, the sum of new
12 ratables, the adjusted tax levy, and the total of waivers approved
13 pursuant to section 11 of P.L.2007, c.62 (C.40A:4-45.46); provided,
14 however, that in the case of a county, the amount to be raised by
15 taxation shall not exceed the amount permitted by section 4 of
16 P.L.1976, c.68 (C.40A:4-45.4).

17 (2) A local unit **[**that has not been granted approval for a waiver
18 pursuant to section 11 of P.L.2007, c.62 (C.40A:4-45.46),**]** may add
19 to its adjusted tax levy in any one of the next three succeeding
20 years, the amount of the difference between the maximum
21 allowable amount to be raised by taxation or county purposes tax,
22 as applicable, for the current local budget year pursuant to
23 paragraph (1) of this subsection and the actual amount to be raised
24 by taxation or county purposes tax, as applicable, for the current
25 local budget year.

26 b. The following exclusions shall be added to the calculation of
27 the adjusted tax levy:

28 (1) increases in amounts required to be raised by taxation for
29 capital expenditures, including debt service as defined by law;

30 (2) increases in pension contributions and accrued liability for
31 pension contributions in excess of 2.0%;

32 (3) increases in health care costs equal to that portion of the
33 actual increase in total health care costs for the budget year that is
34 in excess of 2.0% of the total health care costs in the prior year, but
35 is not in excess of the product of the total health care costs in the
36 prior year and the average percentage increase of the State Health
37 Benefits Program, P.L.1961, c.49 (C.52:14-17.25 et seq.), as
38 annually determined by the Division of Pensions and Benefits in the
39 Department of the Treasury; **[and]**

40 (4) extraordinary costs incurred by a local unit directly related to
41 a declared emergency, as defined by regulation promulgated by the
42 Commissioner of **[**the Department of**]** Community Affairs, in
43 consultation with the Commissioner of Education, as appropriate;
44 and

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 (5) in the case of a municipality, amounts required by law, or by
2 agreement, that are necessary to provide required matching funds in
3 order for a municipality to receive federal, county, State,
4 independent authority, or nonprofit, funds or grants.
5 Notwithstanding the other provisions of this subsection, when the
6 appropriation for all matching funds is less than the amount
7 appropriated for all grants in the prior fiscal year, the amount of the
8 difference shall be deducted from the sum of the exclusions listed in
9 this subsection.

10 If there are no exclusions, then the amount of the difference shall
11 reduce the adjusted tax levy by that amount. Any cancelled or
12 unexpended appropriation for any exclusion pursuant to this
13 subsection [or waiver pursuant to section 11 of P.L.2007, c.62
14 (C.40A:4-45.46),] also shall be deducted from the sum of the
15 exclusions listed in this subsection or directly reduce the adjusted
16 tax levy if there are no exclusions.

17 (cf: P.L.2010, c.44, s.9)

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19 2. This act shall take effect immediately.

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STATEMENT

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24 This bill would include as an exclusion to the property tax levy
25 cap for municipalities, amounts required by law or by agreement
26 that are necessary to provide matching funds required by law, or by
27 agreement, in order for a municipality to receive federal, county,
28 State, independent authority, or nonprofit, funds or grants.
29 Currently, many municipalities are not able to apply for grants and
30 other forms of financial assistance if matching funds are required,
31 because the strict property tax levy cap does not contain room to
32 allow them to raise matching funds. The purpose of this bill is to
33 allow municipalities to raise these funds from property taxpayers by
34 making them an exclusion from the property tax levy cap, since the
35 benefit to the taxpayers from the extra money made available to the
36 municipality outweighs the additional property tax burden from
37 raising the required match.