

[First Reprint]

SENATE, No. 2217

STATE OF NEW JERSEY

219th LEGISLATURE

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Sponsored by:

Senator NILSA I. CRUZ-PEREZ

District 5 (Camden and Gloucester)

SYNOPSIS

Extends economic recovery term under “Municipal Rehabilitation and Economic Recovery Act”; bars appeal of certain property assessments by Garden State Growth Zone Development Entity.

CURRENT VERSION OF TEXT

As reported by the Senate Community and Urban Affairs Committee on December 10, 2020, with amendments.



1 AN ACT concerning municipal rehabilitation and economic
2 recovery ¹, and economic development,¹ and amending
3 P.L.2002, c.43 ¹and supplementing P.L.2013, c.161 (C.52:27D-
4 489p et al.)¹.
5

6 **BE IT ENACTED** *by the Senate and General Assembly of the State*
7 *of New Jersey:*
8

9 1. Section 3 of P.L.2002, c.43 (C.52:27BBB-3) is amended to
10 read as follows:

11 3. As used in this act:

12 "Authority" means the New Jersey Economic Development
13 Authority established pursuant to P.L.1974, c.80 (C.34:1B-1 et
14 seq.).

15 "Board" means the State Economic Recovery Board established
16 pursuant to section 36 of P.L.2002, c.43 (C.52:27BBB-36).

17 "Chief operating officer" means that person appointed pursuant
18 to P.L.2002, c.43 (C.52:27BBB-1 et al.) responsible for
19 reorganizing governmental operations of a qualified municipality in
20 order to assure the delivery of essential municipal services and the
21 professional administration of that municipal government.

22 "Commissioner" means the Commissioner of Community
23 Affairs.

24 "Contiguous with" means within.

25 "Director" means the Director of the Division of Local
26 Government Services in the Department of Community Affairs.

27 "Economic recovery term" means the period commencing with
28 the expiration of the term of the chief operating officer and
29 terminating **【10】** 15 years thereafter.

30 "In consultation with" means with consideration of the input of,
31 or the advice of, the mayor, governing body, chief operating officer
32 or director, as the case may be, without regard to the form or
33 manner of the consultation.

34 "Local Finance Board" means the Local Finance Board of the
35 Division of Local Government Services in the Department of
36 Community Affairs.

37 "Mayor" means the mayor or chief executive officer of the
38 municipality, as appropriate to the form of government.

39 "Project" means: (1) (a) acquisition, construction, reconstruction,
40 repair, alteration, improvement and extension of any building,
41 structure, facility, including water transmission facilities or other
42 improvement, whether or not in existence or under construction, (b)
43 purchase and installation of equipment and machinery, (c)
44 acquisition and improvement of real estate and the extension or

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.

Matter enclosed in superscript numerals has been adopted as follows:

¹Senate SCU committee amendments adopted December 10, 2020.

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

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

16 "Qualified municipality" means a municipality: (1) that has been
17 subject to the supervision of a financial review board pursuant to
18 the "Special Municipal Aid Act," P.L.1987, c.75 (C.52:27D-118.24
19 et seq.) for at least one year; (2) that has been subject to the
20 supervision of the Local Finance Board pursuant to the "Local
21 Government Supervision Act (1947)," P.L.1947, c.151 (C.52:27BB-
22 1 et seq.) for at least one year; and (3) which, according to its most
23 recently adopted municipal budget, is dependent upon State aid and
24 other State revenues for not less than 55 percent of its total budget.

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

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

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

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

37 "Treasurer" or "State treasurer" means the Treasurer of the State
38 of New Jersey.

39 "Under rehabilitation and economic recovery" means that period
40 which coincides with the rehabilitation term and the economic
41 recovery term.

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

43

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

46 6. a. Upon the appointment of a chief operating officer
47 pursuant to section 7 of P.L.2002, c.43 (C.52:27BBB-7), a qualified
48 municipality shall be under rehabilitation and economic recovery.

