ASSEMBLY, No. 3107

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED FEBRUARY 24, 2020

Sponsored by:
Assemblyman JOHN F. MCKEON
District 27 (Essex and Morris)

SYNOPSIS

Permits municipalities and counties to issue bonds to fund buy-out of accumulated leave time in order to reduce future terminal leave expenses.

CURRENT VERSION OF TEXT

As introduced.

AN ACT concerning local borrowing to satisfy certain retirement obligations and amending N.J.S.40A:2-3.

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

1. N.J.S.40A:2-3 is amended to read as follows:

40A:2-3. Any local unit, by bond ordinance, may incur indebtedness, borrow money, authorize and issue negotiable obligations for financing:

a. any capital improvement or property which it may lawfully make or acquire;

b. any purpose for which it is authorized or required by law to make an appropriation, except current expenses, as may be defined by rule and regulation of the Local Finance Board, and payment of obligations (other than those for temporary financing); **[**or**]**

c. the amount of any contribution by a local unit that is a sending municipality under a regional contribution agreement pursuant to section 12 of P.L.1985, c.222 (C.52:27D-312); or

d. the amount necessary to fund the payment of supplemental compensation for leave time currently accrued by all officers and employees that would be required to be paid at retirement or termination pursuant to contract, collective negotiations agreement, or employment policy, provided that the cost of bonding is determined and certified by the chief financial officer of the local unit to be less than the cost of borrowing at the times that the obligations to convert the accrued leave time to money are anticipated to occur.

No local unit shall borrow money or issue its obligations for purposes authorized under this chapter except as provided in this chapter.

(cf: P.L.2007, c.62, s.16)

2. This act shall take effect immediately.

STATEMENT

This bill would enable a municipality or county to borrow at low rates today to purchase accrued leave time that will be more expensive to convert to money upon the retirement of its officers and employees in the future. This is because if the compensation paid to officers or employees increases over time, then it will be more expensive to buy-out their accrued leave, which is calculated and paid at each officer or employee's final compensation rate.

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.