

SENATE, No. 1129

STATE OF NEW JERSEY 221st LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2024 SESSION

Sponsored by:

Senator JOHN F. MCKEON

District 27 (Essex and Passaic)

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

Introduced Pending Technical Review by Legislative Counsel.



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

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

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

8 40A:2-3. Any local unit, by bond ordinance, may incur
9 indebtedness, borrow money, authorize and issue negotiable
10 obligations for financing:

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

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

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

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

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

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

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34 2. This act shall take effect immediately.

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STATEMENT

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39 This bill would enable a municipality or county to borrow at low
40 rates today to purchase accrued leave time that will be more
41 expensive to convert to money upon the retirement of its officers
42 and employees in the future. This is because if the compensation
43 paid to officers or employees increases over time, then it will be
44 more expensive to buy-out their accrued leave, which is calculated
45 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.