1 This period shall begin with the assumption of job responsibilities
2 by the chief operating officer pursuant to this section and terminate
3 **【five】 15** years following the end of the term of the chief operating
4 officer. The period corresponding with the term of the chief
5 operating officer shall be referred to hereinafter as the rehabilitation
6 term. The period commencing with the expiration of the term of the
7 chief operating officer and terminating **【10】 15** years thereafter
8 shall be referred to hereinafter as the economic recovery term.

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

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

32 (3) The mayor shall cause to be issued ¹an interim report and a
33 final report on the progress of the municipality toward achieving
34 municipal rehabilitation and economic recovery, as set forth in
35 section 8 of P.L.2002, c.43 (C.52:27BBB-8) ¹. The interim report
36 shall be issued no later than June 30, 2021, and the final report shall
37 be issued¹ at the end of the economic recovery term.

38 (4) The mayor shall authorize the municipal planning board,
39 from time to time, to prepare a program of municipal capital
40 improvement projects projected over a term of at least six years,
41 and amendments thereto. The program may include current and
42 future major projects being, or to be, undertaken with federal, State,
43 county, or other public funds, or under federal, State, or county
44 supervision. The first year of the program shall, upon adoption by
45 the governing body, constitute the capital budget of the
46 municipality as required by N.J.S.40A:4-43 et seq. The program
47 shall classify projects in regard to the urgency and need for

1 realization, and shall recommend a time sequence for their
2 implementation. The program may also contain the estimated cost
3 of each project and indicate probable operating and maintenance
4 costs and probable revenues, if any, as well as existing sources of
5 funds, or the need for additional sources of funds, for the
6 implementation and operation of each project. The program shall,
7 as far as possible, be based on existing information in the
8 possession of the departments and agencies of the municipality and
9 shall take into account public facility needs indicated by the
10 prospective development shown in the master plan of the
11 municipality or as permitted by other municipal land use controls.

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

17 The mayor may retain staff for the purpose of advising the mayor
18 and aiding in the performance of constituent services during the
19 rehabilitation term.

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

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

31 c. Upon the assumption of job responsibilities by the chief
32 operating officer, the financial review board created pursuant to
33 section 5 of P.L.1999, c.156 (C.52:27D-118.30a) to oversee the
34 finances of the municipality shall cease to function and the
35 municipality shall cease to be under supervision pursuant to Article
36 4 of P.L.1947, c.151 (C.52:27BB-54 et seq.).

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

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

10 During the rehabilitation term, the chief operating officer shall
11 be responsible for entering into any memorandum of understanding
12 on behalf of the qualified municipality that is required as a
13 condition of receiving assistance under P.L.1987, c.75 (C.52:27D-
14 118.24 et seq.), or any other law; provided, however, that those
15 memoranda of understanding shall be consistent with the provisions
16 of P.L.2002, c.43 (C.52:27BBB-1 et al.) and P.L.2007, c.176
17 (C.52:27BBB-2.2 et al.), and the powers of the chief operating
18 officer granted pursuant thereto. Any such memoranda of
19 understanding shall be executed between the chief operating officer
20 and the Director of the Division of Local Government Services in
21 the Department of Community Affairs. Whenever the powers and
22 duties of the chief operating officer have devolved upon the director
23 pursuant to subsection b. of section 7 of P.L.2002, c.43
24 (C.52:27BBB-7), the memorandum of understanding shall be
25 executed between the director, on behalf of the qualified
26 municipality, and the State Treasurer, on behalf of the State.

27 (cf: P.L.2014, c.60, s.2)

28
29 ¹3. (New section) Notwithstanding any other law to the
30 contrary, a Garden State Growth Zone Development Entity that is
31 granted a property tax exemption on improvements to eligible
32 property pursuant to section 24 of P.L.2013, c.161 (C.52:27D-489s)
33 may not appeal the assessed value of such improvements until after
34 the property tax exemption is terminated.¹

35
36 ¹[3.] 4.¹ This act shall take effect immediately.