

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

ASSEMBLY, No. 5590

STATE OF NEW JERSEY

DATED: JUNE 17, 2021

The Senate Budget and Appropriations Committee reports favorably Assembly Bill No. 5590 (1R).

This bill amends the “Municipal Stabilization and Recovery Act,” P.L.2016, c.4 (C.52:27BBBB-1 et al.) to extend to nine years the length of the period of State monitoring to which a municipality determined by the Commissioner of Community Affairs to be in need of stabilization and recovery is to be subject.

The bill also provides that certain provisions of chapter 13A of Title 34 of the Revised Statutes pertaining to unfair labor practices (N.J.S.A.34:13A-5.4) and impasse procedures and arbitration awards (N.J.S.A.34:13A-16) enacted as part of the “Municipal Stabilization and Recovery Act” would not be applicable after the original five-year period of stabilization and recovery established in that law and actions taken prior to the effective date of this bill would remain in effect.

The bill also restores Civil Service protections removed by the “Municipal Stabilization and Recovery Act,” P.L.2016, c.4 (C.52:27BBBB-1 et al.).

The bill also repeals a section of the “Municipal Stabilization and Recovery Act,” P.L.2016, c.4 (C.52:27BBBB-11), which would permit a municipality in need of stabilization and recovery to use early retirement incentives as a mechanism to stabilize its finances, restructure its debts, or assist its financial rehabilitation and recovery.

As reported by the committee, Assembly Bill No. 5590 (1R) is identical to Senate Bill No. 3819 (1R), which also was reported by the committee on this date.

FISCAL IMPACT:

The Office of Legislative Services concludes that the State will incur additional costs over a multi-year period related to its oversight functions under the Municipal Stabilization and Recovery Act because the bill extends the monitoring period from five years to nine years.

Provisions of the bill restoring civil service protections to municipal employees and removing the suspension of certain elements of the New Jersey Employer-Employee Relations Act would have an indeterminate effect on municipal finances. The impact of these

portions of the bill will be determined by future State and municipal actions.

The repeal of a statutory provision authorizing Atlantic City to offer an early retirement incentive (ERI) program will have no fiscal impact because no such program has been implemented.