

SENATE, No. 2217

STATE OF NEW JERSEY
219th LEGISLATURE

INTRODUCED MARCH 16, 2020

Sponsored by:

Senator NILSA I. CRUZ-PEREZ

District 5 (Camden and Gloucester)

SYNOPSIS

Extends economic recovery term under “Municipal Rehabilitation and Economic Recovery Act.”

CURRENT VERSION OF TEXT

As introduced.



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 **[10]** 15 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)
42 acquisition and improvement of real estate and the extension or
43 provision of utilities, access roads and other appurtenant facilities;
44 and (2) (a) the acquisition, financing, or refinancing of inventory,
45 raw materials, supplies, work in process, or stock in trade, or (b) the

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

1 construction, reconstruction, improvement, alteration, equipment or
2 maintenance or repair, or planning and designing in connection
3 therewith. For the purpose of carrying out mixed use projects
4 consisting of both housing and commercial development, the
5 authority may enter into agreements with the New Jersey Housing
6 and Mortgage Finance Agency for loan guarantees for any such
7 project in accordance with the provisions of P.L.1995, c.359
8 (C.55:14K-64 et al.), and for that purpose shall allocate to the New
9 Jersey Housing and Mortgage Finance Agency, under such
10 agreements, funding available pursuant to subsection a. of section 4
11 of P.L.1992, c.16 (C.34:1B-7.13). "Project" shall not include a
12 school facilities project.

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

22 "Regional Impact Council" or "council" means that body
23 established pursuant to section 39 of P.L.2002, c.43 (C.52:27BBB-
24 39).

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

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

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

34 "Treasurer" or "State treasurer" means the Treasurer of the State
35 of New Jersey.

36 "Under rehabilitation and economic recovery" means that period
37 which coincides with the rehabilitation term and the economic
38 recovery term.

39 (cf: P.L.2014, c.60, s.1)

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

43 6. a. Upon the appointment of a chief operating officer pursuant
44 to section 7 of P.L.2002, c.43 (C.52:27BBB-7), a qualified
45 municipality shall be under rehabilitation and economic recovery.
46 This period shall begin with the assumption of job responsibilities by
47 the chief operating officer pursuant to this section and terminate **[five]**
48 15 years following the end of the term of the chief operating officer.

1 The period corresponding with the term of the chief operating officer
2 shall be referred to hereinafter as the rehabilitation term. The period
3 commencing with the expiration of the term of the chief operating
4 officer and terminating **【10】** 15 years thereafter shall be referred to
5 hereinafter as the economic recovery term.

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

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

28 (3) The mayor shall cause to be issued a final report on the
29 progress of the municipality toward achieving municipal rehabilitation
30 and economic recovery, as set forth in section 8 of P.L.2002, c.43
31 (C.52:27BBB-8) at the end of the economic recovery term.

32 (4) The mayor shall authorize the municipal planning board, from
33 time to time, to prepare a program of municipal capital improvement
34 projects projected over a term of at least six years, and amendments
35 thereto. The program may include current and future major projects
36 being, or to be, undertaken with federal, State, county, or other public
37 funds, or under federal, State, or county supervision. The first year of
38 the program shall, upon adoption by the governing body, constitute the
39 capital budget of the municipality as required by N.J.S.40A:4-43 et
40 seq. The program shall classify projects in regard to the urgency and
41 need for realization, and shall recommend a time sequence for their
42 implementation. The program may also contain the estimated cost of
43 each project and indicate probable operating and maintenance costs
44 and probable revenues, if any, as well as existing sources of funds, or
45 the need for additional sources of funds, for the implementation and
46 operation of each project. The program shall, as far as possible, be
47 based on existing information in the possession of the departments and
48 agencies of the municipality and shall take into account public facility

1 needs indicated by the prospective development shown in the master
2 plan of the municipality or as permitted by other municipal land use
3 controls.

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

8 The mayor may retain staff for the purpose of advising the mayor
9 and aiding in the performance of constituent services during the
10 rehabilitation term.

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

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

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

28 All outstanding debts or obligations incurred by a qualified
29 municipality or the New Jersey Housing and Mortgage Finance
30 Agency established pursuant to section 4 of the "New Jersey Housing
31 and Mortgage Finance Agency Law of 1983," P.L.1983, c.530
32 (C.55:14K-4) and secured by a right of first refusal on municipally-
33 owned property as of 10 days following a determination by the
34 commissioner that the municipality fulfills the definition of a qualified
35 municipality pursuant to section 4 of P.L.2002, c.43 (C.52:27BBB-4),
36 with any subsidiary of that agency with jurisdiction in a qualified
37 municipality, other than those debts or obligations represented by
38 bonds or other negotiable instruments, are forgiven.

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

47 During the rehabilitation term, the chief operating officer shall be
48 responsible for entering into any memorandum of understanding on

1 behalf of the qualified municipality that is required as a condition of
2 receiving assistance under P.L.1987, c.75 (C.52:27D-118.24 et seq.),
3 or any other law; provided, however, that those memoranda of
4 understanding shall be consistent with the provisions of P.L.2002, c.43
5 (C.52:27BBB-1 et al.) and P.L.2007, c.176 (C.52:27BBB-2.2 et al.),
6 and the powers of the chief operating officer granted pursuant thereto.
7 Any such memoranda of understanding shall be executed between the
8 chief operating officer and the Director of the Division of Local
9 Government Services in the Department of Community Affairs.
10 Whenever the powers and duties of the chief operating officer have
11 devolved upon the director pursuant to subsection b. of section 7 of
12 P.L.2002, c.43 (C.52:27BBB-7), the memorandum of understanding
13 shall be executed between the director, on behalf of the qualified
14 municipality, and the State Treasurer, on behalf of the State.
15 (cf: P.L.2014, c.60, s.2)

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17 3. This act shall take effect immediately.

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STATEMENT

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22 This bill extends the economic recovery term established under
23 the “Municipal Rehabilitation and Economic Recovery Act,”
24 (“MRERA”) P.L.2002, c.43 (C.52:27BBB-1 et al.), by five years.

25 In 2002, the State enacted the MRERA to establish special
26 governing procedures, economic benefits, and fiscal oversight
27 measures to stabilize the finances of qualified municipalities that
28 experienced long-term fiscal distress. The City of Camden was the
29 only municipality to qualify under the act.

30 Specifically, the MRERA established two distinct periods of
31 fiscal oversight: (1) the rehabilitation term, during which time the
32 municipality is subject to direct oversight by a chief operating
33 officer appointed by the State; and (2) the economic recovery term,
34 during which time the municipality is no longer overseen by the
35 chief operating officer, but remains subject to certain additional
36 forms of State oversight. Under current law, the economic recovery
37 term would conclude 10 years following the termination of the chief
38 operating officer, which occurred in January, 2010.

39 The bill instead provides that the economic recovery term would
40 not conclude until 15 years following that termination.
41 Consequently, the City of Camden would remain subject to the
42 governing procedures, economic benefits, and fiscal oversight
43 measures provided under the MRERA until January, 2025.