SENATE, No. 2247

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED MARCH 16, 2020

Sponsored by:
Senator JAMES W. HOLZAPFEL
District 10 (Ocean)

SYNOPSIS

Requires State aid reduction to municipalities and school districts by amount of accumulated absences paid to employees upon their retirement.

CURRENT VERSION OF TEXT

As introduced.

AN ACT concerning State aid payments to school districts and municipalities, amending N.J.S.40A:4-76, and supplementing Title 40A of the New Jersey Statutes, Title 52 of the Revised Statutes, and P.L.2007, c.260 (C.18A:7F-43 et al.).

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

1. N.J.S.40A:4-76 is amended to read as follows:

40A:4-76. The director shall examine the budget filed in his office with reference to all estimates of revenue and to the following appropriations:

a. Payment of interest and debt redemption charges.

b. Deferred charges and statutory expenditures.

c. Cash deficit of preceding year.

d. Reserve for uncollected taxes.

e. Other reserves and nondisbursement items.

The director shall also examine the budget for detail and accuracy of itemization and for compliance as to form, arrangement and content with the provisions of this chapter and the regulations of the local government board.

The director shall also ensure that, in the case of a municipality, the budget contains information about the amount paid by a municipality to its employees for accumulated absences upon their retirement in the previous budget year, as required in section 2 of P.L. , c. (C.) (pending before the Legislature as this bill).

(cf: N.J.S.40A:4-76)

2. (New section) Every municipality shall report to the Director of the Division of Local Government Services annually, as part of its budget, the amount paid by a municipality to its employees for accumulated absences upon their retirement in the previous budget year. The director shall forward this information to the State Treasurer no later than June 1 of each year.

3. (New section) The State Treasurer shall reduce the total amount of financial assistance provided to a municipality in the next succeeding State fiscal year from Consolidated Municipal Property Tax Relief Aid, Energy Tax Receipts Property Tax Relief Aid, Extraordinary Aid or Transitional Aid to Localities, or any combination thereof, by the amount paid by a municipality to its employees for accumulated absences upon their retirement in the previous budget year and reported to him by the Director of the Division of Local Government Services pursuant to section 2 of

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.

P.L. , c. (C.) (pending before the Legislature as this bill).

4. (New section) Beginning in the first full school year following the effective date of P.L. , c. (C.) (pending before the Legislature as this bill), the total amount of State school aid otherwise payable to a school district or county vocational school district pursuant to the provisions of P.L.2007, c.260 (C.18A:7F-43 et al.) shall be reduced by the amount paid by the school district or county vocational school district to its employees for accumulated absences upon their retirement in the school year preceding the prebudget year, as identified in the annual audit performed pursuant to N.J.S.18A:23-1. The aid reduction shall be included the State aid notices issued by the commissioner pursuant to section 5 of P.L.1996, c.138 (C.18A:7F-5).

5. This act shall take effect immediately.

STATEMENT

This bill would require each municipality to report to the Director of the Division of Local Government Services annually, as part of its budget, the amount paid by a municipality to its employees for accumulated absences upon their retirement in the previous budget year. The bill also would require the State Treasurer to reduce the total amount of financial assistance provided to each municipality in the next succeeding State fiscal year from Consolidated Municipal Property Tax Relief Aid, Energy Tax Receipts Property Tax Relief Aid, Extraordinary Aid or Transitional Aid to Localities, or any combination thereof, by the amount of those unused sick leave payments. Similarly, the bill requires that the Commissioner of Education reduce a school district's State aid by the amount paid to the district's employees for accumulated absences upon retirement, as identified in the district's most recent annual audit.

The purpose of this bill is to ensure that a municipality or school district does not use State aid as a means to pay its employees for egregious amounts of accumulated absences accrued over long careers in government. The sponsor believes that if municipalities and districts choose to have policies that require payment for accumulated absences at the end of an employee's career, the property taxpayers of those entities should cover those costs.